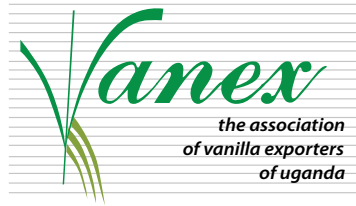




# 2022

## ANNUAL REPORT





# 2022 ANNUAL REPORT



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# Foreword

I'm thankful for the one and half months of serving as the Executive Director of Vanex. I'm excited to work with the board, our members and development partners (CRS) partners. I feel honoured to be in the company of passionate and knowledgeable stakeholders of the vanilla industry.

Even more inspiring is the energy each of you continues to give in the face of so many challenges of the industry. I am encouraged by the prospects that 2023 will bring for VANEX and the members we serve. My passion is strengthened by all of the life-changing impact our members continues to make in the vanilla growing communities. We have seen some success stories and hope to see more and more life changing stories in all of the vanilla growing communities across the country.



*Phiona Florence Nakusi*

Uganda is blessed with two vanilla seasons each year, the first one happens in the months of June, July and August while the second season falls in December, January and February. However, over the years, due to the increasing disparity in weather conditions, the maturity of the vanilla and harvesting periods are changing. Consequently, there is need to conduct a maturity survey of the crop every season in the key vanilla producing districts. We shall continue with this initiative.

With the support of our collaborators CRS and MAAIF, we shall continue to engage with all stakeholders including District Agriculture technical teams, leaders and farmers in the key vanilla growing regions on all issues affecting the industry.

In the coming year the secretariat will continue its work of improving the vanilla industry by increasing the visibility of the industry. We shall strive to maintain a high level of member engagement and add our voice to a wider network of vanilla value chain actors in Uganda and the rest of the world.

We invite you all to visit our social platforms to share your thoughts with us as we continue to improve. Our website [www.vanex.org](http://www.vanex.org), tweeter handle @Vanexug and LinkedIn @Vanex are our strong conduits for connectivity and will remain active hubs of information and thought-provoking commentary..

In the spirit of appreciation, I wish to thank the Board, my predecessor Florence Nagawa, our members, our key collaborators Ministry of Agriculture Animal Industry and Fisheries (MAAIF), Catholic Relief Services (CRS) and Sustainable Vanilla Initiative (SVI) for your continued support and effort in steering the vanilla industry to greater heights. The secretariat commits absolute teamwork with you all as we build and strengthen this sub-sector.

# Chairman's Message

We are coming to a close of the year 2022; on behalf of the Board of Directors, I take this opportunity to extend my gratitude to all our members for their active engagement, great interest, and enthusiasm to support building our organisation to fulfil its mandate. I wish to also take this opportunity to thank all stakeholders who have actively engaged with us to tackle the issues limiting our growth as the industry. I also thank our staff who have worked hard in the year to implement the activities touching our industry.

In this year, we again had a successful season of vanilla harvest that took place between June to August, and we have another season coming closing this year, season 2022B, which the Ministry of Agriculture declared to officially start on 10th January 2023. I am glad to report that in the first season, our exporters received adequate amounts of vanilla. Quality was also reportedly getting better, this state should be promoted and sustained.

However, we still have challenges to address, theft of vanilla on farm being the greatest threat due to its many negative effects, for example triggers premature harvest of vanilla by farmers, among others. Our Minister of State for Agriculture also highlighted this in his speech recently at the Media Centre during the Vanilla harvest date declaration for season 2022B, that the greatest threat to the industry now, is theft. We must collectively find solutions to address it.

VANEX is growing, this year, we have two full time staff. As one of our core objectives, we shall aim to increase effort of bringing stakeholders together to join VANEX. We have since streamlined and refined the procedure followed for application and admission of members. This is being overseen by our staff who provide timely communication and outreach to members.

In this year, VANEX in collaboration with our partners participated in several researches, and documenting industry relevant information. VANEX joined other stakeholders at a meeting convened by MAAIF to validate the Regulatory Impact Assessment research report that provides guidance, if the industry should be regulated, and what impact it may have on the industry. At this meeting, we pronounced ourselves that the vanilla industry must regulated.

VANEX also received a research report on the strategy to brand Uganda vanilla. This research was carried out by a consultant with financial support from CRS Vines project. The recommendations there in provided actions to be undertaken to promote the industry through branding and marketing. The board has made a decision for VANEX to spearhead the initiative; to establish and promote the Uganda vanilla brand in the international market. This is well aligned with our objectives and mandate. I hereby invite all stakeholders to support the efforts of VANEX in its leadership of this initiative.

I want to highlight the activity of piloting of the vanilla pollination data collection on farms to support a more proof based approach to determine the start of the vanilla harvest date. This initiative is spearheaded by VANEX members with support from MAAIF, using a vanilla pollination data collection tool. Although this is a pilot, it is expected to trigger inclusion of more stakeholders in the determination of the vanilla harvest date. We are grateful for the backing of the Ministry of Agriculture technical staff on this initiative.



*Mr. Aga Ssekalala Snr*

Our annual report highlights more other activities and achievements made in the year, which I invite you to take some time to read.

I want to again thank the board that provides the strategic direction to steer the industry. I acknowledge the support from government through the Ministry of Agriculture Animal Industry and Fisheries, and the local governments-the districts which are growing vanilla for the support given to the industry. The support from the Catholic Relief Services-Vines project that is funded by the United States Department of Agriculture is also acknowledged. It is my firm belief that working together in collaboration, we are set to grow the industry to its potential.

Thank you.

## Outgoing Executive Director's word

The year ends when I hand over office of the Executive Director to Phiona Florence Nakusi, after nearly two years of my leadership at this great organisation. It has been an honour to have served the vanilla industry of very passionate stakeholders, particularly the vanilla farmers, processors, and exporters. When you are in their presence, the word Vanilla will be spoken uncountable times, indicating the passion that infects everyone who comes in connection with this crop. I am infected and I am very passionate about vanilla. I carry with me this passion, and will remain a stakeholder.

