

**Remarks by Mr. Keith Kalyegira, CEO of CMA at the 2015 financial reporting (FiRe) awards
19th November, 2015; Kampala Serena Hotel**

Our Chief Guest

The Executive Council of the Institute of Certified Public Accountants of Uganda (ICPAU)
Ladies and Gentlemen

I'm honoured to be given the opportunity to make opening remarks tonight, which will hopefully set the stage for what promises to be a colourful event – the 16th FiRe (financial reporting) awards

As CMA, we have been proud to be associated with this important award process, having participated as evaluators, sponsors, and big supporters. We are keen to support this process because of what it encourages amongst all participating companies. We believe that by the time an organization agrees to enter the award evaluation process, they're making a statement that they do not have anything to hide – be it in terms of quality and standard of reporting, completeness of reporting, compliance to international reporting standards OR quality of audit.

Financial statements and reports in general, which include the annual report, are about the only window that investors have into an organization, so the quality of these reports matters a lot. In Uganda, the bulk of investors in the capital markets (by amounts) are foreign institutional investors. We still have only 40,000 retail investors. Imagine, we have only 3,000 investors in Government securities which are currently paying about 18% net of taxes and over 150 times the number of savings accounts with banks – it is baffling how savers are happy to earn the 2 or 3% paid by banks for savings account deposits and yet this investment opportunity exists. I put it down to awareness. I therefore call upon all professionals here present to spread the word on the need for individuals to open Central Securities Depository (CSD) Accounts with Bank of Uganda through the 6 primary dealers – stanbic, Barclays, standard chartered, centenary, baroda and dfcu. We will be happy to see the number of investors in Government Securities increase from 3,000 registered to 30,000. We strongly believe this will have the immediate impact of reducing government's cost of borrowing. And investors in government securities will eventually be investors in equities.

I would also like to say something briefly about financing businesses for expansion. Lack of access to finance is often cited as the biggest hindrance to business growth in Africa. The total domestic credit is currently in the region of 9 trillion or more, and businesses are borrowing at rates in excess of 19%. CFO's here present tonight, please advise your principles that refinancing businesses with equity immediately boosts the profitability and value of your companies. Equity is essentially a permanent loan whose owners only wait for dividends when the business is profitable. It is so straight forward. But I realise potential candidates of raising capital through the capital markets lack the motivation to do so for various reasons, one of which I believe, is fear of control of ownership; the cost of doing so;

lack of awareness of the process; potential impact of required transparency particularly preparing accounts to the required standards. To that I would simply like to say the cost is an investment, and it pays to be transparent in your dealings.

As CMA we are currently in the process of preparing a 10 year capital markets development master plan. A draft has been received and will be discussed in a workshop on 2nd December at Golf Course Hotel from 8-12pm. If you'd like a copy, please contact us through our website.

On concerns about the quality of reporting of listed companies, my colleague Paul Bwiso will talk about that because financial reporting is an area the stock exchange oversees. However, as regulators we have not abrogated this responsibility as we periodically check to ensure its being done properly. This is an area of continuous focus by ourselves because we do not want another situation where a company receives an award today and is in the newspapers the next day because of scandals related to financial reporting.

Ladies and Gentlemen, let me pause at this point with those few remarks, which I hope have provoked you to action – to become active investors in the capital markets, or disciples / advocates of financing businesses you direct or control through the capital markets. Together, let us grow our markets so that our pension and personal savings are invested in Uganda and grow Ugandan businesses!

I thank you