Capital Markets Authority

Protecting Your Investments



# ANNUAL REPORT 2022/23

# PROFILE

The Capital Markets Authority (CMA) is an 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.

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).

## VISION

To be an innovative, efficient and trusted regulator of regionally competitive capital markets.

## MISSION

To foster transparent, accessible and effective capital markets 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 interests 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:

1. To approve prospectuses and other offering documents under which securities are offered to the public.
2. 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.
3. To create, maintain and regulate, through implementation of a system in which the market participants are self-regulatory to the maximum practicable extent, a market in which securities can be issued and traded in an orderly, fair and efficient manner.
4. 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.
5. To implement regional and international standards and best practice in securities markets, securities regulation and supervision.
6. To protect investor interests
7. To operate the Investor Compensation Fund established by section 81.

# CMA executes its legal mandate with the following objectives:

1. Promoting confidence in the capital markets
2. Ensuring honesty and transparency in capital markets transactions
3. Carrying out investor education
4. Protecting investors; and
5. Reducing systemic risk



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# LETTER OF TRANSMISSION

03rd May 2024

The Honourable Minister,

Ministry of Finance, Planning and Economic Development

Apollo Kaggwa Road,

P.O Box 8147, Kampala

Dear Honouable Minister,

Pursuant to section 8(6) of the Reprint of the Capital Markets Authority Act CAP 84, I have the honour to submit to you the annual performance report and financial statements of the Capital Markets Authority in respect of the Accounting Period ended 30 June 2023.

Respectfully,

Saul Sseremba

Saul Sseremba,

Board Chairman.



# BOARD CHAIRMAN'S STATEMENT

I am delighted to present to you the 2022/2023 annual report of the Capital Markets Authority (CMA). I am honoured to share the notable achievements, significant events and ongoing endeavours that have shaped Uganda's capital markets over the past financial year.

This was the third year of the implementation of CMA's five year strategic plan (2020/2021 – 2024/2025) which is aligned with the National Development Plan III – Private Sector Development Programme. Under this strategic plan, CMA adopted three strategic objectives namely;

1. To strengthen capital market regulation and oversight
2. To achieve institutional excellence
3. To promote economic development in Uganda by creating a facilitative environment for businesses and government to access market-based financing

I am pleased to report that over the past year, CMA has made significant progress in meeting these specific targets and has continued to uphold its mandate of fostering a transparent, accessible and effective capital market in Uganda.

To begin with, FY 2022/23 saw a noteworthy development for CMA. We relocated to the 8th Floor of the Uganda Business Facilitation Center (UBFC) at Plot 1, Baskerville Avenue, Kololo. This strategic move offers a double win. The new space provides a more conducive work environment for CMA, and crucially, the UBFC is government-owned. This eliminates rent costs, freeing up part of CMA's resources to be directed towards other important initiatives in Uganda's capital markets, while also reducing the burden on the tax payer.

The CMA board also approved Prospectuses for the Tolea Regional Debt Exchange Traded Fund (ETF) Program for the issuance of equity ETF securities built with regional treasury debt securities and Tolea Equity Exchange Traded Fund (ETF) Program for the issuance of equity ETF securities. The issuances will contribute to deepening and widening of the capital markets through the development of innovative products.

Additionally, during the period under review, CMA approved Bank of Baroda's bonus shares (12.5 billion units of ordinary shares of UGX 10). Additionally, 97 licences (both new and renewals) were issued.

Equity turnover ( the total value of shares traded) increased by 33.4% to Ugx 59.1 billion in the financial year 2022/23 from Ugx 44.3 billion recorded in the financial year 2021/22.

CMA also carried out risk profiling of brokers, fund managers and collective investment schemes. This was carried out using a risk profiling tool and the firms were then advised on the recommended changes to make based on the risk profiling exercise.

Furthermore, CMA revised, and published the following elements of the capital markets legal and regulatory framework; the

Capital Markets (Accounting and Financial Requirements) Regulations 2022, the Capital Markets Authority (Prescription of Securities Instrument) Regulations 2022 and the Collective Investment Schemes (Declaration of recognized scheme) 2022. These were published in the Uganda gazette on 23rd December 2022.