During my tenure, I have witnessed an industry that is on the move. The vanilla farm gate prices have remained reasonably stable for the last five years, more farmers are growing vanilla; evidenced with the increased districts on record, where vanilla is grown. We have recorded growing interest of international vanilla buyers towards our vanilla, and the industry stakeholders agree that the industry is ready to be regulated. The future is bright for our growing industry.



*Ms. Florence Nagawa*

I have seen the power of partnership and collaboration contributing to the delivery of VANEX 's mandate. For example, working with MAAIF, political leadership and agriculture technical teams in major vanilla growing districts, with support from the CRS Vines project- the industry continued to improve the general quality of vanilla. This has been done through the observation of the declared date for the start of the vanilla harvest season. The declaration of the start of the vanilla harvest season guides farmers when to harvest vanilla when its mature.

Another example of collaboration is on the vanilla pollination data collection which is well supported by our partners MAAIF and CRS Vines project. The vanilla pollination data collection is well received by industry stakeholders, and can only get better as it goes through the piloting stage, implementation, evaluation, learning and doing.

VANEX aims to promote an enabling environment for the production, processing and marketing of high quality vanilla from Uganda, as part of its mandate. MAAIF undertook a study to determine the impact of regulating the industry; a Regulatory Impact Assessment report (RIA) was documented and validated by stakeholders. We pronounced ourselves that, yes, the industry must be regulated. Government through MAAIF is spearheading these processes leading to regulating the industry. VANEX under the

new leadership of the Executive Director will stay actively engaged, to lobby, advocate, and promote all initiatives and process that deliver an enabling environment for a thriving and competitive vanilla industry.

Talking of competitiveness, VANEX board and members made a decision to initiate a project to promote visibility of Uganda vanilla through branding; pivotal special project planned to start in the new year. This follows a research that documented the best strategy to adopt to market and promote Uganda vanilla in the international market. The goal of the strategy is to make Uganda the next preferred origin of high quality vanilla after Madagascar-the world leader. I am very optimistic with the impetus that has built within the membership of VANEX, and with the industry key stakeholders at large. VANEX is on track with its mandate.

Going stronger, in collaboration with our partners, VANEX engaged in several dialogues on industry facing issues and how to address them. In the recent past, industry stakeholders gathered to validate a research conducted on the general situation of the vanilla industry, analysing the entire value chain in Uganda and how it fits in the world value chain. Key industry challenges and opportunities were identified. This research underpins the roles the different stakeholders can play, and also identifies strategic investment points needed to be made for a competitive industry. With these evidence based publications at fore with the industry players and Government, I can only see an ever increasing growth of the industry.

VANEX at the centre of mobilisation of members and other industry stakeholders to grow the industry, our government at the core of its regulation and the partnership we have with international vanilla buyers under SVI, the farmers increasing production and productivity, the industry is on a path of fulfilling its potential.

Lastly, I want to thank the VANEX board that gave me the opportunity to lead, and supported me to execute my duties through the time I have been at VANEX. The support of our key partners and collaboration with the Ministry of Agriculture Animal Industry and Fisheries, the Catholic Relief Services, and Sustainable Vanilla Initiative (SVI) is also acknowledged.

Thank you



*VANEX staff and some of the Board members*

## Introduction

This is the annual report for the year 2022 for the Association of the Vanilla Exporters of Uganda limited (VANEX). It presents the strategic focus areas and the objectives that inform the programme design and activities implemented. The report highlights the activities implemented in the year, the opportunities present to the organisation and the industry at large to be harnessed to drive performance and achievement of the organisation's objectives. The pressing challenges facing the industry are also highlighted.

## About VANEX

The Association of the Vanilla Exporters of Uganda Limited (VANEX) is a membership organization constituted by vanilla buyers and exporters in 2003 and incorporated in Uganda in June 2005 as a company limited by guarantee. We are the leading national private sector association for the vanilla industry in Uganda. Our mission is to pool resources of the members, harmonize and co-ordinate our efforts and activities in the best interest of the vanilla export industry in Uganda. We serve to contribute to the efforts that create an enabling environment for sustainable vanilla production and trade, with a view of making Uganda a reliable global source of high-quality natural vanilla for the international market.

## Vision

We envision a world in which Uganda is the most significant origin of high quality sustainable vanilla.





*Vanilla maturity survey for the season 2022B.*

## Mission

We aim to pool resources of members, harmonize, and coordinate their efforts and activities for a sustainable and profitable vanilla industry in Uganda.

## Objectives

Our interventions to promote the industry are based on our broad objectives that cover various activities along the vanilla value chain which include::

- a) To act as a forum for discussion, lobbying, strategizing and agreement for the production and processing of high quality cured vanilla exports from Uganda;
- b) To develop and implement strategies to increase both the quantity and the quality of cured vanilla exports from Uganda;
- c) To acquire and disseminate knowledge of international market conditions, contacts, and standards for cured vanilla exports from Uganda;
- d) To promote the image and brand-identity in world markets of cured vanilla exports from Uganda as a high-quality product;
- e) To conduct research, and to seek the input of qualified and knowledgeable persons in Uganda or abroad, for the curing of vanilla;
- f) To seek the partnership, input and support of governmental bodies, non-governmental organizations, donors, industry and trade associations, and private firms and individuals for the production, processing and trade in high quality vanilla.

- g) To encourage the development and implementation of high-yield, sustainable farming methods for vanilla;
- h) To develop and implement strategies for enhancing the security of farmers and their vanilla fields.

## Where we are

## Membership update

We are constituted by 9 subscribing members. VANEX is open to new members. 3 members are approved applicants and yet to subscribe..

## Board of Directors

Six board members (4 men and two women) steer our strategic policy direction and oversee executive direction. .

## Our staff

We currently employ two staff, a full-time Executive Director, and a Communications and Membership Service officer.

