



ANNUAL REPORT

2021/2022



CORPORATE INFORMATION

OUR PROFILE



The Capital Markets Authority (CMA) is a semi-autonomous body that was established in 1996, by the CMA Act, Cap 84. The Authority is responsible for promoting, developing and regulating the capital markets industry in Uganda, with the overall objectives of investor protection and market efficiency.

The Authority reports and accounts to Government through the Ministry of Finance, Planning and Economic Development. CMA plays a significant role in regional and international cooperation and is a member of the East African Securities Regulatory Authorities (EASRA) and the International Organisation of Securities Commissions (IOSCO).

OUR VISION



To establish Uganda's capital market as the most efficient and trusted center for attracting and providing capital in Africa

OUR MISSION



To foster a transparent, accessible and effective capital market in Uganda

CORE VALUES



INTEGRITY: We act ethically and work in the public interest, treating people fairly and honestly

TEAMWORK: We support and promote collaboration among the CMA team and with external stakeholders

ACCOUNTABILITY: We strive to live up to the aspirations of our mission so as to deliver quality services and promote the best interest of our stakeholders

EXCELLENCE: We strive to pursue and deliver the highest quality of service to our stakeholders

Functions of the Authority

The CMA Act prescribes the following as the functions of the Authority:

To approve prospectuses and other offering documents under which securities are offered to the public and to approve information memorandum;

To develop all aspects of the capital markets with particular emphasis on the removal of impediments to, and the creation of incentives for long term investments in productive enterprise;

To create, maintain and regulate, through implementation of a system in which the market participants are self-regulatory to the maximum practicable extent, of a market in which securities can be issued and traded in an orderly, fair and efficient manner;

To cooperate with, provide information to, conduct any investigation or inquiry for, or otherwise assist any foreign regulatory authority in the performance of its duties;

To implement regional and international standards and best practice in securities markets, securities regulation and supervision;

To protect investor interests; and

To operate the Investor Compensation Fund established by section 81.

CMA executes its legal mandate with the following objectives:

Promoting confidence in the Capital Markets

Ensuring honesty and transparency in capital markets transactions

Carrying out investor education

Protecting investors; and

Reducing systemic risk

TABLE OF CONTENT

	<p>Strategic Objective 1: To strengthen Capital market regulation and oversight</p>	<p>1</p>
	<p>Strategic Objective 2: To achieve Institutional Excellence</p>	<p>7</p>
	<p>Strategic Objective 3: To promote economic development in Uganda by creating a competitive and inclusive environment for business and Government to access market based financing.</p>	<p>9</p>
	<p>CMA Financial Statements</p>	<p>19</p>





Foreword

Chairperson's Statement

Authority's objective is to sustainably lower the cost of doing business by (a) Deepening and widening the capital markets (b) Strengthening the legal and regulatory frameworks for Private Equity and Venture Capital.

It is with great pleasure and pride that I present to you the 2021/2022 Annual Report of the Capital Markets Authority (CMA) Uganda. As the Chairman of the Board of Directors, I am honored to share the remarkable achievements, notable milestones, and ongoing efforts that have shaped our dynamic capital markets ecosystem.

The Financial Year (FY) 2021/22 was the first year of implementation of the CMA's five-year Strategic Plan (FY 2021/22 – 2023/24). The Strategic Plan is primarily hinged on NDP III – Private Sector Development Program which the Authority contributes to. Through NDP III, the Authority's objective is to sustainably lower the cost of doing business by (a) Deepening and widening the capital markets and (b) Strengthening the legal and regulatory framework for Private Equity and Venture Capital. This translates into three (3) Programme Implementation Action Plan outputs (PIAPs); (a) A conducive environment for capital markets is in place (b) Increased participation in the financial markets and, (c) Legal and regulatory framework for Private Equity and Venture Capital strengthened.

Through this Strategic Development Plan, CMA's overall goal is to provide an enabling environment for Uganda's private

sector to access market-based financing by focusing on three key objectives:

- To strengthen capital market regulation and oversight
- To achieve institutional excellence
- To promote economic development in Uganda by creating a competitive and inclusive environment for business and Government to access market-based financing

During the past year, the Authority endured a number of challenges and uncertainties. Uganda experienced a rise in inflation, from 2.1% in July 2021 to 6.3% in June 2022, which was primarily imported inflation resulting from the Russia-Ukraine war. The COVID-19 Pandemic caused a restriction on movement to control the spread of disease slowing down the Authorities' activities. Public education activities specifically were severely disrupted by the lockdown.

However amidst these challenges, I am delighted to inform you that the Capital Markets Authority Uganda has remained resilient, adaptive, and committed to our mission of fostering a transparent, accessible and effective capital market in

Uganda. During the past year, the Authority made significant progress in implementing planned activities scheduled for year one of the Strategic Plan FY 2021/22 - 2023/24. Of the planned activities across the 4 quarters of the year, 88.4% were fully implemented, leaving 11.6% of the activities are at different stages of implementation. We have made significant strides in strengthening the capital market oversight, enhancing institutional excellence and promoting economic development by creating a competitive and inclusive environment for businesses and Government to access market based financing.

Throughout the year, the CMA has, together with stakeholders, made tremendous strides in improving the regulatory environment of Uganda's capital markets. I acknowledge the support of the Ministry of Finance, Planning and Economic Development and more specifically the technical assistance received directly from the Financial Services Department at the Ministry of Finance, Planning and Economic Development in ensuring that the Authority's budget is funded and policy proposals are given utmost attention. We are grateful for the general guidance that we continue to receive from the Minister of Finance, Planning and Economic Development; the Minister of State for Finance, Planning and Economic Development (General Duties) the Minister of State for Finance, Planning and Economic Development (Planning), the State Minister of Finance for Investment and Privatization and Permanent Secretary/ Secretary to the Treasury (PS/ ST) during the financial year.

I also wish to thank the Board of Directors who have been impeccable team members in providing oversight and direction to the management of CMA. Special appreciation goes to the Chief Executive Officer, the Senior Management Team, and all staff of the CMA for their hard work and dedication that has moved the CMA, the capital markets industry and the Ugandan economy forward. For God and My Country

Jacqueline Kobusingye Opondo

BOARD CHAIRPERSON



CEO's Statement

We have remained steadfast in our efforts to enhance the regulatory framework, promote investor education, fostering market oversight and improving institutional excellence.

I am honored to present to you the Capital Markets Authority (CMA) Uganda's Annual Report for the fiscal year 2021/2022. It gives me great pleasure to reflect on the progress we have made in furthering our mission of fostering a transparent, accessible and effective capital market in Uganda.

The past year, as stated by the Chairperson, has been marked by unprecedented challenges globally, as the COVID-19 pandemic disrupted economies and financial markets worldwide. This is in addition to the Russia-Ukraine war.

Throughout this annual report, you will find comprehensive insights into our achievements, initiatives, and strategic actions that have shaped the capital market landscape in Uganda. We have remained steadfast in our efforts to enhance the regulatory framework, promote investor education, fostering market oversight and improving institutional excellence.

One of the key highlights of the year was that the Assets under Management for Collective Investment Schemes surpassed the NDP III target of UGX 1.03 trillion. As at the end of the Financial Year 2021/2022, the Collective Investment Schemes Managers held a total of 1.303 trillion reflecting a growth of 78.1% from UGX 731.9 billion.

Furthermore, the CMA Uganda continued to prioritize investor protection through enhanced supervision and enforcement mechanisms. Inspections were carried out using risk-based supervision for fund managers, collective investment schemes and brokers. During the past financial year, new licenses were issued and the report details the number of approved persons. By fostering a fair and transparent trading environment, we aim to build trust and confidence among market participants, attracting both domestic and international investors.

We also recognize the importance of investor education. Through our various radio programs, webinars, and television outreaches, we were able to reach a total of 9.8 million potential investors. We also want to thank numerous partners we've had collaborations with to educate the public. These include the National Social Security Fund (NSSF) CFA Society East Africa, Uganda Institute of Banking and Financial

Services, Chartered Institute for Securities and Investment and various Universities.

As we move forward, we are keenly aware of the challenges and opportunities that lie ahead. The digital transformation of financial markets, the evolving regulatory landscape, and the need for sustainable and inclusive growth demand our attention and proactive engagement. CMA Uganda remains committed to working closely with all stakeholders, including market participants, government agencies, and the broader financial sector, to navigate these dynamics and foster a resilient and competitive capital market.

I extend my gratitude to the Board of Directors, the dedicated staff at CMA Uganda, and all our stakeholders for their unwavering support, collaboration, and trust. Together, we have achieved significant milestones and laid the foundation for a vibrant capital market that will contribute to the long-term economic prosperity of Uganda.

I invite you to delve into this report, which presents a comprehensive overview of our accomplishments and the path forward. We remain committed to excellence, transparency, and inclusivity as we drive the development and regulation of Uganda's capital market.