Notably, the total value of locally listed counters closed at Ugx 7.3 trillion, an increase of 2.5%, from Ugx 7.1 trillion at the end of FY 2021/22.

This year, CMA also marked the International Organization of Securities Commissions (IOSCO) annual World Investor Week (WIW) 2022 from 3rd to 7th October 2022. The campaign's theme was: "Investor Resilience and Sustainable Finance". CMA's WIW activities attracted a total of 38,283 investors.

Going forward, CMA will continue to engage various stakeholders and the public at large in an effort to popularize capital markets investment opportunities. Focus will be placed on key areas such as Collective Investment Schemes (CIS), capital raising through the stock exchange and awareness of investment fraud.

Throughout the year, CMA together with stakeholders, made great strides in improving Uganda's capital markets. I acknowledge the support of the Ministry of Finance, Planning and Economic Development and more specifically the support received in ensuring that the Authority's budget is funded and policy proposals are given utmost attention.

We are grateful for the guidance that we continue to receive from Hon. Matia Kasaija, the Minister of Finance, Planning and Economic Development; Hon. Henry Musasizi, the Minister of State for General Duties; Hon. Amos Lugoloobi, the Minister of State for Planning; Hon. Evelyn Anite , the State Minister of Finance for Investment and Privatization; Hon. Kasolo Kyeyune, Minister of State for Microfinance and Small Enterprises and Mr. Ramathan Ggoobi , the Permanent Secretary/ Secretary to the Treasury ( PS/ST).

I also want to express my gratitude to the Board of Directors, who have been excellent team members in guiding and supervising CMA. I especially want to express our gratitude to the Chief Executive Officer, the Senior Management Team, and the whole CMA personnel for their tireless efforts and commitment that has advanced CMA, the capital markets sector, and the Ugandan economy at large.

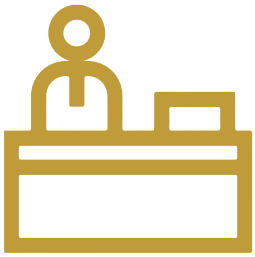
Saul Sseremba

**Board Chairman**



**UGX 59.1 BILLION**

Equity turnover ( the total value of shares traded) increased by 33.4% to Ugx 59.1 billion in the financial year 2022/23, from Ugx 44.3 billion recorded in the financial year 2021/22.



**UGX 7.3 TRILLION**

Total value of locally listed counters closed at Ugx 7.3 trillion, an increase of 2.5%, from Ugx 7.1 trillion at the end of FY 2021/22.



# CEO'S MESSAGE

It is with great pride that I present to you the 2022/2023 annual report of the Capital Markets Authority of Uganda. I take pride in highlighting the progress we have made in upholding our mandate of regulating and developing Uganda's capital markets.

The financial year 2022/2023 was the third year of CMA's Five year strategic plan (2020/21-2024/25). Under this plan, CMA aims to develop and regulate favourable and vibrant capital markets that will provide market based financing for Uganda's private sector.

This is vital as the private sector is Uganda's "engine of growth" and aiding its financing will help Uganda raise finances to effectively implement the National Development Plan (NDP III).

During the financial year under review, there were no initial public offerings. However, the equity market witnessed one secondary offer. The Bank of Baroda (Uganda) Limited offered bonus shares to its shareholders in the ratio of five new shares for every one share held, aiming to raise Ugx 125 billion. This involved the issuance of 12.5 billion ordinary shares of Ugx 10 each.

Besides the above, the CMA board aapproved Prospectuses for the Tolea Regional Debt Exchange Traded Fund (ETF) Program for the issuance of equity ETF securities built with regional treasury debt securities and Tolea Equity Exchange Traded Fund (ETF) Program for the issuance of equity ETF securities. The issuances will contribute to deepening and widening of the capital markets through the development of innovative products. Introduction of innovative products will help achieve the benefits explicitly highlighted in the prospectus including; enabling retail investors to access the equity market in Uganda and other jurisdictions, enhancing market liquidity, taking securities investment to potential investors who have never participated in the securities market, introducing trading equities using mobile phones, deepening the capital markets in Uganda and exposing Ugandans to investments abroad.