## Financial status

Membership fees form the basis of our resources, and additional voluntary contributions from our members, to fund selected activities, above the established membership fees. Grants and donations are received where available. VANEX has an ongoing service agreement with the Catholic Relief Services managed Vines project that is funded by USDA to implement specified contracted activities, which also part of VANEX performance reported herein. The details of our financial position for the year ended 2022 are part of this report in the section of the Financial Report.



*Phiona Nakusi, the new Executive Director together with Kiiza Kizito from CRS undertaking a vanilla maturity survey in Ibanda District in November 2022.*



Consultant facilitating corporate governance review dialogue



Vanex member makes her contribution at the consultation



Vanilla stakeholders who participated in the review of corporate governance meeting

## VANEX Strategic Areas

1. Strong organisational capacity
2. Visibility of Uganda's vanilla industry locally and internationally
3. Delivering value added services to members
4. An enabling environment for the vanilla industry
5. Strong partnerships, networks, and collaboration
6. Financial sustainability of VANEX

# What was Accomplished in the year

## Strategic priority one: Strong organisation capacity

**Goal:** Strengthened organisation capacity through functional corporate governance and management.

**Vanex continued to focus on strengthening its organisational capacity as a core of its growth, through implementing some specified activities as highlighted below:**

1. Hired a fulltime Communications and Membership services officer, increasing the number of full time staff to two.
2. Welcomed a new Executive Director Ms. Phiona Florence Nakusi who took over from Ms. Florence Nagawa in November 2022.
3. Conducted both scheduled and impromptu board meetings where strategic issues were discussed and decisions/ resolutions made and implemented by the secretariat.
4. Continued with the processes of corporate governance review and establishment of management systems at the secretariat. The review involved wider internal and external stakeholder consultation, which resulted in a reviewed corporate governance structure and guidelines documented in a Board Charter, amendment of the Memorandums and Articles of Association of the organisation; also management operational systems and policies were documented, and approved by board for use at the Secretariat.
5. The processes also led to approval of the amending and updating the Memorandum and Articles of Association of VANEX that was presented to a general meeting held in June; due for presentation to the members at the general meeting for approval, and reregistration.
6. Legal compliance status of the organisation was improved by updating of information of registered Directors and company secretary at Uganda and Registration Services Bureau, update and functionalisation of the organisation's bank accounts both the dollar and shilling account with substantial signatories, with enabled internet banking; the opening a fully furnished Secretariat office, and reregistering of physical location of business, postal address, and contact phone line. The process of a supporting legal compliance and streamlined operations of the secretariat continue is year 2022 a process of continuous improvement.
7. The board continues to steer the policy direction of the organisation, by approving different policy guidelines for the functioning of the secretariat; for example, a revised membership application and admission policy and procedure was approved for use by the Secretariat while assessing and admitting new member applicants.

## Strategic priority two: Visibility of Uganda's vanilla industry locally and internationally

**Strategic goal 2.** Increased visibility of Uganda's vanilla industry locally and internationally

**Vanex continues to increase the visibility of Uganda's vanilla industry through several initiatives as highlighted below:**

1. VANEX website was redesigned and is operational, with increased visibility of its members, as well as highlighting VANEX's field activities and initiatives. This is a media of communication of the work done by VANEX to its internal and external stakeholders.
2. Throughout the year, VANEX secretariat increased its appearance in the media; for example, through appearance on television to cover activities implemented by VANEX, appearance in radio talk shows to discuss topical issues in the vanilla industry. This year, radio appearances on talk shows focused on popularisation of the importance of vanilla harvest date declaration; an initiative led by MAAIF in collaboration with VANEX.
3. Vanilla industry has continued to receive coverage in the print media, covering various topical issues, in major print media, both New Vision and Monitor newspapers, contributing to increased visibility of the industry, locally and internationally.
4. The branding of Uganda vanilla for improved visibility and market access in the global vanilla market space was successfully initiated with a completion of the research report outlining the strategies to undertake to position Uganda vanilla in the international market. The report was disseminated and validated by the stakeholders. The strategy documented with recommendations aims to support Uganda to hold the global second position to Madagascar of exporting over 300MT of vanilla in the global market; and to drive price alignment with Madagascar vanilla. The strategy implementation design was initiated, to be piloted by the willing exporters under VANEX. The piloting exporters will be making the required investment in marketing, promotion and physical presence and exhibition in international food, spices and fairs, in the United States of America and Europe. In addition collective effort at individual company level to produce consistent high quality vanilla will be required, as these are the premise on which the branding and positioning will be founded.
5. Vanex publishes a biannual vanilla magazine, named Aromatic Quarterly, a publication that features industry focused information along the entire value chain. The magazine promotes the industry to both internal and external stakeholders, thereby creating visibility of industry

## Strategic priority three: Deliver value added services to members

**Strategic goal 3:** Value added services for the benefit of members designed and delivered.

VANEX has an open and inclusive approach to delivering its mandate through an engaged membership. As such the organization ***to deliver services that are aligned to the needs of the members, continuously evolving a service portfolio that delivers just that.***

VANEX organized and facilitated member engagements as well as wider industry stakeholders' dialogues to engage on issue affecting the industry. These activities included:

1. VANEX in collaboration with MAAIF has successfully engaged stakeholders in the dialogue leading to the determination of the date for the start of the vanilla harvest season, popularly known as the Vanilla harvest date declaration in both seasons of the year, 2022A and 2022B. This event is essential in the vanilla industry calendar of events, as it brings stakeholders at a collective round table to agree when the official start to the vanilla harvest season begins. And activity aimed at improving and organizing the vanilla harvest season when vanilla is regarded mature through the most vanilla growing districts in the country.



