



**20  
21**

**ANNUAL  
REPORT**



# Contents

2

Chairman's word

3

Executive Director's word

4

Introduction

6

Where we are

7

VANEX strategic areas

7

What was accomplished in the year

16

Challenges facing the industry

17

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

17

Way forward

18

Our Partners

19

Financial Section

## Chairman's word



As we close 2021, we look back to the events in the year. We all felt the impact of the COVID-19 pandemic. This pandemic is worth mentioning due to its obvious direct and indirect negative impact it has had on the world economies, way of life and how it affected all spheres of business at international and local level. The vanilla industry in Uganda was not spared; it changed the way we do business, with the restrictions of people movement we had to rely a lot on the modifying and adapting the way we source vanilla. Many industry players have had to strengthen the relationships with the network of their agents and farmers. We felt the impact of these restrictions. As we begin to put the impacts of COVID -19 behind us, it is important we continue to consolidate the gains we are achieving for the sustainability of our industry. These gains are worth mentioning: the observation of harvest date, and improving vanilla quality as reported by international vanilla buyers.

We have continued with our industry initiative of improving the vanilla quality through declaration of the vanilla harvest date, an initiative spearheaded by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF). Working together with our partner, the Catholic Relief Services (CRS), we supported MAAIF to successfully declare the start of the harvest season for all the three seasons. This initiative is not only now a well-known industry event, but the processes and the engagement of various stakeholders prior to the announcement, is increasingly inclusive-involving more stakeholders, and is continuously under improvement. We are receiving feedback reports of increasing compliance among members and stakeholders-including farmers who are committed to protecting the quality of vanilla and resisting selling of premature vanilla.

While we shall continue improving and cementing this approach in our industry, the challenges of premature harvest still remain, the theft of vanilla is still an issue to be addressed.

On a good note, the vanilla prices stayed relatively stable in the two seasons of year 2021, giving farmers a good return on their investment. I am hopeful that the vanilla industry continues to deliver on its potential.

I want to thank all our committed membership and the hard working board that continue to invest their resources to steer the industry. I also acknowledge the continued support from Government through the Ministry of Agriculture Animal Industry and Fisheries, and the respective local governments-the districts which are growing vanilla for the supportive interventions undertaken to steer the industry toward a path of higher performance.

I want to acknowledge the support from the Catholic Relief Services-Vines project that is funded by the United States Department of Agriculture, that is given to the industry. It is my firm belief that working in collaboration as pillar of our ways of working, we are set to address the existing challenges that the industry faces.

Thank you.

# Executive Director's word



It is now just over a year since I took over this great opportunity to lead VANEX as the Executive Director. The time has been an open book, of learning, understanding and mapping out strategic focus for VANEX, consolidating the need to harmonise, coordinate activities and the resources of members for a sustainable vanilla industry. The year 2021 experienced a lot of uncertainty both at personal level and businesses for many, as a result of the COVID-19 pandemic. This definitely affected the ways of working, what could be done, how, when and with who.

Despite the setback in people's personal lives and business environment, the vanilla industry remained and continue to progress; seeing an increased interest of international vanilla buyers purchasing Ugandan vanilla. Volumes traded from Uganda were reported to have increased to about 200 MT tonnes (unofficial reports) in the past two seasons

of year 2021. Also interestingly, a leading vanilla market and quality watcher, **Aust and Hachmann** reported in November 2021, that among producing countries, Ugandan vanilla quality registered the most significant improvement in quality on the international market. This is news we should strive to maintain. It may be worth observing and mentioning that one of the contributing factor for the positive report, is the increased collective responsibility for vanilla quality improvement by many major stakeholders; a sustained campaign and awareness about the vices of premature vanilla harvests, and how it affects a collective Uganda vanilla quality outlook. The collective and improving effort of adherence to the observation of the vanilla harvest date is worth applauding. It is upon this good progress made, that at VANEX, we commit to continue improving the approach leading to the determination of the vanilla harvest date declaration. We continue our commitment to steering the industry, to be an inclusive approach, that is also scientific; done in a timely manner that is devoid of uncertainty. That, we did in the year and will continue to do.

Lastly, the board engaged itself in a series of dialogues and provided leadership in identifying and determining the strategic priority areas that define the scope of programmes and activities that are implemented by VANEX secretariat, for the next coming three years. It is at this point that I want to acknowledge the undivided support and focus of VANEX board that continue to steer this thinking; the determination to continue consolidating the focus areas for the organisation as it leads the industry.