Another notable event in this financial year was Uganda government bonds being added to the FTSE Frontier Emerging Markets Government Bond Index (FRNTEMGBI) effective from April 2023. This has increased international exposure for Ugandan bonds, thus attracting international institutional investors and increasing liquidity.

This financial year, CMA moved from the Jubilee Insurance Building, to the 8th Floor of the Uganda Business Facilitation Center (UBFC) at Plot 1 Baskerville Avenue, Kololo. This move not only provided a better work environment, but also eliminated rent costs, freeing up part of CMA's resources and reducing the burden on taxpayers.

## PERFORMANCE OF THE INDUSTRY

By the end of June 2023, CMA had issued 97 licences (both new and renewals). A list of fully licenced entities is available at the end of this document.

In terms of industry performance, the total Assets under Management (AUM) by fund managers licensed by CMA stood at Ugx 4.6 trillion at the end of the financial year 2022/23. This equated to a growth of 17.8% from Ugx 3.9 trillion at the end of the financial year 2021/22.

A breakdown of AUM by asset class allocation at the end of the FY 2022/2023 reveals that the majority of investments (76.5%) were in Government of Uganda bonds,

At the end of FY 2022/23, Collective Investment Schemes (CIS) Managers had Ugx 1,982.4 billion in AUM, representing a significant increase of 52.1% from Ugx 1,303.7 billion at the end of the previous financial year. It is important to note that the AUM has surpassed the National Development Plan (NDP) III target of Ugx 1.03 trillion.

The total number of funded investor accounts held by CIS managers at the close of FY 2021/22 stood at 56,955, marking a growth of 65.2% from 34,467 funded investor accounts in the previous financial year.

This increase in assets under management and investor accounts can be attributed to investor education programmes aimed at raising awareness about the capital markets and increasing the participation of local investors.

For its investor education programme, external resource persons contracted by CMA held 41 radio outreaches and 143 physical meetings. Furthermore, CMA hosted 4 webinars and 6 television outreaches. CMA also held 6 public lectures on capital markets targeting universities.

CMA also carried out its issuer education programme. The program involves the use of external resource persons to reach out to business owners, founders and key persons of prospective issuers to sensitize them on opportunities presented by market-based financing. CMA organized five webinar for potential issuers to educate business owners on market based financing.

## CHALLENGES AND FUTURE PROSPECTS

From global to local geo-political and economic shocks, this year was not without its ups and downs. Despite all this, we as CMA remained steadfast in fulfilling our mandate of regulating and developing Uganda's capital markets.

Going forward, CMA will continue to focus on key issues such as awareness on (CIS), capital raising through the public offers and awareness of Investment Fraud.

CMA will also continue implementing the Capital Markets Development Master Plan. The master plan is an industry document, which provides a blueprint for the development of Uganda's capital markets. When fully implemented, capital markets will be positioned to serve the long-term capital needs of both the public and private sectors and provide an avenue for Ugandans to invest their savings.

Further engagements with the Ministry of Finance are expected in the Financial Year 2023/2024 to allow for a favourable tax environment for private equity, unlocking alternative finance for the private sector.

Finally, I now invite you to read the annual report which contains details of our activities for the FY 2022/23.