*VANEX ED together with CRS Vines Project Staff, and Seth Petchers from Sustainable Vanilla Initiative (Second right) visiting a vanilla exporter Mr. Mansoor (Centre)*

2. Continued to be a vehicle that communicates relevant information to members; for example, VANEX takes lead to communicate about the collaboration VANEX has with the CRS Vines project; VANEX mobilizes members to engage in the wider industry strengthening activities designed under this project. This effective communication has enabled VANEX members and other stakeholders to directly participate in this project. For example, the individual company and collective trainings on building food safety systems and hazard Analysis Critical Control points setup leading to international certifications. standards requirements in the vanilla industry. 4 vanilla exporting companies successfully applied and are accessing training and coaching on food safety from the Vines project.
3. Collaborated with MAAIF to organize a post-harvest season dialogue for the season 2022A, that was conducted in September. This dialogue was very critical to allow members and stakeholders provide direct feedback and express themselves on the industry initiative of the vanilla harvest date declaration. For example, stakeholders generally feel that this initiative is contributing to an increasing quality of Uganda vanilla albeit the prevailing challenge of some early harvesting happening in the field. Stakeholders support a single harvest date declared for the whole country rather than different harvest dates declared for different parts of the country.
4. Organised two member and stakeholder engagement meetings with SVI Uganda working group where VANEX members meet with SVI members of the Uganda working group to make a connection and to build relationship, as actors in the value chain; in this meeting, both sides of the members share information updates on of overall vanilla outlook; form supply and demand side,

production and market outlook. This happened in the May for prior to June/ July 2022 first season, and in November 2022, prior to the second season of December 2022/ January 2023. This provides an opportunity of acquaintance and between business to business interaction, a service which is very essential to many VANEX members.

5. The Secretariat continued to provide industry related support information, coordinating information for the internal and external stakeholder as the industry leader, contributing to delivering members services, as well visibility of the industry.
6. VANEX established a position and recruited a Communications and Membership Services Officer, whose overall responsibility is to effectively and efficiently execute the membership services and communications activities that facilitate delivery of value added benefits and stronger collaboration. With the existence of a full time staff committed to membership services and communication, we see a stronger achievement and delivery of value added services; a service promise to our members.

“With the existence of a full time staff committed to membership services and communication, we see a stronger achievement and delivery of value added services; a service promise to our members.”

”  
some stakeholders said:  
“The process by which harvest date is declared is continuously improving and it is likely to improve with the introduction of the vanilla pollination data collection tool that was developed by VANEX”



*VANEX ED together with partners from Catholic Relief Services and Sustainable Vanilla Initiative meeting the Minister of State for Agriculture, Hon. Fred Bwino Kyakulaga (centre).*

## Strategic priority four: An enabling environment for the vanilla industry

The activities under this strategic priority area aim to create an enabling environment for the vanilla industry. We work in collaboration with industry stakeholders and partners to make this possible. These activities were implemented in year:

1. VANEX continued with the activities aimed at strengthening the approach of determining the vanilla harvest declaration date, by introducing the concept of vanilla pollination data collection. VANEX in collaboration with MAAIF and CRS Vines project developed a vanilla pollination data tool to enable collection of pollination data and analysis; a step towards a more scientific approach to determining the start of the vanilla harvest season. This approach is about collection of data on number of flowers of vanilla a farmer pollinates per day throughout the estimated 12 weeks' period pollination occurs. VANEX has received positive support from MAAIF through piloting this with the District Agriculture teams in 5 selected districts; Ibanda, Rubirizi, Kasese, Bundibugyo and Ntoroko. The tool has undergone redevelopment, and was introduced to stakeholders during two meetings held in the year with stakeholders. The tool is open for use by all interested vanilla stakeholders to collect data which would be processed by the District production department for a unified position of vanilla maturity, with scientific reports submitted to MAAIF. While the tool was pretested in April 2022, in Ibanda, Rubirizi, Kasese, Bundibugyo and Ntoroko district. 6 VANEX members have also piloted it during the pollination that took place between September-November 2022. However, this initiative is in infancy and faces challenges of utilization due to facilitation of personnel who collect the data from the field. A first report of this pilot shall be documented for the season coming in 2023A.

“A vanilla pollination data collection tool was developed, field tested and introduced to stakeholders, through the pilot in in the district of Ibanda, Rubirizi, Kasese, Bundibugyo and Ntoroko.”

” Utilization of the tool is one step into a more scientific approach to determining start of vanilla harvest seasons in Uganda”.

2. VANEX continued with the past efforts of engagement of stakeholders particularly the local government political leadership at the district level, security agencies, and District production team, in major vanilla growing and farmers associations; to sensitise them about the importance of harvesting only premature vanilla, and how they can popularise the vanilla harvest date declaration by MAAIF. This took place in during the vanilla maturity survey that took place in the season of 2022A, and the season of 2022B in November. The participatory engagement of stakeholders in determination of the start of the vanilla harvest date is resulting in increased attention to the industry and promotion of enabling environment for the industry by many farmers now adhering to observation of the declared harvest date.

“The participatory engagement of stakeholders in determination of the start of the vanilla harvest date is resulting in increased adhering to observation of the declared harvest date”

3. VANEX receives technical and financial support from the CRS Vines project to work with government to facilitate formulation of appropriate regulatory framework focused on vanilla industry, for and enabling environment. With support from Vines project, VANEX participated in the Regulatory Impact Assessment (RIA) consultation research conducted by MAAIF, as part of the process to determine what regulatory approach to take in regulating the industry.
4. VANEX participated in the Regulatory Impact Assessment stakeholder validation meeting conduct-



ed in May 2022, convened by MAAIF with support from CRS- Vines project. VANEX pronounced themselves that the industry must be regulated, in support of This meeting resolved that government should regulate the vanilla industry the meeting resolution that government should regulate the vanilla industry. VANEX will continue participating in the process activities determining an enabling environment for the industry through the coming year 2023.