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), and the commitment of the members to the development for the industry is acknowledged.

”

A leading vanilla market and quality watcher, Aust and Hachmann reported in November 2021, that among producing countries, Ugandan vanilla quality registered the most significant improvement in quality on the international market.



## Introduction

This is the annual report for the year 2021 for the Association of the Vanilla Exporters of Uganda Limited (VANEX). It also highlights progress of activities initiated in the year and have continued in the first half of the year 2022. 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, and the challenges the industry faces. The report discusses the opportunities present to the organisation and the industry that should be harnessed.

## 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.



## 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.



*Visiting our members to understand the unique needs and how to support them is one of our services. A visit to Enimiro Ltd.*

## Where we are

## Membership update

We are constituted by 7 subscribing members so far with more eagerness for membership expressed.

# 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 one full-time Executive Director, who under oversight, plans, strategizes, and oversees the day-to-day operations at the organization.

## 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. Details of our financial position for the year ended 2021 are found in the financial section of this report.

## 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 is strengthening its organisational capacity through a series of activities that were successfully implemented in the past year and into the year 2022 as highlighted below:**

1. Hired a fulltime Executive Director who is overall Manager of the Secretariat.
2. Conducted seven scheduled board meetings where strategic issues were discussed and decisions/resolutions made and implemented by the secretariat.
3. Initiated the process of corporate governance review and establishment of management systems set up, with financial support from CRS Vines project, a Consultant was hired. This activity involved





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

wider internal and external stakeholder consultation, which has resulted in a reviewed corporate governance structure and guidelines for proper functioning, established in a documented Board Charter, and supportive policies and processes documented for the functioning of the Secretariat. The processes also led to draft proposals of amending and updating the Memorandum and Articles of Association of VANEX; due for presentation to the members at the general meeting for approval, and reregistration.

4. 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 con-

tinue is year 2022 a process of continuous improvement.

5. The Board passed a resolution to formalise the collaboration and partnership with CRS. This was initiated by negotiation of the terms of partnership relationship with the CRS, and negotiation of budget support to operations of VANEX. This process led to the signing of the memorandum of understanding and activity agreement with the CRS Vines project, with specified activities supported technically and financially by the USDA CRS - Vines project.
6. 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.
7. Revised membership application and annual subscription fees were approved by board, pending approval from the annual general meeting.

”

“The branding of Ugandan vanilla is under development; A research was contracted to an international Consultant to define the branding and marketing strategy to position Ugandan vanilla in the international market. The activity to explore a way of branding Ugandan vanilla was initiated with support from CRS Vines Project. A branding working committee composed of VANEX representatives and SVI was established. Several planning meetings were conducted with the Consultant to determine scope of work and refining the methodology. This activity continues in the year 2022”, Vanex ED.





*The Minister of State for Agriculture Hon. Fred Bwino Kyakulaga giving out vines to farmers in Iganga District*

## **Strategic priority two: 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 designed and is operational. In the period of its existence, the traffic to the website has increased, at least every two weeks the secretariat gets a contact inquiring about vanilla in Uganda, and VANEX.
2. VANEX has increased its appearance in the media for visibility of implemented activities. For example, the activity of vanilla revival and growing in Busoga region through training of farmers and distribution of Vines in collaboration with the Ministry of Agriculture has received wider publicity and approval from various stakeholders and was widely covered on television and radio. The declaration of the vanilla harvest date receives positive coverage of the vanilla harvest date continues to receive wide media coverage, both in print radio, and television.
3. 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 the 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.
4. Vanilla industry has continued to receive coverage in the print media, covering various topical issues, in major print media, both New Vision and Monitor new papers, contributing to increased visibility of the industry, locally and internationally.

5. Biannual vanilla magazine publication is in advanced stage of publication. It features informative information for internal and external stakeholders, creating visibility of industry.

### Strategic priority 3. Deliver value added services to members

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

We have a valued membership, that is open and inclusive of all stakeholders working towards promotion of sustainable production and productivity, and marketing of the highest vanilla quality in primary and transformed forms.