Keith Kalyegira

**Chief Executive Officer**

# BOARD OF DIRECTORS



**SAUL SSEREMBA**
Board Chairman, Represents the Insurance Training Institute of Uganda



**ELIZABETH NAKUNGU**
Represents the Office of the Solicitor General, Ministry of Justice and Constitutional Affairs



**PROTAZIO BEGUMISA**
Represents the Institute of Certified Public Accountants of Uganda



**JOSEPH ENYIMU**
Represents the Permanent Secretary / Secretary to the Treasury, Ministry of Finance, Planning & Economic Development



**DR. MARTIN KYEYUNE**
Represents Uganda Manufacturers' Association



**MR. DAVID SAJJABI**

Represents the Governor, Bank of Uganda



**SARAH ARAPTA**

Represents Uganda Bankers Association



**MERCY KAINOBWISHO**

Registrar General, Uganda Registration Services Bureau



**MOHAMED KALIISA**

Represents the Uganda National Chamber of Commerce & Industry



**MATHIAS NALYANYA**

Represents the Uganda Law Society



**KEITH KALYEGIRA**

Chief Executive Officer

# TOP MANAGEMENT



**KEITH KALYEGIRA**
Chief Executive Officer



**COMFORT ROSETTE KANIA**
Director, Market Supervision



**MIRIAM EKIRAPA MUSAALI**
Director, Legal & Board Affairs



**DOROTHY NABIRYE NYEMERA**
Director, Human Resources & Administration



**DICKSON SSEMBUYA**
Director, Research and Market Development

# CORPORATE GOVERNANCE STATEMENT

The Authority is committed to the highest level of corporate governance and conducts its affairs in line with the principles and best practices of good corporate governance.

## 1. Board Composition

The Board of Directors is comprised of eleven members. Five members are ex-officio, by virtue of their public offices while six represent private sector interests. The roles of Chairman and Chief Executive Officer (CEO) are distinct. With the exception of the CEO, all members of the Board are Non-Executive Directors. The Board is assisted in its work by Committees which deliberate on matters before they are presented to the full Board.

**Table 1 : List of Board Members and the Committees they belong to for the FY 2022/23**

| S/N | Board Member | Board Committee | | | |
|---|---|---|---|---|---|
| | | LRAC | RMD | ARMC | FHRC |
| 1 | Ms. Jacqueline Kobusingye Opondo | N/A | N/A | N/A | N/A |
| 2 | Mr. Saul Sseremba | | | Member | Former Chairman |
| 3 | Mr. Joseph Enyimu | Member | Chairman | | |
| 4 | Dr. Martin Kyeyune | | Member | | Chairman |
| 5 | Ms. Sarah Arapta | | | Member | Member |
| 6 | Representative from Bank of Uganda | | Member | | Member |
| 7 | Ms. Mercy Kainobwisho | Member | | Member | |
| 8 | Ms. Elizabeth Nakkungu | Chairperson | | | Member |
| 9 | Mr.Mathias Nalyanya | Member | | Member | |
| 10 | Mr. Mohamed Kaliisa | | Member | | |
| 11 | Dr. Protazio Begumisa | | Member | Chairman | |
| 12 | Mr. Nelson Nerima | Former Chairman | Member | | |
| 13 | Mr. Fabian Kasi | | | Former Chairman | Member |
| 14 | Mr. David Ssajabi | | | | Member |
| 15 | Ms. Irene Lugayizi | Member | | | Member |
| 16 | Mr. Keith Kalyegira | Member | Member | | Member |

**KEY**

LRAC: Legal & Regulatory Affairs Committee
RMDC: Research & Market Development Committee
ARMC: Audit & Risk Management Committee
FHRC: Finance, Human Resources & Administration Committee

## 2. Appointment of the Board of Directors

The Board of Directors is appointed by the Minister of Finance, Planning and Economic Development. The Board Chairperson is specifically appointed from among the members by the Minister as provided for in Section 22 E (2) of the CMA Act. Board members are persons of high moral character, with experience and expertise in various fields such as law, finance, business, accounting, economics, investment, banking and administration.

During the period under review, a new Board of Directors was inaugurated on 18th January 2023.This was after five directors retired from the board following the end of their tenure of service. Upon joining the Board, members are inducted and taken on an industry study tour to help them appreciate the entire capital markets industry.

## 3. Board Meetings

A Board calendar is in place and the Board meets at least once every three months to carry on the business of the Authority. However, the Board Committees meet from time to time depending on the urgency and volume of business, to deliberate on the various reports before they are presented to the full Board. During the year under review the full Board met four times.