*Hon. Minister Fred Bwino Kyakulaga launching the campaign for revival of vanilla growing in Busoga*



*Vanilla farmers of Iganga Vanilla Growers Cooperative Society listening to the Minister.*

## Strategic priority five: Functional and beneficial partnerships, networks and collaboration established.

### What was achieved:

1. VANEX continued to strengthen the working partnership with the SVI Uganda working group on matters of information sharing about market updates through the biannual SVI Uganda working group/ VANEX members meeting (on zoom call), that take place a few weeks before start of a harvest season. Two meetings took place this year.
2. VANEX continued to strengthen the lobbying efforts and communication with MAAIF on issues affecting the vanilla industry; to mention particularly, the collaboration of how to improve processes leading to vanilla harvest date declaration through introduction of the vanilla pollination tool that is under pilot. A stronger collaboration is growing and support to the industry from MAAIF is increasing. MAAIF appointed Ms. Barbara Kamushaago, a Senior Agriculture Officer as the Vanilla Desk focal person at the Ministry.
3. VANEX signed a Memorandum of Understanding (MOU) and scope of work through the Vendors agreement to implement some activities funded by the CRS Vines project from July 2021 to September 2024. This MOU is to propel our partnership and collaboration with CRS, beyond the scope of the vendor agreement, as more areas of collaboration are identified.
4. VANEX is promoting revival of vanilla growing in Busoga region, through training vanilla farmers in vanilla production, processing and marketing practices. In collaboration with MAAIF, VANEX trained 268 vanilla farmers belonging to Iganga Vanilla Growers Cooperative Society. Following this, 145 farmers received a total of 10,000 vanilla vines from VANEX to establish new vanilla gardens or expand their current production. This initiative is ongoing through the coming years, to reach more farmers. The focus on promoting good agriculture practices under the integrated approach of climate resilient agriculture, increased engagement of the youth and women in vanilla production will be enhanced, as resources allow.

## Strengthened financial position and sustainability of VANEX

### Strategic priority six: Strengthened financial position and sustainability of VANEX

VANEX's leadership recognizes the need to be financially sustainable, and ensuring that resources are generated and used judiciously. **VANEX primary source of funds are generated from member's contribution. It is critical that industry stakeholders collaborate, join and support the collective industry work, through their membership contribution and voluntary service and expansion of network. In the past year, nine members** paid their subscription in the year. It is expected that membership will increase together with commitment to timely membership subscription through these initiatives:

1. Mobilize and attract more stakeholders to join and pool resources, but improving on value added services offered to members.
2. Develop industry relevant services that are paid for or fundable by ordinary members, associates and potential partners.

3. Develop marketable services that can be paid for by members and or subsidized by partners.



*ED speaking at the stakeholder consultation meeting*



*Engaging stakeholders in shaping the future of the industry*



*Stakeholder consultation in shaping the regulatory environment for the vanilla industry*

# Challenges facing the industry

**The challenges facing the industry are many, but these are worth mentioning:**

- Theft of vanilla on farm; remains is most significant threat facing the industry, causing insecurity and triggering early / premature harvest of vanilla as farmers fear to lose their crop to thieves.
- Unregulated buyers outside the declared buying season, remains a challenge to the industry as they trigger and amplify the issue of theft of vanilla and premature harvest of vanilla.
- Informal processors who handle and process vanilla under unhygienic conditions, with little regards for good handling practices highly compromise quality and food safety of the vanilla.
- Limited investment in the vanilla value chain development processes, by both government and private sector players.
- A lack of an effective regulatory framework that would addresses the unique issues of vanilla, for example, premature harvesting, and rampant theft, among others.

# Opportunities for promoting a sustainable industry in the next year and beyond.

The industry has opportunities, some highlighted below, that are available for the industry and VANEX will harness to deliver on its strategic areas and goals as discussed below:

- **Collaboration and partnership:** with the Catholic Relief Services- VINES project and the Sustainable Vanilla Initiative, collective activities are in some of industry priority areas which include supporting vanilla quality improvement through training and supporting setting up of food safety compliance systems within processing facilities for our members and other processors; the technical support to lobby, advocate and establish an enabling regulatory environment for the industry through the Ministry of Agriculture, Animal Industry and Fisheries, and overall promotion of the visibility of the industry at the national and international level through the branding of Uganda Vanilla industry work stream.
- **Vanilla a strategic crop:** Increased recognition of the vanilla industry by government. VANEX shall continue close engagement, collaboration and lobbying of government to support the vanilla industry through MAAIF, to increase planning for and investment in vanilla industry as a strategic crop, as identified in the agriculture sector strategic plan 2020/21-2024/25, and setting up an enabling regulated environment that will promote the sustainability of Uganda vanilla industry.
- **Leverage the expertise and resources of our members:** through voluntary contribution of resources far beyond the basic membership fees, the resources being but not limited to their infrastructure, human resources, their networks, to support the advancement of the mandate of the Association.
- **Increasing extension and training:** of vanilla producers about the good agriculture practices of the crop.
- **Increasing interest of international vanilla buyers:** through the Sustainable Vanilla Initiative, an increasing interest to source from an organised Uganda vanilla industry that supplies branded, predictable quantities of consistent quality of Uganda's vanilla must be harnessed. This shall be

achieved through an integrated approach of improved quality, organised and coordinated stakeholders with a known code of practice/ ethics, as well as branding Uganda vanilla and creating visibility for the brand through the branding and marketing strategy under development.

- **Increasing interest of farmers to produce vanilla:** Vanilla currently being grown in over 32 districts in Uganda; will be approached through increased training programmes to farmers on vanilla good agriculture practices-focusing on production agronomy, good postharvest handling practices, and the dynamics of vanilla marketing. There will be utilisation of new innovative knowledge gained over years of growing vanilla in Uganda, in the face of climate change, price volatility, diversity of actors that must include youth and women for a sustainable vanilla chain at production, processing and marketing.

## Way forward

VANEX continues to engage with internally and with industry stakeholders to strengthen its capacity to deliver on its Vision and mission. The industry is set to grow as we harness collaborative support from functional partnerships. Building functional partnerships and collaboration with our government, global value chain actors, and other related stakeholders will be harnessed to support building our vision for Uganda as an origin of high quality sustainable vanilla.