Keith Kalyegira

CHIEF EXECUTIVE OFFICER



Board of Directors & Management Team



Board Members



Jacqueline Kobusingye Opondo

Board Chairperson



Mercy K. Kainobwiso

Registrar General



Saul Sseremba

Represents Uganda Insurance Institute



Nelson Nerima Opondo

Represents Uganda Law Society



Keith Kalyegira

Chief Executive Officer



Irene Lugayizi

Represents the Solicitor General



Joseph Enyimu

Represents the Permanent Secretary/
Secretary to the Treasury - Ministry of Finance,
Planning & Economic Development



Dr. Martin Francis Kyeyune

Represents Uganda
Manufacturers Association



David Sajjabi

Represents the Governor,
Bank of Uganda



Fabian Kasi

Represents the Uganda Bankers
Association



Mohammed Kaliisa

Represents the Uganda National
Chamber of Commerce and Industry

Top Management



Keith Kalyegira
Chief Executive Officer



Rosette Comfort Kania
Director, Market Supervision



Miriam Ekirapa Musaali
Director, Legal & Board Affairs



Dorothy Nyemera
Director, Human Resources & Administration



Dickson Ssembuya
Director, Research and Market Development

List of Abbreviations

ALSI	All Share Index
AUM	Assets Under Management
BATU	British American Tobacco Uganda
BOBU	Bank of Baroda Uganda
BOU	Bank of Uganda
CBR	Central Bank Rate
CEO	Chief Executive Officer
CENT	Centum Investment Company Limited
CFO	Chief Finance Officer
CIS	Collective Investment Scheme
CMA	Capital Markets Authority
CQCIL	Cipla Quality Chemicals Limited
DFCU	Development Finance Corporation of Uganda
DPS	Dividend Per Share
FY	Financial Year
FSD	Financial Sector Deepening
GDP	Gross Domestic Product
IPO	Initial Public Offering
LCI	Local Counter Index
NIC	National Insurance Corporation
NSE	Nairobi Securities Exchange



**STRATEGIC
OBJECTIVE 1:**



**To strengthen Capital market
regulation and oversight**

1.1 Strengthening the effectiveness of the supervisory framework

1.1.1 Risk profiling of Fund managers and Collective Investment Schemes (CIS) Managers

Inspections were carried out based on a risk profiling tool that included a risk questionnaire. The questionnaire covered operational risk, compliance risk, reputational risk, board oversight, audit function, covid-19 impact and for the CIS, included vetting compliance with the CIS Code of Business Conduct.

From the risk profiling for fund and CIS managers, the following recommendations were highlighted;

- a) Companies were encouraged to continuously file statements of representation as guided by Reg. 89, 90 and 91 of the CISs (Conduct of Business and Miscellaneous Provisions) Regulations, S.I No 43 of 2007 (CIS conduct of business regulations).
- b) Companies are encouraged to warn clients that the values of CISs may rise or fall as required under Schedule 2 of the CIS conduct of business regulations.
- c) Companies are continuously encouraged to carry out timely reconciliations with both the trustee and the custodian



1.1.2 Broker risk profiling

The objective was to review the brokerage business environment risk. The risk profiling covered the following risk parameters/ areas; environmental risk, customer and products risks, business process risks, prudential risks, management and governance, capital and liquidity to mention but a few.

Guided by the risk profiling and assessments, the broker inspections were carried out and the following recommendations were highlighted;

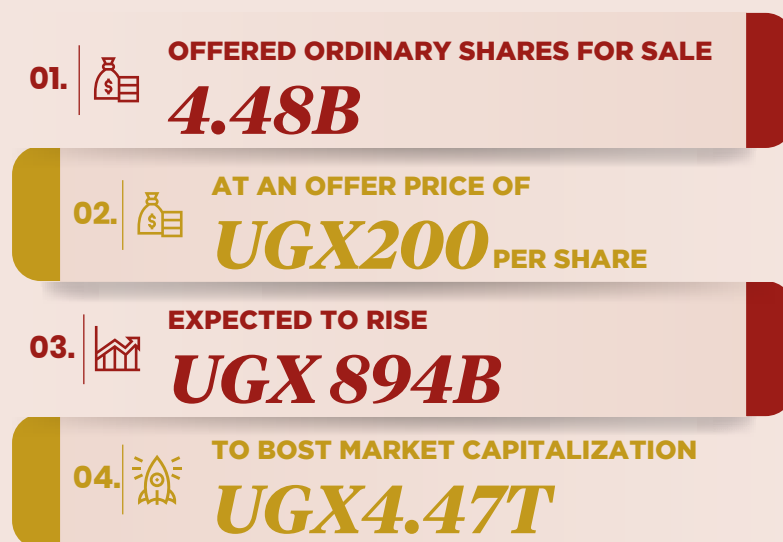
- a) Companies were encouraged to continuously monitor their related parties.
- b) Brokers were advised to encourage clients to make sure they sign SCDA 5 forms for shares pledged.
- c) Brokers were reminded to continuously carry out research and provide market reports to their clients

The firms were guided on how to address the gaps identified and they had taken steps to address the gaps.

1.2 Public Listings

1.2.1 Approval of a Prospectus to Issue Equity by MTN Uganda

The CMA Board approved the prospectus for the listing of MTN equity on 30th September 2021. The Initial Public Offering for MTN Uganda Limited opened on 11th October 2021 and closed on 22nd November 2021. According to its prospectus, the telecommunications company offered 4.48 billion ordinary shares for sale, at an offer price of UGX 200 per share. The offer raised Ugx **894 billion (US \$ 253 million)** and boost market capitalization at the USE by **Ugx 4.47 trillion (US \$ 1.24 billion)**.



The listing of the entire issued share capital of MTN Uganda Limited on the Main Investment Market Segment of the Uganda Securities Exchange took place on 6th December 2021. The offer and the listing were being undertaken to comply with the requirements of the National Broadband Policy and the National Telecommunications Operator (NTO) licence which requires the company to list at least 20% of its shares on a securities exchange.

1.2.2 NIC Bonus Issue

ordinary shares of NIC Holdings Limited will increase from UGX 7.07b

to



10.62b

The CMA Board approved the prospectus for the issue and listing of bonus shares by NIC Holdings Ltd. The insurance company sought capitalization of reserves to the tune of UGX 3.5 billion by way of issuing 707.9 million ordinary shares of UGX 5 each to be allotted as bonus shares and credited as fully paid shares to shareholders in the ratio of 1 new share for every 2 shares held. The bonus shares were also approved for listing on the Main Investment Market Segment of the Uganda Securities Exchange on 11th July 2022. Following the allotment and listing of the bonus shares, the paid-up share capital and fully paid ordinary shares of NIC Holdings Limited will increase from UGX 7.07 billion to UGX 10.62 billion.

1.3 East and Southern Africa Anti-Money Laundering Group (ESAAMLG)

The Capital Markets Authority (CMA) was represented on the Ugandan delegation that attended the 43rd Meeting of the East and Southern Africa Anti-Money Laundering Group (ESAAMLG) Task Force of Senior Officials which took place in Arusha, Tanzania from 3rd to 8th of April, 2022. Uganda was required to

update members of ESAAMLG on the progress made in fulfilling the Financial Action Task Force (FATF) 4 recommendations and FATF Immediate Outcomes (IOS) on addressing AML related concerns. CMA made contributions to the fulfilment of standard IOS 3 and IOS 4 and took steps to meeting FATF recommendations.

1.4 New Licences and renewals

Table 1: New Licences

No	Category	Entity
01	Custodian	Standard Chartered Bank Uganda Limited KCB bank Uganda Limited Stanbic Bank Uganda Limited Housing Finance Bank Limited
02	Unit Trust Scheme and Unit Trust Manager	SBG Securities Uganda Limited
03	Stock Broker License	Chipper Technologies Uganda
04	Investment Advisor License	Profin Group Uganda Limited
05	Commodities Exchange License	USE Commodities Exchange Limited

Table 2: Number of approved persons as at 30th June 2022

Fund Managers	8
Stock Brokers	6
Investment Advisers	9
Authorised Registrars	2
Unit Trusts Schemes Managers	6
Unit Trust Schemes	17
Unit Trust schemes Trustee	2
Dealers	2
Stock Exchanges	2
Commodities Exchanges	1
Securities Central Depositories	2
Custodians	4
Representatives	41
Total	102



**STRATEGIC
OBJECTIVE 2:**



**To achieve
Institutional
Excellence**

2.1 Organization Structure Changes

The organization structure was revised and approved by the board to reflect the changes that came into play as the Authority acquired Vote status and also as per the recommendations of the Job grading and Evaluation report by a Consultant that was hired by the Authority. The employee compliment moved from 27 to 37 staff to include positions such as HR

& Administration Director, Research Officer, Market Supervision Officer, Legal Officers (2), Planning and Budgeting Officer, Communications & Public Relations Manager, Drivers (2) and Internal Audit Officer. The roles are being filled in a phased approach with a focus on strategic need and availability of funding.

2.2 Recruitment for key roles

We undertook recruitment to enhance the capacity of the Authority especially in Human Resource Management (a Director HR & Administration) and the Legal department (2 Legal Officers).

2.3 Review of HR Manual

Upon an additional management review of the HR Manual, it was discovered that there was need to make some further changes, approval was sought and given by the board and the changes were made and approved by the board in Q4 21/22.

2.4 Initiatives to improve team engagement and communication

Employee meetings were revived and adjusted to occurring monthly. In addition, the entire CMA team went away to a retreat held at Speak Resort Munyonyo as part of the steps to enhancing staff engagement, communication and team work.

**STRATEGIC
OBJECTIVE 3:**



To promote economic development in Uganda by creating a competitive and inclusive environment for business and Government to access market based financing.