## 4. The Board Secretary

The Board Secretary (Director, Legal and Board Affairs), is responsible for the administration of the Board proceedings, the provision of administrative and secretarial services as well as legal advice to the Board, the Chairperson and the Chief Executive Officer .The Board Secretary also ensures that the agenda of the Board is in tandem with CMA priorities. During the period under review, the Board Secretary worked closely with the Chairperson to ensure meetings were well organized and records well kept.

## 5. The Board Manual

To guide the operations of the Board, there exists a Board Manual. All Board members must adhere to good corporate governance standards as prescribed in the manual. Instances of conflict of interest are addressed through disclosure whenever cases arise, particularly so at the beginning of each meeting The Board also adheres to the Conflict of Interest Guidelines which apply to both the Board and staff members. The Conflict of interest Guidelines mainly apply to declaration of directorships in companies and trading in the securities market. During the period under review, the Board Manual was reviewed to align it with developments in corporate governance.

## 6. Board Training

The work of the board is to generally provide oversight over our activities. However, this also calls for a good understanding of the nature of the operations of the regulator. Therefore, continuous training and exposure is a very vital ingredient to ensuring effectiveness of the board.

During the year under review, the board members received continuous development and exposure on issues pertinent to capital markets which was done during the board inauguration. Due to budget limitations, the board members did not attend any conferences or seminars.

## 7. Board Committees

All the committees are governed by terms of reference developed by the Board and are mandated to make recommendations to the board on all matters under their consideration. The function and structure of the Committees for the period under review are described below. In terms of composition, the Committees comprise Board Members with pertinent expertise in the various areas in order to maximize technical capability at the Committee level where issues are

dealt with in depth. The quorum for each Committee is at least half of the appointed Members. Each Committee determines its own procedures and is guided by the terms of reference stipulated in the Board Manual.

### a) Legal & Regulatory Affairs Committee

The purpose of the Legal & Regulatory Affairs Committee is to oversee the development of an appropriate legal and regulatory framework for the capital markets industry. The Committee will also review technical applications to the Authority and oversee the supervision of the market, implementation and enforcement of compliance matters by the Authority.

During the period under review, the committee met six times and considered among other things various approvals and licenses including; Recognition of foreign scheme by Standard Chartered Bank Uganda Limited, License to Old Mutual Dollar Fund Unit Trust Scheme; Development of the Legal Framework to include revision of ;The Draft Capital Markets Authority (Licensing and Approval) Regulations 2022, The Draft Capital Markets Authority (Conduct of Business) Regulations 2022, The Draft (Accounting and Financial Requirements) Regulations 2022.The Committee also considered the approval of the Draft Capital Markets Disaster Recovery Guidelines 2022 and Exemption to Africa Capital Works SSA from issuing a takeover offer.

### b) The Finance, Human Resources & Administration Committee

The purpose of the Committee is to issue guidance to the Board on matters relating to Finance and Human Resource. The Committee assists the Board in formulation of policies that are geared towards the recruitment, retention and development of qualities personnel to discharge the functions of the Authority.

During the period under review, the committee met four times and considered various issues including; recruitments, reverting the authority from vote to subvention, financial performance for 2021/2022, staff salaries, closure of the provident fund staff benefit and amendment of all staff contracts.

### c) The Audit & Risk Management Committee

The Audit and Risk Management Committee plays a critical role in the corporate governance structure by overseeing internal controls, accountability reporting structures and risk management in performing its duties, the committee maintains effective working relationships with the Board of Directors, Management and External Auditors.

This committee held three meetings during the period under review to consider the audited financial statements for the year ended 30 June 2021, the internal audit work plan and the internal audit quarterly reports. The Committee also considered the CMA risk management quarterly report

### d) Research & Market Development Committee

The role of the Research and Market Development Committee is to assist management and the board in the formulation of policies that are geared towards research and market development. This includes; review of policy papers, research notes and papers and review of public education proposals.

Table 2 shows the number of Board meetings and Committee meetings attended by each member during the year.