## Our Partners



**MAAIF**  
Ministry of Agriculture  
Animal Industry and Fisheries



## Our Members

1. NATURAL EXTRACTS INDUSTRIES (U) LTD

6. VANAROMA LTD

2. UVAN LTD



7. COETZEE ORGANIC (U) LTD



3. ESCO UGANDA LTD



8. MODERN AGRO SPICES



4. NILLAVAN LTD

9. TAMBIISA(U)LTD



5. ENIMIRO PRODUCTS UGANDA LTD







# FINANCIAL SECTION

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# COMPANY INFORMATION

The Association of the Vanilla Exporters of Uganda Limited (VANEX) is a membership organization constituted by vanilla buyers and exporters in 2003, and incorporated in Uganda in June 2005 as a company limited by guarantee. Our intent was to pool the resources of the members and to harmonize and co-ordinate our efforts and activities in the best interest of the vanilla export industry in Uganda. We are the leading private sector organisation for the Vanilla industry and aim to contribute an enabling environment for the sustainable production and trade of Vanilla with a Vision of making Uganda a reliable Global source of quality natural Vanilla

## DIRECTORS

1. Aga Sekalala Snr
2. Mary Kiddu
3. Phillip Betts
4. Lulu Sturdy
5. Kenneth Shaka Jubby

## REGISTERED OFFICE

Association of the Vanilla Exporters of Uganda Limited  
Lions Shopping Centre, Plot 18 Namirembe Road  
info@vanex.org / vanexuganda@gmail.com

## AUDITORS

Chuckle & CO  
(Certified Public Accountants)  
Crown House  
P.o box 7430 Kampala  
Plot 4A, Kampala Road

## BANKERS

Stanbic Bank Metro Branch

# Statement of Directors' Responsibilities

The Ugandan Companies Act 2012 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results for that year. It also requires the directors to ensure that the Company keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors are ultimately responsible for the internal controls. The directors delegate responsibility for internal control to management. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the Company's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates, are applied on a consistent and going concern basis. These systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Ugandan Companies Act 2012. 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.

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



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**Phiona Florence Nakusi**

**Executive Director**

9th January 2023

# REPORT OF THE INDEPENDENT AUDITORS

## Report on the Financial Statements

### Opinion

We have audited the financial statements of VANEX (the “Company”) which comprise the statement of financial position as at December, 31 2022, the statement of profit or loss and other comprehensive income for the year then ended, the statement of cash flows for the year ended, and the notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of the financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (‘IFRSs’) and and in the manner required by Uganda Companies Act 2012.

### Basis of 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 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

Directors are responsible for the other information. The other information comprises the information included in the directors’ annual report, but does not include the financial statements and our auditor’s 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 management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in the manner required by Uganda Companies Act 2012, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### **Report on other legal and regulatory requirements**

The Ugandan Companies Act 2012 requires that in carrying out our audit, we consider and report to you the following matters. We confirm that:

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

**The Association of the Vanilla Exporters (Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**For the year ended December 31, 2022**

## Income and Expenditure Statement as of 31st December 2022

	Catholic Relief Services	Subscription	TOTAL
<b>Income</b>			
23 · Forex gain	-	-	-
K1000 · Subscription		33,254,920	33,254,920
K2000 · Catholic Relief Services	215,272,021	-	215,272,021
<b>Total Income</b>	<b>215,272,021</b>	<b>33,254,920</b>	<b>248,526,941</b>
<b>Expense</b>			
6000 · Advertising and Promotion	4,321,093	2,342,000	6,663,093
6250 · Dues and Subscriptions	66,591	526,000	592,591
6450 · Stationery	-	2,457,700	2,457,700
6320 · Annual returns (URSB)	-	63,000	63,000
6330 · Insurance Expense	-	100,000	100,000
6490 · Other Office Expense	1,550,000	754,100	2,304,100
6910 · Rent Expenses	18,000,000		18,000,000
6650 · Postage and Delivery		1,199,000	1,199,000
6780 · Small Tools and Equipment	5,720,000		5,720,000
6810 · Communication -	420,000	930,000	1,350,000
6860-Utilities	4,695,500		4,695,500
<b>Utilities and office Expenses</b>	<b>34,773,184</b>	<b>8,371,800</b>	<b>43,144,984</b>
N6840 · Transport and Travelling			
N6841 · Fuel	5,291,000	30,000	5,321,000
N6842 · Perdiem staff		1,045,000	1,045,000
N6843 · Perdiem non staff	2,400,000	11,840,000	14,240,000
N6844 · Driver expenses	-	2,150,000	2,150,000
N6840 · Transport and Travelling -	660,000	3,616,000	4,276,000
<b>Total N6840 · Transport and Travelling</b>	<b>8,351,000</b>	<b>18,681,000</b>	<b>27,032,000</b>
P1000 · Professional Fees			
P1100 · Audit Fees	1,000,000	-	1,000,000
P1500. Management Advisory	14,100,000		14,100,000
P1200 · IT Support	3,100,000	585,000	3,685,000
P1400 · Magazine Editorial Fees	1,100,000	1,837,000	2,937,000
P1000 · Professional Fees - Other	5,250,000	3,870,000	9,120,000
<b>Total P1000 · Professional Fees</b>	<b>24,550,000</b>	<b>6,292,000</b>	<b>30,842,000</b>
Y1000 · Personnel Costs			
Y1001 · Staff Salaries	134,179,852	-	134,179,852

	Catholic Relief Services	Subscription	TOTAL
Y1002. NSSF	13,417,985		13,417,985
<b>Total Y1000 · Personnel Costs</b>	<b>147,597,837</b>	<b>-</b>	<b>147,597,837</b>
<b>Total Expense</b>	<b>215,272,021</b>	<b>33,344,800</b>	<b>248,616,821</b>
To be transferred to Desingated Fund	-	-89,880	-89,880

**The Association of the Vanilla Exporters (Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**For the year ended December 31, 2022**