3.1 Performance of Collective Investment Schemes (CIS)

65.5%
increase in ownership of
CIS investor accounts

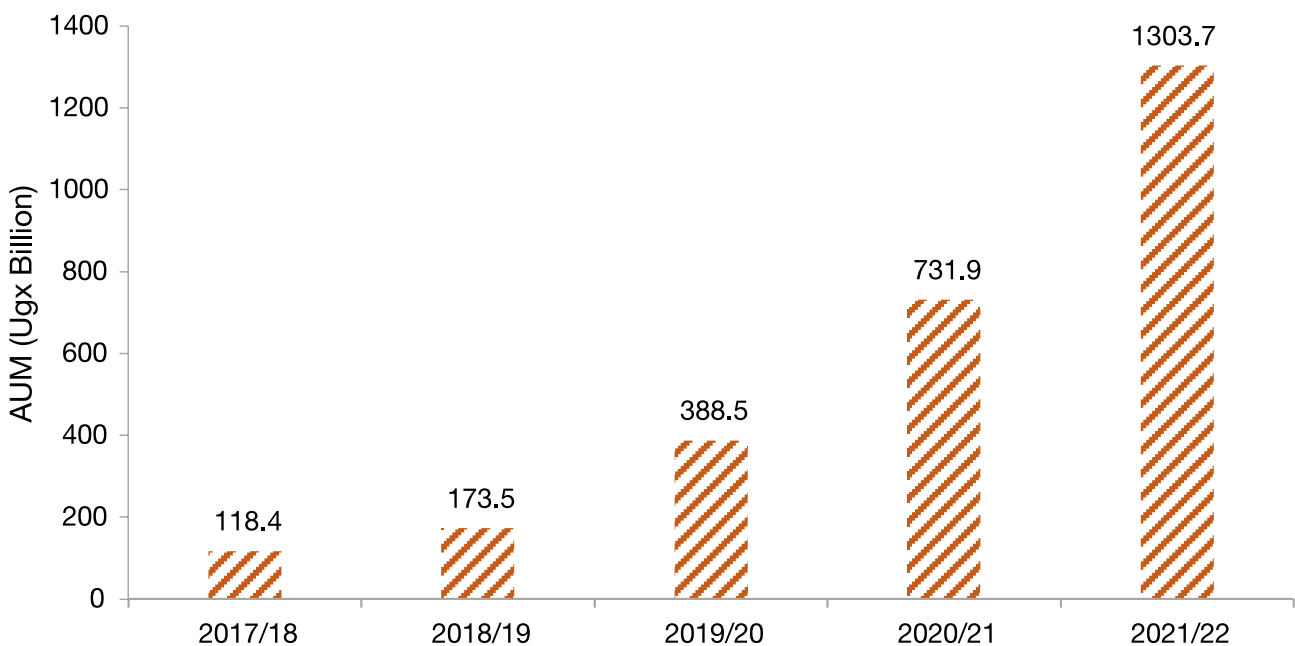
At the end of FY 2021/22, CIS Managers had total Assets under Management (AUM) of UGX 1,303.7 billion, reflecting a growth of 78.1% from UGX 731.9 billion at the end of the previous financial year. Notably, the AUM has exceeded the NDP III target of UGX 1.03 trillion for the period of the development plan. The total number of active investor accounts held by CIS managers at the end of the FY 2021/22 stood at 34,199 compared to a total of 20,668 investor accounts at the end of the previous financial year, a 65.5% increase in the ownership of CIS investor accounts.

This growth in AUM and clients can be attributed to increased awareness of CIS among local investors, which has seen more Ugandans open CIS accounts and save through them. The increased awareness is due to the public education campaigns run by the CMA and CIS managers. Additionally, professional management of funds and diversification benefits have served to increase interest in CIS among the investing public.

AUM has increased by
82.2%

Over the last five years, AUM have increased by 82.2% on an annualized basis from UGX 118.4 billion at the end of the financial year 2017/18 to UGX 1,303.7 billion at the end of FY 2021/22.

Figure 1: Trends in CIS AUM, 2017/18 - 2021/22 (UGX, Billion)



Source: Market Supervision Department

At the end of the financial year, UAP had the highest AUM, managing 66.4% of the total industry's AUM.

Table 3: CIS Assets under Management by Manager

No.	CIS Manager	AUM (UGX, Billion) – June 2022	(%)
1	UAP-Old Mutual Financial Services Ltd	865.6	66.4
2	Britam Asset Managers Uganda Ltd	201.4	15.4
3	ICEA Lion Asset Management Ltd	177.6	13.6
4	Xeno Technologies Uganda Ltd	36.9	2.8
5	Sanlam Investments East Africa Ltd	22.3	1.7
	Total	1,303.7	100

Source: Market Supervision Department

A breakdown of the CIS assets by fund type showed that a large portion of the assets were held in Umbrella Funds (69.9%). The dominance of the umbrella funds is partly because they provide higher returns compared to the other funds.

Table 4: Assets under Management by Fund Type

Type	AUM (UGX, Billion) – June 2022	(%)
Umbrella Fund	910.8	69.9
Money Market Fund	236	18.1
Balanced Fund	155.6	12
Equity Funds	1.5	0.1
Total	1,303.9	100

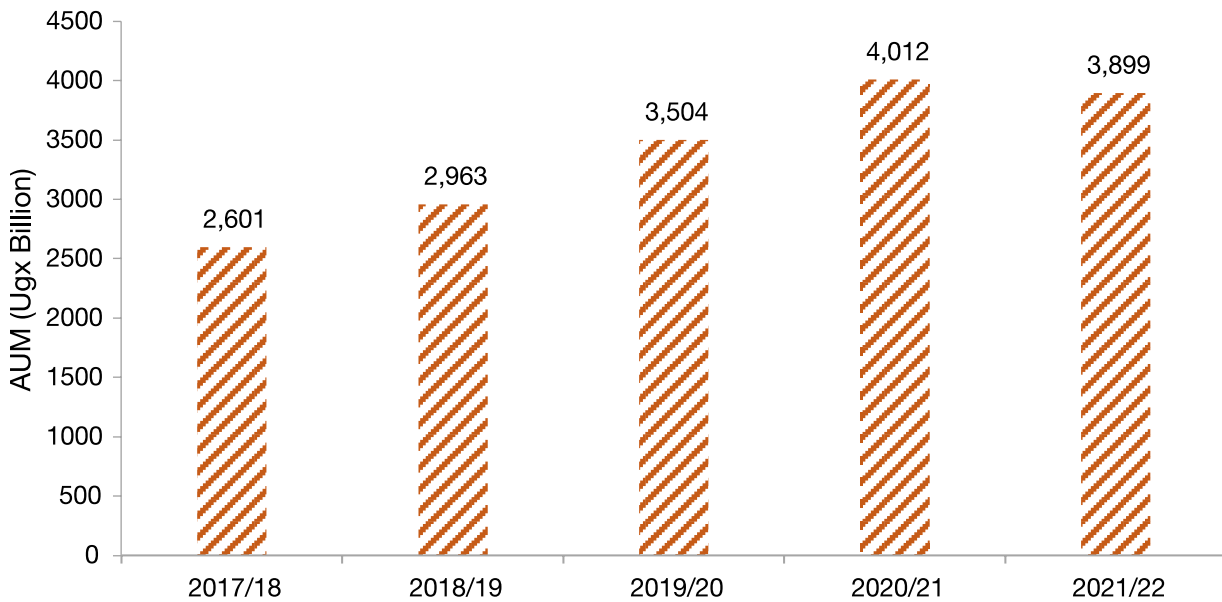
Source: Market Supervision Department

3.2 Fund Management Performance

The combined AUM by fund managers licensed by CMA stood at UGX 3.89 trillion at the end of the financial year 2021/22. This equated to a drop of 2.8% from UGX 4.01 trillion at the end of the financial year 2020/21. The decrease in AUM can be partly attributed to the fall in the value of the assets held. In addition, the withdrawal of funds from two fund managers by one of the schemes for in-house management also contributed to the decline in AUM.

Over the last 5 years, AUM have risen by 10.7% on an annualized basis from UGX 2.6 trillion at the end of the financial year 2017/18 to UGX 3.89 trillion at the end of 2021/22. The increase in AUM over the last ten years can be credited to the increase in the number of retirement benefit schemes and also the recruitment of new members by schemes whose funds are being managed.

Figure 2: Trends in AUM, 2017/18 - 2021/22 (UGX, Billion)



Source: Market Supervision Department

At the end of the financial year, Sanlam Investment East Africa had the highest AUM, managing 43.6% of the total AUM in the industry. The top three fund managers controlled 82.4% of the total AUM.

Table 5: AUM per Fund Manager

No	Fund Manager	AUM (UGX, Billion) – June 2022	(%)
1	Sanlam Investments East Africa Ltd	1,699.6	43.6
2	Gen-Africa Asset Managers Uganda Ltd	815.7	20.9
3	Britam Asset Managers Uganda Ltd	699.1	17.9
4	UAP-Old Mutual Financial Services Ltd	451.9	11.6
5	ICEA Lion Asset Management Ltd	231.6	5.9
6	Xeno Technologies Uganda Limited	1.4	0.04
	Total	3,899.4	100

Source: Market Supervision Department

A breakdown of AUM by asset class indicates that investment in government bonds took up 75.2% of the total AUM followed by Fixed Deposits at 6.3% and Listed Equities in the rest of East Africa at 5.7%. An annualized trend analysis of asset allocation over the last five years indicates that investments in CIS as a percentage of total AUM have grown from 1.6% at

the end of the financial year 2017/18 to 3.4% at the end of the FY 2021/22. This growth is attributed to the decent returns and liquidity benefits provided by CIS compared to other investments such as fixed deposits. In addition, the unfavorable return performance of equities has also driven investors to invest in CIS.