## Table 2 : Record of attendance

| S/N | Board Member | Board Meeting | LRAC | RMDC | ARMC | FHRC |
|---|---|---|---|---|---|---|
| 1 | Ms. Jacqueline Kobusingye Opondo | 1/1 | | | | |
| 2 | *Mr. Saul Sseremba (was appointed as Board Chairman on 8th November 2023) | 4/4 | | | 1/1 | 2/2 |
| 3 | Mr. Joseph Enyimu | 3/4 | 6/6 | 1/2 | | |
| 4 | *Dr. Martin Kyeyune | 4/4 | 3/3 | 2/2 | | 2/2 |
| 5 | *Ms. Sarah Arapta (was appointed to the board on 21st November 2022) | 1/3 | | | 0/2 | 1/2 |
| 7 | Ms. Mercy Kainobwisho | 2/4 | 3/6 | | 1/3 | |
| 8 | *Ms. Elizabeth Nakkungu(was appointed to the board on 8th November 2022) | 3/3 | 3/3 | | | 2/2 |
| 9 | *Mr.Mathias Nalyanya (was appointed to the board on 22nd March 2023) | 1/3 | 2/2 | | 1/1 | |
| 10 | Mr. Mohamed Kaliisa | 3/4 | | 0/2 | | 0/2 |
| 11 | *Dr. Protazio Begumisa (was appointed to the board on 8th November 2022) | 3/4 | | 0/1 | 2/2 | |
| 12 | *Mr. Nelson Nerima (Term ended on 11th December 2022 ) | 1/1 | 3/3 | 1/1 | | |
| 13 | *Mr. David Ssajabi (Retired from the board in April / May 2023) | 2/3 | | 2/2 | | 2/2 |
| 14 | *Mr. Fabian Kasi (Term ended on 18th October 2022) | 1/1 | | | 1/1 | 0/2 |
| 15 | *Ms. Irene Lugayizi (Term ended on 18th October 2022 ) | 0/1 | 2/3 | | | 1/2 |
| 16 | Mr. Keith Kalyegira | 4/4 | 6/6 | 1/2 | | 4/4 |

# Capital Markets Legal and Regulatory Framework

CMA continued the process of development of various regulations and amendment of existing laws. During the period under review, the Board approved revisions to the Capital Markets (Accounting and Financial Requirements) Regulations 2022, the Capital Markets (Licensing and Approvals) Regulations 2022, the Capital Markets Authority (Offer of Securities) Regulations 2022, the Capital Markets Authority (Conduct of Business) Regulations 2022 and approval of the Capital Markets Disaster Recovery Guidelines 2022 and approved the order recognizing ABFCP 1 Mutual Investment.

The approved regulations were subjected to stakeholder consultations, forwarded to the Ministry of Justice and Constitutional Affairs for redrafting and publication. Subsequently, the Capital Markets (Accounting and Financial Requirements) Regulations 2022, the Capital Markets Authority (Prescription of Securities Instrument) Regulations 2022 and the Collective Investment Schemes (Declaration of recognized scheme) 2022 were published in the Uganda gazette on 23rd December 2022.

## Remuneration of the Board

The members of the Board are entitled to remuneration and allowances out of the general fund of the Authority, as determined by the Minister of Finance, Planning and Economic Development.





# STRATEGIC OBJECTIVE ONE



# STRATEGIC OBJECTIVE ONE: TO STRENGTHEN CAPITAL MARKET REGULATION AND OVERSIGHT

## 1.0 Strengthening the effectiveness of the supervisory framework

### 1.1 Risk profiling of fund managers and Collective Investment Schemes Managers

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

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

a) Companies were encouraged to customize their compliance procedures as required by Reg. 84 of the Collective Investment Schemes (Conduct of Business and Miscellaneous Provisions) Regulations, S.I No 43 of 2007 (CIS conduct of business regulations).

b) Companies were encouraged to ensure timely reconciliation is carried out on the suspense account with trustees and the non-implementation of issues raised in the internal audit and compliance reports.

c) Companies were encouraged to continuously update their registers of holders as required by Regulation 74 (3) of the Collective Investment Schemes (Unit Trusts) Regulations, 2003

### 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 firms were encouraged to establish internal audit functions.

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

# 2.0 Public Offers

## 2.1 Approval of the prospectuses to issue Tolea Regional Debt Exchange Traded Fund (ETF)

Program for the issuance of equity ETF securities built with regional treasury debt securities and the Tolea Equity Exchange Traded Fund (ETF) Program for the issuance of equity ETF securities.