## Statement of Profit or Loss and other comprehensive income

		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>Ushs</b>	<b>Ushs</b>
<b>Incomes</b>		248,526,941	164,895,973
Less Expenses			
L6860 · Utilities and office Expenses	<b>8</b>	43,144,984	20,453,769
Y1000 · Personnel Costs	<b>6</b>	147,597,837	133,122,204
N6840 · Transport and Travelling	<b>7</b>	27,032,000	8,780,000
P1000 · Professional Fees	<b>9</b>	30,842,000	2,540,000
Total Expenses		248,616,821	164,895,973
Excess of expenditure over incomes to Designated Fund		(89,880)	
Less Depreciation		(985,120)	
Transfer to Desingated Fund		-1,075,000	



**The Association of the Vanilla Exporters (Company Limited by Guarantee)**  
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## Statement of Financial Position

		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>Ushs</b>	<b>Ushs</b>
<b>Assets</b>			
Non-current assets			
Property and equipment	<b>10</b>	6,217,281	4,702,500
Current assets			
<b>Cash and bank balances</b>	<b>12</b>	105,271,134	40,150,724
Receivables	<b>11</b>		97,802,093
		105,271,134	137,952,817
<b>Total assets</b>		111,488,415	142,655,317
Funds and liabilities			
Funds			
Designated Funds	<b>13</b>	-1,075,000	
Total funds		(1,075,000)	-
<b>Current liabilities</b>			
Payables and accruals	<b>14</b>	50,189,126	105,019,800
Deferred income	<b>5</b>	62,374,289	37,635,517
		112,563,415	142,655,317
<b>Total funds and liabilities</b>		111,488,415	142,655,317

These financial statements on pages 28 to 31 were presented to the Annual General Meeting on 20th December 2022 and were signed on its behalf by:




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**Phiona Florence Nakusi**  
**Executive Director**  
 9th January 2023

**The Association of the Vanilla Exporters (Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**For the year ended December 31, 2022**

## Statement of Cashflows

	<b>2022</b>	<b>2021</b>
	<b>Ushs</b>	<b>Ushs</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(loss) for the year</b>	<b>-89,880</b>	(90,605,123)
Adjustments for:		
Depreciation	<b>985,120</b>	247,500
	<b>895,240</b>	(90,357,623)
<b>Changes in working capital changes</b>		
Trade and other receivables	<b>97,802,093</b>	-
Increase in Deffered Income	<b>24,738,772</b>	30,438,547
Increase in Desingated Fund	<b>89,979</b>	
Trade and other payables	<b>(55,905,674)</b>	105,019,800
	<b>66,725,170</b>	135,458,347
<b>Net cash (used in)/generated from operating activities</b>	<b>67,620,410</b>	45,100,724
<b>Net cash (used in)/generated from Investment activities</b>	<b>(2,500,000)</b>	
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>65,120,410</b>	45,100,724
Cash at start of year	<b>40,150,724</b>	35,200,724
Cash at end of year	<b>105,271,134</b>	80,301,448
Represented by:	<b>105,271,134</b>	40,150,724
Cash and bank	<b>105,271,134</b>	40,150,724

**The Association of the Vanilla Exporters (Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
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## **Notes to the financial statements**

### **1. General information**

#### **Basis of Preparation and Summary of Significant Accounting Policies**

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

##### **a) Basis of preparation**

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Uganda Shillings which is the Company's functional and presentation currency.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

##### **b) Changes in accounting policies**

#### **Application of new and revised International Financial Reporting Standards (IFRSs)**

##### **Amendments to the IFRSs that are mandatorily effective for the current year**

In the current year, the Organization has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

##### **Amendments to IAS 7 Disclosure Initiative**

The Organization has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Organization does not have liabilities arising from financing activities. The application of these amendments has had no impact on the Organization's financial statements.

##### **New and revised IFRSs in issue but not yet effective**

The Organization has not applied the following new and revised IFRSs that have been issued but are not yet effective:

		<b>Effective date</b>
IFRS 16	Leases	1 January 2019

The application of these amendments has had no impact on the Company's financial statements as the Company did not have any such transactions in the current year.

### **c) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of value-added tax (VAT), returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest received from bank deposits shall be recognised as income when received.

### **d) Grants**

"The Company recognises an unconditional grant in profit or loss as other income when the grant becomes receivable. Other grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the period of the grant.

Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

### **e) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as other finance expense.

## **f) Property and equipment**

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the reducing balance method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

<b>Category</b>	<b>Rate %</b>
Computer equipment	30.0
Furniture and fittings	5.0
Motor vehicles	25.0
Office equipment	5.0

## **g) Foreign currency translation**

### **i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Uganda Shillings (UShs) which is the Company's functional currency.

### **ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income or expenses'.

## **Fair value estimation**

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

## **Impairment**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or a company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event')

and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

## **h) Trade receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

## **i) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

## **j) Trade Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## **k) Capital Funds**

The capital fund represents the fund for the VANEX that are tied up in fixed assets and therefore not available to contribute to operating expenditures.

## **l) Restricted Funds**

General funds are available for use following authorisation from the Board of Directors

## **2) Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

### **i) Critical judgments in applying the Company's accounting policies**

In the process of applying the Company's accounting policies, management has made judgments in determining:

- whether assets are impaired;
- the useful lives of, or expected pattern of consumption of the future economic benefits embodied depreciable assets;
- provision for bad and doubtful debts;
- the fair value of financial liabilities.

## **3) Financial risk management objectives and policies**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors. The board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

### **Market risk**

#### **i) Foreign exchange risk**

Cafe Africa Limited is exposed to foreign exchange risk arising from exposures upon receipt of

grants with respect to the United States Dollar and other currencies. Management considers the foreign exchange risk arising from this to be minimal.

**ii) Price risk**

Price risk arises from a decline in the value of a security or a portfolio that can be minimized through diversification.

The Company does not hold any financial instruments subject to price risk.

**iii) Interest rate risk**

The Company does not hold any financial instruments subject to price risk.

**Credit risk**

Credit risk arises from cash and cash equivalents with financial institutions as well as credit exposures to customers. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

For banks and financial institutions, only reputable financial institutions are accepted. The Company does not grade the credit quality of receivables.