Table 6: Asset Allocation (%)

Asset	2021/22	2020/21	2019/20	2018/19	2017/18
Government of Uganda Bonds	75.2	71.9	65	64.2	56.4
Government of Uganda Treasury Bills	4.1	8.8	14.6	10.5	10.7
Government Bonds in Rest of East Africa	0.02	0.1	0.1	0.1	0.8
Treasury Bills in Rest of East Africa					0.05
Listed Equities in Uganda	3.3	2.2	2.6	3.5	13.3
Listed Equities in Rest of East Africa	5.7	8.5	8	11.5	6.4
Fixed Deposits	6.3	5.7	6.6	7.3	7.8
Real Estate	0.5	0.6	0.7	0.5	0.6
Cash	0.6	0.5	0.5	1	1.1
Collective Investment Schemes	3.4	1.4	1	0.7	1.6
Other (Dividend Income Receivable and Wealth management)	0.7	0.03	0.5	0.1	0.3
Corporate Bonds	0.1	0.1	0.4	0.5	0.0
Unlisted Equities in Uganda	0.01	0.01	0.01	0.01	
Unlisted Equities in the Rest of East Africa	0.03	0.03	0.04	0.05	
Off-shore Investments (Equities)		0.003	0.01	0.01	0.4
Total	100	100	100	100	100

Source: Market Supervision Department

3.3 Equity Market Activity

3.3.1. Primary Market Activity

3.3.1.1. The MTN Uganda Limited Initial Public Offering (IPO)

The IPO for MTN Uganda Limited opened on 11th October 2021 and closed on 22nd November 2021. The telecommunications company offered 4.47 billion ordinary shares at UGX 200 per share. The offer subscription level stood at 64.8%, with a total of UGX 535.9 Billion being raised. The company was listed on the USE on 6th December 2021. The offer and the listing were undertaken to comply with the provisions of the National Broadband Policy and the National Telecommunications Operator license which required the company to list at least 20% of its shares on a securities exchange. Results of the IPO of MTN Uganda Limited showed that 20,894 applicants out of a total of 21,394 applicants were Ugandan. It is worth noting

that a total of 65,000 SCD accounts were opened on the m-IPO platform during the offer period. A total of 2.9 billion shares were allocated to the applicants, with Ugandan investors taking up 87% of the shares, while on the other hand, East African investors took up 9%. In addition, 10% of the shares were allocated to retail investors while professional investors took up 90%. On the listing date, MTN Uganda increased the domestic market capitalization on the Uganda Securities Exchange from UGX 3.8 trillion to UGX 8.2 trillion. That said, at the end of the financial year 2021/22 the ratio of domestic market capitalization to GDP stood at 5.2%; which is above the NDP III target of 4.5%.

3.3.2. Secondary Market Activity

3.3.2.1 Secondary Market Activity at the Uganda Securities Exchange (USE)

Equity turnover, which stands for the total value of shares traded, grew by 156.8% to UGX 44.3 billion in the financial year 2021/22 from UGX 17.3 billion registered in the financial year 2020/21. Average turnover per day increased to UGX 169.8 million in the FY 2021/22, from UGX 70.9 million recorded in the previous financial year. Share volumes also trended upwards to 723 million shares in the financial year 2021/22, compared

to 468 million shares in the previous financial year, representing a growth of 54.5%. The increased market activity can be attributed to, among other things, an uptick in domestic and foreign investor activity driven by improved investor sentiment as economic activity picked up. The listing of MTN Uganda on the USE also contributed to the improved market activity.

Table 7: Secondary Market Activity Indicators

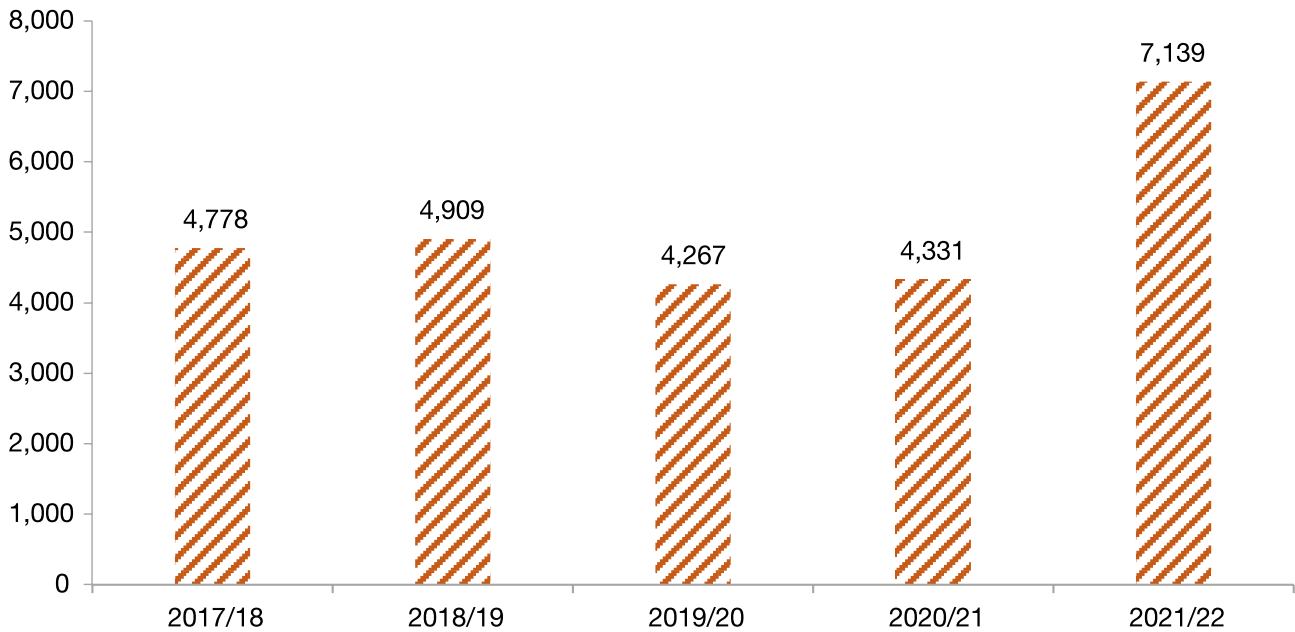
	2021/22	2020/21	Change %
Equity Turnover (UGX, Billion)	44.3	17.3	156.8
Average Turnover per session (UGX, Million)	169.8	70.9	139.5
Share Volume (Million)	723.7	468.9	54.5

Source: USE Market Reports

3.3.2.2 Domestic Market Capitalization and Local Counter Index Levels

Domestic market capitalization that denotes the value of locally listed counters closed higher at UGX 7.1 trillion, representing a gain of 64.9%, from UGX 4.3 trillion at the end of FY 2020/21. This growth was partly due to the listing of MTN Uganda in December 2021 and the increase in the share price of three locally listed counters - UCL (131.7%), UMEME (9.1%), and NIC (3.4%). The increase in share prices was driven by, among other things, demand outstripping supply during

the period under review. The USE Local Counter Index (LCI) fell by 21.1% closing the financial year 2021/22 at 271.92 points from 344.76 points at the end of the FY 2020/21. The LCI decreased on account of share price drops registered on six locally listed counters – British American Tobacco Uganda, Vision Group, Bank of Baroda, Cipla Quality Chemicals Industries Limited, Stanbic Uganda Holdings Limited and DFCU Bank.

Figure 3: Trend in Domestic Market capitalization, 2017/18 - 2021/22 (UGX, Billion)

Source: USE market reports

3.4 Capital Markets Awareness

During the financial year 2021/22, CMA continued with its public education efforts targeting potential investors and issuers. Mindful of the restriction measures aimed at controlling the spread of covid-19, CMA held most of its public education activities via online platforms.

a) World Investor Week

CMA marked the International Organization of Securities Commissions (IOSCO) annual World Investor Week (WIW) 2021 from 4th to 10th October 2021. The week-long campaign was held under the theme: “Sustainable Finance and Fraud Prevention.” The CMA partnered with the CFA Society of East Africa for five webinars during the week. The discussion topics included:

- i. Governance as part of sustainable finance by CFA Alan Lwetabe, Director of Investments, Deposit Protection Fund on 4th October 2021;
- ii. Investing through Collective Investment Schemes by CFA Simon Mwebaze, CEO of UAP Old Mutual Financial Services on 5th October 2021;
- iii. Understanding scams and how to avoid being in one by CPA Denis Kizito, Manager Internal Audit, CMA Uganda on 6th October 2021;
- iv. Working with an investment professional by Salima Asha Nakiboneka, Manager Investments, SBG Securities on 7th October 2021; and
- v. Charting an investment roadmap by CFA Susan Khainza, CEO of Kayan Consultancy on 8th October 2021.

The campaign was geared toward improving financial literacy and raising awareness of various topical issues in line with the investor education and protection

theme. A total of 13,703 investors were reached during the WIW activities.

b) Webinars, Radio and Television Outreaches

CMA through its investor resource persons (external persons contracted by CMA to reach out to potential investors) held 33 radio and 9 television outreaches. Furthermore, during the period, 2 televised and 3 social media webinars were also held. The Authority was able to reach about 9.8 million potential investors

through the webinars, television and radio outreaches. In addition to outreach through the television and radio airwaves, the lifting of Covid-19 restrictions by the government revived physical meetings.

c) Collaborations

i) National Social Security Fund (NSSF)

CMA participated in a webinar organized by NSSF, on 22nd September 2021. The webinar focused on intergenerational wealth transfer. During the webinar, CMA got the opportunity to have “squeeze backs” on its role and the various investment avenues in Uganda’s capital markets exposed to an audience of 3,800 participants.

In addition, CMA participated in the NSSF Customer connect week from 25th to 29th October 2021 by providing a recorded video interview, explaining various industry products plus issuer and investor education programs. This video was viewed by 23,800 investors on YouTube and Twitter.