VANEX organized and facilitated member and stakeholder engagement activities that included;

1. Communication of about the industry wide support donor project- the Vines project, that is implemented by Catholic Relief Services with a goal to make Uganda the World's next leading supplier of high quality vanilla to be known by all stakeholder and how it will benefit the industry, this was done through two information sessions organized virtually for all stakeholders and members. In these communications, member's and stakeholders are able to have access to the activities of the project through expression of interest.
2. Collaborated with CRS Vines project to mobilize and sensitize vanilla stakeholders on the food safety standards requirements in the vanilla industry. 4 vanilla companies successfully applied and are accessing training and coaching on food safety from the Vines project.
3. Collaborated with Vines project to mobilize and sensitize vanilla stakeholders on the available services leading to digitalization of the vanilla supply chain.
4. Communicated about the Vanilla Innovation Expansion fund available with the Catholic Relief Services-Vines project, of which four vanilla exporting companies accessed this fund based on their own determined needs.
5. Organised two member and stakeholder engagement meetings with SVI Uganda working group where members received information update of overall vanilla outlook for the June/ July 2021 first season, and the December 2021/ January 2022 season.
6. 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.
7. VANEX has progressively increased targeted engagement of members and stakeholders in industry facing events and activities, for example, in events leading to determination of the harvest date declaration. This will be strengthened over time as part of service promise and benefit to our members.

”

“We strive to deliver services that are aligned to our membership service portfolio as well as ensuring we meet our objectives”, *Vanex ED.*



*Women and youth in vanilla growing*



*Stakeholder team surveying for vanilla maturity in Kasese District*



*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*

## **Strategic priority 4: An enabling environment for the vanilla industry**

The activities under this strategic priority area aim to create an enabling environment for the vanilla industry. The activities implemented in the past year to date include:

1. Strengthened the approach of determining the vanilla harvest declaration date, by involving industry wide stakeholder to deliberate and decide on a collective comprised date for harvesting vanilla in the country. This is done through documented stepwise approach that involves a technical team from Ministry of Agriculture that join the VANEX technical team to survey selected major vanilla growing districts by sampling gardens to establish maturity of vanilla before determining

the vanilla harvest date to be declared. This process involves (d) other vanilla stakeholders, for example, VANEX members, nonmembers, farmer representatives, and respective local government leadership, agriculture technical team and security team; This approach has resulted in more inclusion of stakeholders in decision making, determining the harvest date, which is resulting in improved awareness about the rationale of the harvest date declaration, and adherence to observation of the declared date by stakeholders in the value chain.

2. VANEX has increased engagement of stakeholders particularly the local government leadership in major vanilla growing, through lobbying them to popularise the harvest declared dates with the farmers and traders operating in the location; using locally based initiatives, communication channels and government systems at hand, to promote and protect the industry. This is resulting in increased attention to the industry and promotion of enabling environment for the industry.
3. With support from CRS 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. VANEX participates in the technical working committee that is guiding this process on appointment by MAAIF.
4. VANEX participated in the Regulatory Impact Assessment stakeholder validation meeting conducted in May 2022, convened by MAAIF with support from CRS- Vines project. This meeting resolved that government should regulate the vanilla industry. VANEX will continue participating in the process activities determining an enabling environment for the industry through the year 2022.
5. Together with MAAIF and CRS VANEX has collaborated in developing a vanilla pollination data tool, to be piloted by District Production departments in major vanilla producing districts in Rwenzori region to determine vanilla maturity. This tool will be used by interested vanilla stakeholders to collect data which will be processed by the District production department for a unified position of vanilla maturity, with scientific reports submitted to MAAIF. This tool was pretested in April 2022, in Ibanda, Rubirizi, Kasese, Bundibugyo and Ntoroko district, and is under use, to be utilized in determining vanilla harvest dates in the second season of December 2022-January 2023.



Vanex lead trainer explaining to the Minister of State for Agriculture Hon. Fred Bwino Kyakulaga the vanilla good practices



Farmers receiving vines distributed by VANEX

## Strategic priority 5: Strong partnerships, networks, and collaboration

**Strategic goal 5:** Functional and beneficial partnerships, networks and collaboration established.

### What was achieved:

1. VANEX continues to strengthen the 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 takes place before start of a harvest season. Three meetings have taken place to date.
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 of the vanilla harvest date declaration among others. A stronger collaboration is growing and support to the industry from MAAIF is increasing. MAAIF appointed Ms. Barbara Kamushaago the vanilla industry focal person at the Ministry.
3. Engaged in dialogue with CRS to formalize the working relationship, which lead to the signing of the Memorandum of Understanding (MOU) and scope of work determining the partnership between CRS Vines project from July 2021 to September 2024.