The credit quality of financial assets is as summarised below:

	2022 Ushs	2021 Ushs
Cash at bank and in hand	105,271,134	40,150,724
Trade and other receivables	105,271,134	40,150,724

No collateral is held in respect of the above assets.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

Due to the dynamic nature of the underlying businesses, the company’s management maintains flexibility in funding by maintaining availability under committed credit lines.



**The Association of the Vanilla Exporters (Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**For the year ended December 31, 2022**

**Notes to the financial statements (continued)**

		<b>2022</b>	<b>2021</b>
		<b>Ushs</b>	<b>Ushs</b>
<b>4.</b>	<b>Revenue</b>		
	K1000 · Subscription	33,254,920	
	K2000 · Catholic Relief Services	215,272,021	164,895,973
		<b>248,526,941</b>	<b>164,895,973</b>
<b>5.</b>	<b>Deferred Income</b>		
	Catholic Relief Services	62,374,289	37,635,517
		<b>62,374,289</b>	<b>37,635,517</b>
<b>6.</b>	<b>Personnel</b>		
	Y1001 · Staff Salaries	134,179,852	108,341,539
	Y1002. NSSF	13,417,985	
	Recruitment Costs		13,946,511
		<b>147,597,837</b>	<b>122,288,050</b>
<b>7.</b>	<b>N6840·Transport and Travelling</b>		
	N6841 · Fuel	5,321,000	365,000
	N6842 · Perdiem staff	1,045,000	975,000
	N6843 · Perdiem non staff	14,240,000	7,390,000
	N6844 · Driver expenses	2,150,000	50,000
	N6840 · Transport and Travelling -	4,276,000	
		<b>27,032,000</b>	<b>8,780,000</b>
<b>8.</b>	<b>L6860 · Utilities and office</b>		
	6450 · Stationery	2,457,700	1,011,500
	6490 · Other Office Expense	2,304,100	100,000
	6650 · Postage and Delivery	1,199,000	197,500
	6810 · Communication -	1,350,000	760,000
	6250 · Dues and Subscriptions	592,591	
	6330 · Insurance Expense	100,000	
	6000 · Advertising and Promotion	6,663,093	
	6780 · Small Tools and Equipment	5,720,000	
	6860-Utilities	4,695,500	
	6320 · Annual returns (URSB)	63,000	
	6710:Rent Expenses	18,000,000	13,200,000
		<b>43,144,984</b>	<b>14,294,000</b>

<b>9.</b>	<b>Professional fees</b>		
	P1200 · IT Support	3,685,000	4,547,030
	P1400 · Magazine Editorial Fees	2,937,000	
	P1500.Management Advisory	14,100,000	
	P1000 · Professional Fees - Other	9,120,000	2,540,000
	P1100 · Audit Fees	1,000,000	1,000,000
		<b>30,842,000</b>	<b>8,087,030</b>

<b>10.</b>	<b>Property and equipment</b>				
		<b>Computers and Accessories</b>	<b>Furniture and fittings</b>	<b>Office Equipment</b>	<b>Total</b>
		<b>Ushs</b>	<b>Ushs</b>	<b>Ushs</b>	<b>Ushs</b>
	<b>Cost</b>				
	At 1 January 2022		4,950,000		4,950,000
	Additions				-
	Disposals				-
	<b>At 1 January, 2022</b>	<b>-</b>	<b>4,950,000</b>	<b>-</b>	<b>4,950,000</b>
	Additions	2,500,000	-		-
	Disposals	-	-	-	-
	Write off	-	-	-	-
	<b>At December 31, 2022</b>	<b>2,500,000</b>	<b>4,950,000</b>	<b>-</b>	<b>4,950,000</b>
	Depreciation				
	At 1 January 2022		247,599		247,599
	<b>At 1 January, 2022</b>		<b>247,599</b>		<b>247,599</b>
	Charge for the year	750,000	235,120		985,120
	Eliminated on disposal	-	-	-	-
	Eliminated on write off	-	-		
	<b>At December 31, 2022</b>	<b>750,000</b>	<b>482,719</b>	<b>-</b>	<b>1,232,719</b>
	<b>Net book value</b>				
	<b>At December 31, 2022</b>	<b>1,750,000</b>	<b>4,467,281</b>	<b>-</b>	<b>6,217,281</b>

		<b>2022</b>	<b>2021</b>
		<b>Ushs</b>	<b>Ushs</b>
<b>11.</b>	<b>Receivables</b>		
	Accounts Receivable	68,268,816	97,802,093
		<b>68,268,816</b>	<b>97,802,093</b>

	The carrying amounts of the receivables and prepayments approximate to their fair value. The amounts due do not attract any interest. As at December 31,2021, there were no receivables that were past due.		
<b>12.</b>	<b>Cash and cash equivalents</b>		
	Cash at bank	105,271,134	40,150,724
	Cash at hand		
		<b>105,271,134</b>	<b>40,150,724</b>
	VANEX LTD is not exposed to credit risk on cash and bank balances as these are held with sound financial institutions. The carrying amounts of the Company's cash and cash equivalents are denominated in the following currencies:		
		2022	2021
		Ushs	Ushs
	Uganda Shillings	105,271,134	40,150,724
		<b>105,271,134</b>	<b>40,150,724</b>
			-
<b>13.</b>	<b>Designated Fund</b>		
	Prior Year Changes made to reflect the desingation		-
	Towards Desingated Fund		-
		-	-
<b>14.</b>	<b>Trade payables and accruals</b>		
	Other Payables		104,019,800
	Rent	17,250,000	
	NSSF 10%	13,417,985	
	Payables (Former ED Florence)	7,488,741	
	Payables (UVAN)	12,032,400	
	Audit fees and Management fees		1,000,000
		<b>50,189,126</b>	<b>105,019,800</b>
<b>15.</b>	<b>Events after the reporting period</b>		
	There were no post balance sheet events affecting the financial statements of the company as at the date of signing this report.		
<b>16.</b>	<b>Contingent Liabilities</b>		
	The directors are not aware of any contingent liabilities accrued to the Company as at December 31, 2022.		

CONTACT:

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