During the review period, CMA also partnered with NSSF for two webinars on financial literacy on 18th January 2022 and 22nd February 2022. The webinars sought to sensitize participants on saving and investing in capital markets. The first webinar which was titled “Evaluating Personal Finance” discussed, among other things, experiences and practical tips to help individuals on the journey of setting personal financial goals. The discussions of the second webinar under the theme “Repurpose, Refocus, Reshape: My Why” revolved around positioning oneself to achieve personal goals. The two webinars reached an estimated audience of about 2,384 individuals.

ii) CFA Society East Africa

CMA in collaboration with CFA Society East Africa held webinars dubbed “IPO education series” from 1st to 11th November 2021. The discussion topics included:

- i. A public Question and Answer session on the MTN IPO moderated by CFA Kenneth Legesi, CEO of Ortus Africa on 1st November 2021;

- ii. Fireside chat with MTN Uganda CEO and CFO moderated by CFA Aeko Ongodia, CFA Goerge Jato Otim, and CFA Miriam Nansubuga on 4th November 2021;
- iii. Engagement with the transaction advisor for the MTN IPO moderated by CFA John

Kamara, and CFA David Ivan Wangolo on 8th November 2021; and

- iv. A session on “To buy or not to buy” moderated by CFA Walter Tukahiirwa, focusing on the merits and demerits of participating in the

MTN IPO on 11th November 2021.

A total audience of 97,748 individuals was reached as a result of this initiative and empowered with knowledge on investing in IPOs.

iii) Uganda Institute of Banking and Financial Services (UIBFS)

In the same vein, CMA in partnership with UIBFS held a series of webinars as follows:

- i. “Key investment principles every woman should know,” by Patricia Wairimu Kiwanuka, CFA, CEO Revenue Stream on 30th November 2021;
- ii. “Why investment matters for the working class?” By Zac Kisesi, CFA, Head of Alternative Channels, Old Mutual Financial Services on 1st December 2021; and
- iii. Planning for the future: Legacy wealth management for the family by Gloria Kambedha, CFA, CEO Greenthos Capital Limited & Alison Kwikiriza, Legal Adviser, Greenthos Capital on 3rd December 2021.

A total of about 220 potential investors were reached during the webinars.

iv) Chartered Institute for Securities & Investment (CISI)

As part of capacity-building efforts, during the review period, CMA partnered with the CISI for a webinar on 19th April 2022. The webinar which was part of CISI’s continuous professional development was titled “Building Professionalism within Financial Services – a focus on Uganda”. The topics which were discussed during the webinar included, among other things,

professionalism in Uganda and lessons from around the world; the return on investment for professionalism; and what professional bodies can do to help. The webinar drew participants from the capital markets industry in Uganda.

v) Universities

CMA held public lectures on capital markets at several universities intending to create awareness about capital markets among potential investors to drive market activity, primarily through CIS’s. The lectures were held at universities that included:

- i. International University of East Africa on 4th April 2022;
- ii. Cavendish University on 6th April 2022;
- iii. Makerere University Business School on 21st April 2022;
- iv. Ndejje University Kampala Campus on 25th April 2022;
- v. Ndejje University Luwero Main Campus on 29th April 2022; and
- vi. Kyambogo University on 29th June 2022.

Through the public lectures, the Authority was able to reach over 764 students.

d) Issuer Education

CMA also continued with its Issuer Resource Persons Program which seeks to increase the supply of securities in the capital markets. The program involves reaching out to business owners, business founders and key persons in business enterprises to sensitize them on opportunities presented by market-based financing, the different types of non-bank market-based financing, its merits, and the preparatory steps for accessing it. A key milestone for Issuer Resource

Persons is presenting to boards of prospective issuers on market-based financing. In the financial year 2021/22, fundraising mandates worth about UGX 73.4 Billion were signed by CMA Issuer Resource persons with business enterprises seeking to raise market-based financing. The business enterprises include an oil and Gas Company, a pharmaceuticals company and an agro-processing company.

3.5 Research and Knowledge sharing

The Authority has placed special focus on the growth of CISs, which it believes have immense potential to mobilize savings from Ugandans for investing. During the review period, four knowledge-sharing fora were held between CMA and CIS managers. The objective of the fora was to influence the thinking of CIS managers, discuss emerging issues and developments in the CIS sector and also share knowledge and best practices on what can be done to increase the uptake of CIS products.

- i) An online forum held on 29th September 2021 discussed, among other things, the key recommendations from the CMA-initiated investor perception survey that were relevant to CIS managers, and also progress made with regard to setting up the CIS managers' Association.
- ii) The second online forum held on 12th November 2021, was convened as part of the ongoing efforts by stakeholders to set up a bond market forum to spur the secondary market activity of government securities and corporate bonds.
- iii) On 18th March 2022, a physical meeting was held at the Smart 24 Television headquarters, which focused on the utilization of the free airtime accorded to the Capital Markets Authority and CIS managers by the business television.
- iv) On 21st June 2022, an online forum was held to discuss, among other things, the response of the CIS industry to URA's contention of withholding tax on the distribution of income to unit holders in a CIS and also follow up on the action points/ resolutions from previous meetings.

CMA FINANCIAL
STATEMENTS





GOVERNMENT OF THE REPUBLIC OF UGANDA



CAPITAL MARKETS AUTHORITY

**Reports and Financial Statements
For the Period Ended 30th June 2022**

***For Accounting Officers of the Central and District Local
Governments***

Government of the Republic of Uganda
Financial Statements for the period ended 30th June 2022

Capital Markets Authority

Table of Contents

Statement of Responsibilities of the Accounting Officer.....	2
Commentary on the Financial Statements by the Accounting Officer.....	3
Commentary on the Financial Statements by the Head of Accounts.....	4
Statement of Financial Performance	6
Statement of Financial Position.....	7
Statement of Changes in Equity (Net Worth).....	7
Cash flow Statement for the year ended [Direct Method]	8
Statement of Appropriation Account [Based On Services Voted].....	10
Statement of Appropriation Account [based on nature of expenditure]	11
Reconciliation between total expenditure per Appropriation Accounts and per Statement of Financial Performance.....	12
Notes to the Financial Statements	13
Note 1(a): Accounting Policies	13
Other Notes to the Financial Statements.....	18
Statement of Performance	27
Statement of Revenues collected during the year.....	28
Statement of Arrears of Revenues [Based on source of revenue per category]	29
Statement of contingent liabilities and guarantees	30
Statement of non-quantifiable contingent liabilities.....	31
Statement of Outstanding Commitments.....	32
Statement of losses of public money and stores written off, and claims abandoned during the year.....	33
Statement of reported losses of public moneys, stores and other assets whether or not written off during the year	34
Summary statement of stores and other assets (physical assets) as at the end of the year	35
Schedule of Letters of Credit.....	36
Schedule of Project and Subvention Balances	37
Annexes to the Financial Statements	38
Annex (i): Pension Payroll	38
Annex (iii): Trial Balance	38
Annex (iv): Bank Reconciliations and list of all bank accounts	38
Annex (V): Schedule of Verified Arrears	38
Annex (vi): Summary Staff Payroll.....	38

Capital Markets Authority

Statement of Responsibilities of the Accounting Officer

The financial statements set out on pages 6 to 37 have been prepared in compliance with the provisions of the Public Finance Management Act, 2015 (the Act) and the generally accepted accounting principles for the public sector. They have been prepared on the modified accrual basis of accounting where revenue is recognised when earned with the exception of taxes and grants which are recognised when received. Expenditure on the other hand is recognised when incurred as further detailed in the accounting policies attached to these financial statements.

In accordance with the provisions of Section 45 and Schedule 5 of the Public Finance Management Act, 2015, I am responsible for and personally accountable to Parliament for the activities of the vote to which I am the accounting officer. Further, I am responsible for the regularity and proper use of the funds appropriated to the vote to which I am the Accounting Officer. I am also responsible for authorizing any commitments made by the vote and for controlling resources received, held or disposed of by or on account of the vote. Finally, I am responsible for putting in place effective systems of risk management and internal control in respect to all resources and transactions of the vote.

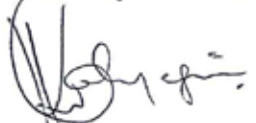
Section 45 (3) of the Act require the Accounting Officer to enter into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a financial year.

Sections 50 and 51 of the Act require me to prepare and submit financial statements of my vote to the Accountant General for consolidation and to the Auditor General for audit within the specified timelines using the prescribed formats.

Accordingly, I am pleased to report that I have complied with these provisions in all material respects and I am also pleased to submit the required financial statements in compliance with the Act. I have provided, and will continue to provide all the information and explanations as maybe required in connection with these financial statements.

To the best of my knowledge and belief, these financial statements agree with the books of account, which have been properly kept.

I accept responsibility for the integrity and objectivity of these financial statements, the financial information they contain and their compliance with the Public Finance Management Act, 2015 as amended.



.....
Accounting Officer [Mr. Keith Kalyegira]

30.11.22
.....
Date

Government of the Republic of Uganda
Financial Statements for the period ended 30th June 2022

Capital Markets Authority

Commentary on the Financial Statements by the Accounting Officer

General Information about the Reporting Entity

The Capital Markets Authority (CMA) is mandated under Capital Markets Act Cap 84 to promote confidence in the capital markets industry, to ensure honesty and transparency in the capital market transactions, to carry out investor education, to protect investors and to reduce systemic risk.

Principal Activity of the Vote

The mandate of CMA as stipulated in the Capital Markets Act Cap 84 is: -

To approve prospectuses and offering documents under which securities are offered to the public and to approve information memorandum,

To develop all aspects of the capital markets with particular emphasis on the removal of impediments to, and the creation of for, long term investments incentives in productive enterprise,

To create, maintain and regulate, through implementation of a system in which the participants are self-regulatory to the maximum practicable extent, of a market in which securities can be issued and traded in an orderly, fair and efficient manner,

To cooperate with, provide information to, conduct any investigation or inquiry for, or otherwise assist any foreign regulatory Authority in the performance of its duties, to implement regional and international standards and best practice in securities in securities regulations and supervision.

To protect investor interests and

To operate the Investor Compensation Fund (ICF) established by section 81 of the CMA Act.