## Strengthened financial position and sustainability of VANEX

### Strategic goal 6. 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 of importance that industry stakeholders are mobilized to join and support the collective industry work, through their membership contribution and voluntary service. In the past year, seven members paid their subscription in the year.** It is expected that membership will increase together its 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 project proposals that are fundable by ordinary members, associates and potential partners.
3. Develop marketable services that can be paid for by members and or subsidized by partners.

## Challenges facing the industry

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

- Unstable vanilla prices- brought about unscrupulous early buyers, who pay very little for farmers crop.
- Early / premature harvest of vanilla which has contributed to a bad reputation for poor quality vanilla
- Unregistered informal sector players who may not respect the industry code of behaviour, for example, observation of harvest date, good handling practices to ensure food safety, among others.
- Theft of vanilla on farm



*The Minister of State for Agriculture Hon. Fred Bwino Kyakulaga declaring the vanilla harvest date for the first season of June/July/August 2022 at Uganda Media Centre*



*A youthful woman involved in vanilla growing*

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

These opportunities highlighted are available for the industry and will be utilised to deliver on VANEX's priority 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 nominal 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 28 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 realising its vision and mission is highly dependent on a united industry, with a collective voice, competent human resource, beneficial partnerships, and collaboration, where resources can be harnessed for the benefit of the industry.

# Our Partners



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





# FINANCIAL SECTION

## Contents

- 21 Company information
- 21 Corporate governance
- 22 Financial performance highlights
- 23 Statement of directors' responsibilities
- 24 Report of the independent auditors
- 27 Financial statements
- 27 Statement of profit or loss and other comprehensive income
- 28 Statement of financial position
- 29 Statement of cash flows

# 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 have since grown into an officially recognized organization that serves as a platform, which contributes to the effort to 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.

## CORPORATE GOVERNANCE

### Board Members

1. Aga Sekalala Snr
2. Bimbasa Isa Tamale
3. Namagembe Letisha Ritah
4. Kenneth Shaaka Juby
5. Philip Rayner Betts
6. Sturdy Diana Mary Catherina

### Registered Directors

1. Aga Sekalala Snr
2. Mary Musabe Kiddu
3. Philip Rayner Betts
4. Sturdy Diana Mary Catherina
5. Kenneth Shaaka Juby- Company Secretary

## REGISTERED OFFICE

The Association of the Vanilla Exporters of Uganda Limited  
Lions Shopping Arcade, Plot 18, Namirembe Road  
info@vanex.org / vanexuganda@gmail.com  
Telephone: +256 781779748

## AUDITORS

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

# 2021 FINANCIAL PERFORMANCE HIGHLIGHTS

VANEX LTD realized a Deficit of UGX 90,357,623 having recorded a Gross income of UGX 74,290,850.

## Balance Sheet and Vanex Equity Position

VANEX Balance sheet is not yet covered due to lack of owner's equity at this point in time for exception of few assets namely, furniture and computers. As an organization this needs to be worked on to ensure a sustainable VANEX and future generation to be proud of.

That said VANEX has payables of UGX 104,019,800 as seen below:

Description of Expenses / Income	Voucher No	Cash Out
Arrears of NSSF	July - December	8,864,308
Staff Salary	November and December	13,500,000
Uvan Advances		29,747,500
Florence Nagawa Variable Advances		7,283,530
Rent	Full Year	13,200,000
PAYE	11 Months for 2021	31,424,462

### The Annual Accounts consist of the following:

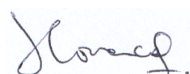
- Statement of Financial Position
- Statement of Financial Performance
- Statement of Cash Flows
- Notes to the Statement of Financial position and Statement of Financial Performance
- Independent auditor's report

### Directors

The director who held office during the year and to the date of this report was: Florence Nagawa- Executive Director

### Auditors

The auditors, Chuckle & CO, Certified Public Accountants of Uganda were appointed during the year and have expressed their willingness to continue in office in accordance with section 167 (2) of the Companies Act, 2012 of Uganda. As ever, we were able to draw on the energy, enthusiasm and backing from our donors, partners and the Government of Uganda.



**Florence Nagawa**  
**Executive Director**

30 June 2022

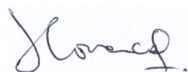
# Statement of Directors' Responsibilities

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

The Executive Director accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Public Sector Accounting Standards and the requirements of the Uganda Companies Act, 2012 of Uganda. The Executive Director is 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 financial performance in accordance with International Public Sector Accounting Standards and the Uganda Companies Act, 2012 of Uganda.