Key Performance highlights

During the reporting period, the vote undertook the following activities.

The total Assets under Management (AUM) held by Collective Investment Scheme Fund Managers licensed by the CMA surpassed the UGX 1.03 trillion mark. This implies that CMA's annual NDP III target of AUM held by Collective Investment Schemes has been attained. The CEO of CMA, accompanied by the Hon Minister of Finance, Planning and Economic Development, held a press conference at the Uganda Media Centre where the public was updated on Uganda's milestone in the CIS industry. Given the rapid growth in CIS Assets, the Market Supervision team at CMA deemed it fit to focus their Q4 inspection on CIS Fund Managers. Inspections were undertaken for XENO, ICEA, and UAP. Findings included: (i) Managers don't have Investment Policy statements, (ii) Some Managers are not following the regulation on redemption timelines (due to investments in wrong asset classes); and (iii) Lack of operational capacity. The reports are to be shared with the Boards of the CIS Managers and meetings with them have been requested.

The following licenses were renewed during the quarter: SBG Broker license; Dyer and Blair broker license; Regency Wealth Management, BIK Capital, two unit trust scheme licenses for ICEA Lion Asset Management Limited, and KCB Bank CIS trustee. A new license was issued to C&R Registry Services Ltd and applications for approval received by the Authority included: Inua Capital for Fund Manager, TOLEA Exchange Traded Fund Application for equities and government securities.

CMA was represented on the Ugandan delegation that attended the 43rd Meeting of the East and Southern Africa Anti-Money Laundering Group (ESAAMLG) Task Force of Senior Officials which took place in Arusha, Tanzania from 3rd to 8th of April, 2022.

The CMA Legal team formed a technical working group to review the CIS legal framework, draft regulations were drafted, considered by the Legal and Regulatory Affairs Committee of the CMA Board, and subjected to stakeholder consultations. The regulations included the CIS Unit trust regulations, CIS (Licensing) regulations, CIS (Conduct of Business) regulations, and the CMA (Prescription of Securities) Legal Notice. The comments from the stakeholders were reviewed by Management and incorporated into the revised drafts which were circulated to the CMA Board for approval. The First Parliamentary Counsel reviewed and drafted the following regulations under the CMA Act: CMA (Accounting and Financial Requirements) Regulations 2022, the CMA (Licensing and Approval) Regulations 2022, and the CMA Conduct of Business Regulations 2022. Upon the advice of the MOFPED, the drafted regulations were re-circulated to stakeholders, and a virtual workshop held on 8th June to receive any final comments prior to publication of the regulations.

Proposals for amendment of Table F of the Companies Act were prepared and submitted to the Solicitor General's office. On 24th May 2022, the Authority and the office of the Director of Public Prosecutions (DPP) signed an MOU to work closely together to prosecute capital markets related crimes.

Capital Markets Authority

CMA's legal team applied to the DPP for prosecution licenses. CMA held a meeting with the Head of CID to foster cooperation in investigation of capital market offences. A training manual for training of police officers and DPP staff was developed. A press conference on enforcement was undertaken at the media center on 24 May 2022 to raise awareness on market abuse and the role of the CMA in curbing market abuse. A joint press notice with the Office of the DPP was issued on the joint collaboration to curb market abuse.

CMA through its investor resource persons held 13 radio outreaches on Sanyu FM, Radio One, Power FM, Bukedde FM, Salt FM, KFM, Faith Radio, BCU Radio, Big FM, IUIU FM, Ebenezer Radio, CBS FM and Elgon FM reaching an estimated 2.8 million listeners/potential investors. The Authority also held a television show targeting over 1 million individuals on Family TV.

On March 2nd, the CMA partnered with the CFA society to hold the finals of the University Research Challenge held at the Golden Tulip hotel. The finals were won by the Makerere University Business School team A. Other Universities included Uganda Christian University, Makerere University Team A and Team B, and Kyambogo University.

CMA participated in a Presidential CEO Round Table discussion, focusing on Private Equity (PE) on 31st May 2022. The specifics discussed include: the challenges facing the PE space & opportunities. A policy paper will be developed by the Secretariat of the Presidential CEO Round Table and presented to the President. CMA will provide input for the policy paper, in order to ensure that favorable policy on registration and taxation of private equity funds is considered at the highest level. As part of their professional development, several CMA staff undertook training in different courses as per the Vote's training plan. The CMA Management team met in May 2022 to do a further review of the Authority's Human Resources manual and made recommendations to the Board for approval of modifications

Risk Management Practice and Internal Control

CMA Maintains standardized documentation and standardized reporting format to safeguard assets and comply with the laws and policies in place for efficient and effective operation mechanism whose output (financial statement) can be relied upon by the different stakeholders due to a high level of integrity. Regular audits are carried out, including board of survey exercises.

The vote maintained a system of internal control through reporting periodically and investigating the discrepancies between the work plan and actual implementation outputs.

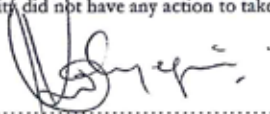
Other internal controls implemented include; segregation of duties in fund management, Monthly bank reconciliation, Approval and authorization of payments, IT system with password and standardized, Maintain and update assets register, Report on the achievements of the audit committee and internal audit as well as progress on implementation of their recommendations.

During the period, the internal audit consultants conducted two internal audit reviews and submitted reports to the Audit and Risk committee of the CMA Board

The Authority also has physical controls such as restricted access to information by having passwords on all IT equipment

Action on Parliamentary Recommendations

The Authority did not have any action to take as a recommendation of Parliament based on the reports of the Auditor General.



.....
Accounting Officer [Mr. Keith Kalyegira]

20.11.22

Date:.....

Capital Markets Authority

Commentary on the Financial Statements by the Head of Accounts

- 1) Commentary on the Income and Expenditure of the vote against the budget

The appropriation by Parliament remains the main source of financing for the execution of the functions of the Authority. In FY 2021/22, Parliament approved Shs 6.894 billion, but Shs 6.237 billion was released to the Authority. During the FY, the Authority collected Non-Tax Revenue (NTR), amounting to Shs 2.181 billion, of which Shs 1.791 Billion was floatation fees earned from MTN IPO.

Total expenditure for the period was Shs 5.247 billion. The under-expenditure for the period was 0.990 billion. This under absorption is explained by the COVID-19 pandemic restrictions and subsequent lockdown. These posed a significant challenge to the public and investor education programs and recruitment of staff.

- 2) Comment on the Assets and Liabilities of the vote and mention any significant acquisition or disposal of assets as well as liability incurred or settled during the reporting period.

None has happened during the reporting period

- 3) Comment on any multiyear commitments and outstanding obligations by year-end

The Authority did not enter into multiyear obligations during the year. However, the authority had domestic arrears amounting to 0.217 billion by year-end.

- 4) Comment(s) / explanatory notes on any adjustments made in the statement of changes in Equity or Reconciliation of movement of cash during the year if any.

None has happened during the reporting period

- 5) Departure from accounting principles or practice and justification if any.

Until June 2020, the Authority was a subvention, using accrual accounting. Accounting entries were recognized when goods or services are provided rather than when payment is made or received. Entries were also made for debts and payments due.

The Authority was granted vote status on 1st July 2020. As a result, the accounting basis changed to modified accrual accounting. Revenue was recognized when earned with exception of revenue from taxes and grants that are recognized when received. Expenses were recognized when incurred resulting in recognition of payable in the statement of financial position. All non-current assets with exception of non-produced assets are expensed 100% in the year of acquisition.

- 6) Any other information that is deemed relevant by the Head of Accounts.
 The Authority had a number of ongoing court cases. A detailed schedule is attached as an appendix.

I take full responsibility for the completeness and integrity of these Financial Statements.

.....
 Head of Accounts (Noah Matovu)

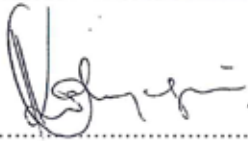
.....
 Date

Capital Markets Authority

Statement of Financial Performance

[Based on classification of expenditures by nature]

	Note	Actual 30 th June 2022 (Shs)	Actual 30 th June 2021 (Shs)
OPERATING REVENUE			
Taxes	2	0	0
External Assistance	3	0	0
Transfers received from Treasury- UCF	4	5,246,556,889	0
Transfers received from Other Government units	5	0	0
Non Tax revenue	6	2,181,100,937	0
Total Operating Revenue		7,427,657,826	0
OPERATING EXPENSES			
Employee costs	7	4,147,433,814	0
Goods and services consumed	8	1,306,684,411	0
Consumption of property, plant & equipment	9	0	0
Subsidies	10	0	0
Transfers to other Organizations	11	0	0
Social benefits	12	0	0
Other operating expenses	13	9,000,000	0
Total operating expenses		5,463,118,225	0
Excess of revenue over expenditure from operating activities		1,964,539,601	0
Foreign exchange loss/Gain	14	0	0
Finance costs	15	0	0
Bad debts expense	16	0	0
Transfers to Treasury	16(a)	(2,181,100,937)	0
Excess of Revenue over expenditure for the year		(216,561,336)	0



Accounting Officer [Mr. Keith Kalyegira]

Government of the Republic of Uganda
Financial Statements for the period ended 30th June 2022

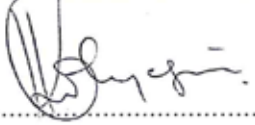
Capital Markets Authority

Statement of Financial Position

	Notes	30 th June 2022 (Shs)	30 th June 2021 (Shs)
ASSETS			
Cash and cash equivalents	18	0	0
Receivables	19	0	0
Investments	20	0	0
Investment Properties	21	0	0
Non Produced Assets	22	0	0
Total Assets		0	0
LIABILITIES			
Borrowings	23	0	0
Payables	24	216,561,336	0
Deposits	25	0	0
Pension Liability	26	0	0
Total Liabilities		216,561,336	0
Net assets (liabilities)		0	0
REPRESENTED BY:-			
Net Worth		216,561,336	0