The Executive Director further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements 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.

Nothing has come to the attention of the Executive Director to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.



**Florence Nagawa**

**Executive Director**

30 June 2022



# 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 2021, 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, 2021, and of the financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (‘IFRSs’) 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, 2021**

## Statement of Profit or Loss and Other Comprehensive Income

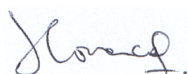
		<b>2021</b>
	<b>Note</b>	<b>UGX</b>
<b>Incomes</b>		74,290,850
<b>Less Expenses</b>		
1 200: Stationery	9	1,011,500
1 300: Office Supplies	9	85,000
1 640: Depreciation		247,500
1 400: Postage	9	197,500
1 610: Telephone Expenses	9	330,000
1 620: Internet	9	430,000
1 900: Bank Charges	9	390,239
1 630: IT Supplies	9	4,547,030
2100: Executive Remunerations	7	108,341,539
2200: Recruitment	7	13,946,511
2300: NSSF	7	10,834,154
2400: Allowances- Non Staff	9	7,390,000
3100: Fuel and Transport- Staff	9	365,000
8000. Staff Perdiems	9	975,000
9000: Driver Expenses	9	50,000
4000: Cleaning Expenses	9	15,000
5100: Professional Fees	9	2,540,000
6000: Rent Expenses	9	13,200,000
<b>Total Expenses</b>		<b>164,895,973</b>
<b>Excess of expenditure over incomes</b>		<b>(90,605,123)</b>

**The Association of the Vanilla Exporters (Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**For the year ended December 31, 2021**

## Statement of Financial Position

		2021
	Note	UGX
<b>Assets</b>		
Non-current assets		
Property and equipment	11	4,702,500
<b>Current assets</b>		
Cash and bank balances	13	40,150,724
Receivables	12	40,150,724
<b>Total assets</b>		44,853,224
Funds and liabilities		
Funds		
Accumulated funds	14	(90,605,123)
<b>Total funds</b>		(90,605,123)
<b>Current liabilities</b>		
Payables and accruals	15	105,019,800
Deferred income	6	30,438,547
		<b>135,458,347</b>
<b>Total funds and liabilities</b>		<b>44,853,224</b>

These financial statements on pages 10 to 25 were approved by the General Meeting on 23rd June 2022 and were signed on its behalf by:



**EXECUTIVE DIRECTOR**

**The Association of the Vanilla Exporters (Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**For the year ended December 31, 2021**

## Statement of Cashflows

	<b>2021</b>
	<b>UGX</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit/(loss) for the year	(90,605,123)
Adjustments for:	
Depreciation	247,500
	(90,357,623)
<b>Changes in working capital changes</b>	
Increase in Deffered Income	30,438,547
Trade and other payables	105,019,800
	135,458,347
<b>Net cash (used in)/generated from operating activities</b>	<b>45,100,724</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>45,100,724</b>
Cash at start of year	35,200,724
Cash at end of year	80,301,448
<b>Represented by:</b>	<b>40,150,724</b>
Cash and bank	40,150,724

## 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.

## **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) 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.

## **h) 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.

## **i) 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.

## **j) 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.



## **k) Restricted Funds**

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

## **l) 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.

## **m) 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.

## **n) Events after the reporting period**

There were no post balance sheet events affecting the financial statements of the company as at the date of signing this report.

## **o) Contingent Liabilities**

The directors are not aware of any contingent liabilities accrued to the Company as at December 31, 2021.

## **p) Cash and cash equivalents**

Cash at bank	40,150,724
Cash at hand	
	<u>40,150,724</u>

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:

Uganda Shillings	<u>40,150,724</u>
	<u>40,150,724</u>

-

**q) Accumulated fund**

Balance as at 1 January	-
Excess over Expenditure	<u>(90,605,123)</u>
	<u>(90,605,123)</u>

**r) Trade payables and accruals**

Other Payables	104,019,800
Audit fees	<u>1,000,000</u>
	<u>105,019,800</u>

CONTACT:

The Association of the Vanilla Exporters of Uganda

Lions Shopping Centre, Plot 18 Namirembe Road

P. O. Box 74750 Kampala, Uganda

Email: [info@vanex.org](mailto:info@vanex.org) / [vanexuganda@gmail.com](mailto:vanexuganda@gmail.com)

Telephone: +256 781779748