Statement of Changes in Equity (Net Worth)

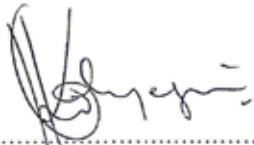
	Notes	30 th June 2022 (Shs)	30 th June 2021 (Shs)
At 1 July - Net worth Last Year (B/F)		0	0
Less: Transfers to the UCF account	17(b)	0	0
+/- Balance sheet adjustments	27	0	0
Revaluation reserves		0	0
Add: Excess of revenue over expenditure for the Year		(216,561,336)	0
Closing Net Financial Worth		(216,561,336)	0


.....
Accounting Officer [Mr. Keith Kalyegira]

Capital Markets Authority

Cash flow Statement for the year ended [Direct Method]

	30 th June 2022 (Shs)	30 th June 2021 (Shs)
CASH FLOWS FROM OPERATING ACTIVITIES		0
Revenue from Operating activities (<i>see below</i>)	5,246,556,889	0
PAYMENTS FOR OPERATING EXPENSES:		0
Employee costs	4,147,433,814	0
Goods and services consumed	1,090,123,075	0
Subsidies	0	0
Transfers to Other Organizations	0	0
Social benefits	0	0
Other expenses	9,000,000	0
Foreign exchange loss/gain	0	0
Net Advances paid	0	0
Domestic arrears paid during the year	0	0
Deposits paid	0	0
Pension Arrears paid during the Year	0	0
Losses of cash	0	0
Letters of Credit receivable	0	0
Total payments for operating activities	5,463,118,225	0
Net cash inflows/(outflows) from operating activities	0	0
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	0	0
Purchase of non-produced assets	0	0
Proceeds from sale of property, plant and equipment	0	0
Purchase of investments	0	0
Proceeds from sale of investments	0	0
Net cash inflows/(outflows) from investing activities	0	0
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from external borrowings	0	0
Repayments of external borrowings	0	0
Proceeds from other domestic borrowings	0	0
Repayments of other domestic borrowings	0	0
Net cash flows from financing activities	0	0
Net increase (decrease) in cash and cash equivalents	0	0



Accounting Officer [Mr. Keith Kalyegira]

Government of the Republic of Uganda
Financial Statements for the period ended 30th June 2022

Capital Markets Authority

Cash flow Statement for the year ended (continued)

For cash flow purposes receipts from revenue comprise

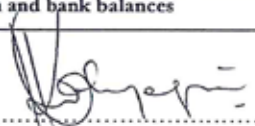
	Notes	30 th June 2022 Shs.	30 th June 2021 Shs.
Total Revenue as per Statement of Financial Performance		7,427,657,814	0
Add : Advances recovered during the year		0	0
: Revenue receivable collected during the period		0	0
: Deposits received		0	0
Total Revenue		0	0
Less: Grants received in Kind		0	0
Revenue in Kind (Tax waivers)		0	0
Transfers to Treasury	(17a)	(2,181,100,937)	0
Revenue Receivable for the reporting period		0	0
Total revenue received for Cash flow statement purposes		5,246,556,889	0

Reconciliation of movement of cash during the year

	Notes	30 th June 2022 (Shs)	30 th June 2021 (Shs)
At the beginning of the year		0	0
Less: Transfers to the UCF account (Previous Year Balances)	17(b)	0	0
Add/ (Less) : Adjustments in cash and cash equivalents	27	0	0
Net increase (decrease) of cash from the <i>Cash flow Statement</i>		0	0
At the end of the year		0	0

For purposes of the cash flow statement, cash and cash equivalents comprise

	Notes	30 th June 2022 (Shs)	30 th June 2021 (Shs)
Cash and cash equivalents	18	0	0
Cash and bank balances		0	0


.....
Accounting Officer [Mr. Keith Kalyegira]

Capital Markets Authority

Notes to the Financial Statements

Note 1(a): Accounting Policies

These are the specific principles, bases, conventions, rules and practices adopted by the Government of the Republic of Uganda in preparing and presenting the financial statements. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied in all material aspects unless otherwise stated.

(i) General Information

As required by Sections 50(1) and 51(1) of the Public Finance Management Act, 2015, each vote shall prepare financial statements and submit a copy to the Accountant General. The Annual Accounts shall be submitted for Audit to the Auditor General.

(ii) Reporting Entity

Capital Markets Authority is a reporting entity of the Government of the Republic of Uganda and is domiciled in Uganda

The principal address of the entity is:

a) Head Office

Capital Markets Authority, Jubilee Insurance Center, Plot 14, Parliament Avenue, P.O. Box 2456, Kampala, Uganda.

b) Contacts

Tel: +256 414 342788 or +256 312 264950/1 Email: info@cmauganda.co.ug

Website: www.cmauganda.co.ug

c) Establishment

d) The Capital Markets Authority (CMA) is a statutory body mandated under Capital Markets Act Cap 84 to promote confidence in the capital markets industry, to ensure honesty and transparency in the capital market transactions, to carry out investor education, to protect investors and to reduce systemic risk.

The Mission of CMA is to foster a transparent, accessible and effective capital markets in Uganda.

The Vision of CMA is to be an innovative, efficient and trusted regulator of a regionally competitive capital markets.

Core Values

- **Integrity:** We act ethically and work in the public interest, treating people fairly and honestly
- **Accountability:** We strive to live up to the aspirations of our mission so as to deliver quality service and promote the best interest of our stakeholders.
- **Excellence:** We strive to pursue and deliver the highest quality of service to our stakeholders.
- **Team work:** We support and promote collaboration among the CMA team and with external stakeholders

(iii) The Consolidated Fund

Is the Consolidated Fund as established by the Article 153 of the Constitution of the Republic of Uganda. As provided by Section 30 of the Public Finance Management Act, 2015 (the Act), it is the Fund into which all revenues or other money raised or received for the purpose of the Government shall be paid. Except for receivables into another public fund established for a special purpose (for example the Petroleum Fund) where this is authorized by an Act of Parliament, or where a vote, state enterprise or public corporation shall retain

Capital Markets Authority

revenue collected or received as authorized through an appropriation by Parliament or is a monetary grant exempted under Section 44 of the ACT.

Withdrawals from the Consolidated Fund shall only be done upon the authority of a warrant of expenditure issued by the Minister of Finance to the Accountant General after a grant of credit has been issued to the Minister by the Auditor General in the first instance. The withdrawal can be effected only when: (a) the expenditure has been authorized by an Appropriation Act or a Supplementary Appropriation Act; (b) is a statutory expenditure; (c) for repaying funds received in error by the Consolidated Fund; (d) and for paying sums required for an advance, refund, rebate or drawback that are provided for in this and other Act of Parliament.

(iv) Classified expenditures

Classified expenditures are included under supply of goods and services in the Statement of Financial Performance, and are audited separately. The funds appropriated for classified expenditure shall only be used for defense and national security purposes. A committee of Parliament comprising the chairpersons of the committees responsible for budget; defense and internal affairs; and another member appointed by the Speaker will be responsible for scrutiny of classified expenditure budget.

(v) Basis of preparation of financial statements

The financial statements have been prepared in accordance with the requirements of the Public Finance Management Act, 2015 [the Act] and comply with generally accepted accounting principles. The Financial Statements have been prepared using the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenue when earned with the exception of revenue from taxes and grants that is recognized when received. Expenses are recognized when incurred resulting into recognition of payables in the statement of financial position. All non-current assets with the exception of non-produced assets are expensed 100% in the year of acquisition in the statement of financial performance.

(vi) Going concern consideration

The financial statements have been prepared on a going concern basis.

(vii) Presentation currency

The reporting and presentation currency is the Uganda Shilling (Shs), which is the functional currency of the Republic of Uganda. Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates.

(viii) Reporting Period

The reporting period for these financial statements is from 1st July 2021 to the next 30th June 2022. Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format in the current year's financial statements.

(ix) Appropriation

The initial approved budget is the original forecast as presented and approved by Parliament. A revised budget is the initial approved budget adjusted by a supplementary and reallocations/ virements.

(x) Revenue

Revenue represents cash and grants in kind received by the entity during the financial year and comprise; tax and non-tax revenue, transfers received from Treasury, transfers from the Contingency Fund and transfers received from other government units. Revenues are recognized as follows;

a) Tax revenues

Taxes are levied with the authority of Parliament subject to Article 152 of the Constitution of the Republic of Uganda. Payment of tax does not necessarily result into an entitlement to the taxpayer to receive equivalent value of services or benefits. All tax revenues are recognized when received.

b) External Assistance

Capital Markets Authority

Grants are received by the entity either as cash or in-kind from foreign governments (bilateral) or from international Organizations (multi-lateral). All grants (aid assistance) are recognized as income when received. In-kind receipts (donations) are recognized at fair value when received.

c) Transfers received from Treasury

Transfers received include; transfers received from the Consolidated Fund, and transfers received from other government units. All transfers are recognized when received by the Accounting Officers.

d) Transfers from other government units

Comprise funds appropriated under one vote but transferred to another vote for execution of the intended activities of the former. These might include road maintenance funds from the Road fund, immunization funds from Ministry of health among others. These funds are recognized when received.

e) Non-Tax Revenue

Non-Tax Revenue (NTR) refers to all revenue due to government that is not tax revenue. Examples include proceeds from sale of designated goods and services, hire of assets, interest/gains associated from ownership of shares and fines/penalties. NTR whether directly collected by the entity or collected by another on its behalf is recognized when revenue is earned. NTR earned but not received is reported in the statement of Financial Position as receivables.

(xi) Expenses

Generally, expenditure is recognized when it is incurred. Qualifying¹ unsettled expenditure is recognized in the Statement of Financial position as payables. Payments of pension to existing retirees are recognized in the statement of financial performance and any arrears on such payments recognized in the statement of financial position. Pension liability for non- retirees is neither recognized nor disclosed in the financial statements.

(xii) Property, Plant and Equipment (physical assets or fixed assets)

Property, plant and equipment (PPE) principally comprises buildings, dams, roads and highways, hydropower stations, plant, vehicles, equipment, and any other infrastructure assets but does not include land and regenerative natural resources such as forests and mineral resources.

Acquisitions of PPE are recorded in the asset register on receipt of the item at cost and expensed fully through the Statement of Financial Performance. Cost of the item is defined as the total cost of acquisition. Where the cost of the PPE cannot be determined accurately, the PPE is stated at fair value. Subsequent repairs and maintenance costs of PPE are also expensed as goods and services consumed in the Statement of Financial Performance.

Proceeds from disposal of property, plant and equipment are recognized as non-tax revenue in the period in which it is received.

(xiii) Translation of transactions in foreign currency

Foreign currency transactions are translated into Uganda Shillings using the exchange rates prevailing at the dates of the transactions (spot rates). These result into realized gains/losses which are recognized in the Statement of Financial Performance. Foreign currency assets and liabilities held by the entity at year-end are translated into Uganda Shillings using the period closing rate for reporting purposes resulting into unrealized gains/losses. The unrealized gains/losses are recognized in the statement of changes in Equity through the revaluation reserve.

¹ All payables should be verified by the Internal Audit and a certificate issued signed by the Accounting Officer, Head of Internal Audit and Head of Accounts/Finance.

Capital Markets Authority**(xiv) Revaluation Gains/Losses**

Unrealized gains or losses arising from changes in the value of investments, marketable securities held for investment purposes, and from changes in the values of property, plant and equipment are not recognized in the financial statements.

(xv) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

(xvi) Unspent cash balances

In accordance with the requirement of the Public Finance Management Act, 2015, unspent cash balances by Government entities at the end of the financial year are returned through the Single Treasury Account (TSA) to the Consolidated Fund. With the commencement of the TSA, votes fully operational on IFMS no longer have unspent cash balances for Transfers received by MALGs from the Treasury.

Escrow Account balances are to be recognized in the Financial Position of the responsible entity and expensed through the Financial Performance in the period when funds are utilized.

(xvii) Receivables**(a) Accrued Non Tax Revenue and Advances**

Receivables include revenue earned but not collected and advances not retired by the reporting date. These are carried at historical cost and are written down by recovered receipts or write-off of unrecoverable amounts (bad debts are written-off with the approval of Parliament, when identified in the Statement of Changes in Equity).

(b) Letters of credit

Procurement of goods and services through letters of credit which are cash covered are recognized in the statement of appropriation when the letter of credit is opened. Outstanding letters of credit at period-end are treated as receivable and expensed through the Statement of Financial Performance in the period when the goods and services are delivered.

(c) Other Receivables

These include expenditure paid for but not consumed during the financial year. Examples include rent expenditure paid for the period crossing financial years.

(xviii) Inventories

Comprise consumable supplies and goods purchased for resale. All inventories are expensed in the period in which they are acquired.

(xix) Investment properties

Investment property principally comprises land, office, commercial and residential buildings, and other physical assets, which is held for long-term rental income and is not occupied internally. Investment property is treated as a long-term investment and is carried at cost. Investment properties are currently not recognized in the financial statements.

(xx) Investments

Investments are classified into three groups, namely: **investments held for trading; investments held-to-maturity; and investments available-for-sale.**

Investments that are acquired principally for the purposes of generating profit from short-term fluctuations in price are classified as "trading investments", and are, therefore, current assets and are treated as monetary assets.

Capital Markets Authority

Investments with fixed maturities and there is an intention and ability to hold them to maturity dates are classified as “**Investments held-to-maturity**”, and are, therefore, non-current assets, and are treated as non-monetary assets.

Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as “**investments available-for-sale**”, and are therefore non-current assets and regarded as non-monetary assets. However, if there is an expressed intention to sell these within 12 months, then these are treated as current assets and are monetary assets.

Appropriate classification of investments at the time of purchase and re-evaluation of such designation are carried out on a regular basis but any resulting reclassifications are rare and cannot be made from “trading investments” to “investments held to maturity”

All investments in the balance sheet are carried at historical cost. Non-financial assets are measured at net worth. For investments quoted in foreign currency, the historical cost is translated at the closing rate.

(xxi) Projects expenditure

Government projects are a series of undertakings of a reporting entity with specific objectives and a defined time frame and could be either: (a) fully funded by a Government; (b) jointly funded by Government and a development partner; (c) fully funded by a development partner through either budget support or project support; and (d) fully funded by development partner through provision of physical items rather than funds.

Fully or partly Government funded project expenditure is recognized in the statement of financial performance of the reporting entity to the extent of funding received from Government. Project expenditure that is not recognized is disclosed in the statement/schedule of project/ subvention balances.

(xxii) Borrowings

Borrowings are initially recorded in the Statement of Financial Position [the balance sheet] at cost net of any transaction costs paid.

Interest expense and any other expense on borrowings are recognized in the Statement of Financial Performance when they fall due.

(xxiii) Employee benefits

Employee benefits include salaries, and other related-employment costs. Employee benefits are recognized when incurred. No provision is made for accrued leave or reimbursable duty allowances.

(xxiv) Contingent liabilities and assets

Contingent liabilities are disclosed in a memorandum statement (Statement of Contingent liabilities) of the entity when it's probable that an outflow of economic benefits or service potential will flow from the entity or when an outflow of economic benefits or service potential is probable but cannot be measured reliably. Contingent liabilities comprise government guarantees issued, court awards that have been appealed by the Attorney General, those arising from Public Private Partnerships (PPPs) etc. Non quantifiable contingent liabilities are disclosed in the memorandum statement of Non quantifiable contingent liabilities. Contingent assets are neither recognized nor disclosed.

(xxv) Outstanding Commitments

Commitments include operating and capital commitments arising from non-cancelable contractual or statutory obligations. Loan interest due but not paid is recognized in the Statement of Financial Position. The loan interest not yet due for payment is not recognized but disclosed. Outstanding commitments relating to non-cancelable contractual or statutory obligation where goods have been delivered or service provided are included in the statement of financial position as payables and in the Statement of Outstanding Commitments to the extent of the appropriation.

Government of the Republic of Uganda
Financial Statements for the period ended 30th June 2022

Capital Markets Authority

(xxvi) Public Private Partnerships

Any investment by the Government in a Public Private Partnership may be through a joint venture or as an associate or as a major shareholder. Except for the latter, these are accounted for as investments whether held for trading purposes or otherwise. The financial statements in that case are consolidated as if the other entity is a controlled entity in accordance with IPSAS 38.

In other instances where the Government provides certain guarantees which could crystalize and result into an outflow of resources, the guarantees are quantified and disclosed in the memorandum Statement of Contingent Liabilities. The amounts disclosed as part of contingent liabilities represent the most likely outflow of resources should certain events crystalize which are assessed annually. If the events crystalize, the amounts become payables through the Statement of Financial Performance and Statement of Financial Position on an accrual basis

Other Notes to the Financial Statements

Note 1(b): Exchange Rates

All monetary amounts in the financial statements are expressed in Uganda Shillings, the functional currency. The Uganda Shilling closing rates (the Bank of Uganda middle rate) for major currencies were:

	30 th June 2022 (Shs)	30 th June 2021 (Shs)
United States Dollar	0	0
British Pound	0	0
Euro	0	0

Note 2: Tax Revenues

Tax revenues comprise both direct and indirect taxes levied and collected on behalf of Government.

	30 th June 2022 (Shs)	30 th June 2021 (Shs)
Local Services Tax	0	0
Land fees	0	0
Business Licenses	0	0
Other tax revenues	0	0
Total taxation revenues	0	0

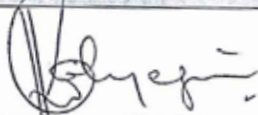
Note 3: External Assistance

	30 th June 2022 (Shs)	30 th June 2021 (Shs)
Grants from foreign governments	0	0
Grants from International Organizations	0	0
Grants from Local sources - Donations	0	0
Total Grants	0	0

Capital Markets Authority


Statement of contingent liabilities and guarantees
[Memorandum Statement]


	Schedule	30 th June 2022 (Shs)	30 th June 2021 (Shs)
DOMESTIC			
Legal proceedings		135,040,000	0
Guarantees and indemnities		0	0
Guarantees of bank overdrafts		0	0
Guarantees under Public Private Partnerships		0	0
Other contingent liabilities		0	0
Total Domestic Contingencies		135,040,000	0
FOREIGN			
Legal proceedings		0	0
Guarantees and indemnities		0	0
Guarantees of bank overdrafts		0	0
Guarantees under Public Private Partnerships		0	0
Other contingent liabilities		0	0
Total Foreign Contingencies		0	0
Total Contingent Liabilities		135,040,000	0



.....
Accounting Officer (Mr. Keith Kalyegira)

CAPITAL MARKETS AUTHORITY

 8th Floor, Uganda Business Facilitation Centre
Plot 1 Baskerville Avenue, Kololo, Kampala, Uganda
P.O. Box, 24565, Kampala, Uganda

 +256 414 342788/91
+256 312 264950/1
+256 414 342803

 info@cmauganda.co.ug

 www.cmauganda.co.ug