The CMA board approved Prospectuses for the Tolea Regional Debt Exchange Traded Fund (ETF) Program for the issuance of equity ETF securities built with regional treasury debt securities and Tolea Equity Exchange Traded Fund (ETF) Program for the issuance of equity ETF securities. The issuances will contribute to deepening and widening of the capital markets through the development of innovative products. Introduction of innovative products will help achieve the benefits explicitly highlighted in the prospectus including; enabling retail investors to access the equity market in Uganda and other jurisdictions, enhancing market liquidity, taking securities investment to potential investors who have never participated in the securities market, introducing trading equities using mobile phones, deepening the capital markets in Uganda and exposing Ugandans to investments abroad.

## 2.2 Bank of Baroda Bonus Issue

The CMA Board approved the prospectus for the issue of bonus shares. The bank sought capitalization of US $ 33.78 million by issuing 12.5 billion units of ordinary shares of UGX 10 each to be allotted as bonus shares and credited as fully paid shares to shareholders in the ratio of 5 (five) new shares for every 1 (one) share held. Following the allotment and listing of the bonus shares, the paid-up share capital and fully paid ordinary shares of the bank increased from UGX 25 billion to UGX 150 billion. It is worth noting that the rationale of the bonus issue was to meet regulatory capital requirements, reward eligible shareholders, and further boost the trading liquidity of the bank's shares on the Uganda Securities Exchange. The additional shares were listed at the Uganda Securities Exchange (USE) on 15th June 2023.

# 3.0 Anti-Money Laundering

The Capital Markets Authority (CMA) was represented on the Ugandan delegation that attended the 44th Meeting of the East and Southern Africa Anti-Money Laundering Group (ESAAMLG) task force of senior officials which took place in Livingstone, Zambia from 28th August to 2nd September 2022.

During the meeting, member countries Botswana, Mauritius, Tanzania, and Uganda presented requests for re-ratings. A re-rating is a process where ESAAMLG assesses a country's progress in implementing anti-money laundering and counter-terrorist financing (AML/CFT) measures. Following the request, the Task Force reviews the reports submitted by each country outlining their efforts to strengthen their AML/CFT regimes.

- Supervisors in Uganda, including CMA, have taken significant steps to begin risk-based inspections following the establishment of supervisory capacity by;
    a) Setting up AML-specific units,
    b) Allocation of training budgets
    c) Increasing staff and training.

The CMA has increased its AML/CFT supervisory capacity by having one officer in Market Supervision Department that is fully dedicated to AML/CFT and supported by four supervision officers. In addition, these officers have had trainings exposing them to the AML/CFT regime and operations. Some of the AML/CFT trainings previously undertaken by the CMA officers include the following; FATF Standards Training Course-Republic of Korea, the UN Office of Counter-Terrorism- UN Counter-Terrorism Centre (UNOCT-UNCCT) , National Capacity Building Workshop on Targeted Financial Sanctions pertaining to UNSCR 1373 (2001) and the AML/CFT Supervisors training by the AML-THB Project, a regional programme, funded by the European Union's Emergency Trust Fund for Africa (EUTF).

## 4.0 New Licenses and renewals

**Table 1: New Licenses and Approvals**

| No | Category | Entity |
|---|---|---|
| 1 | Venture Capital Fund | Inua Impact Fund |
| 2 | Unit Trust Scheme | Old Mutual Dollar Fund Unit Trust Scheme |
| 3 | Fund Manager License | SBG Securities Uganda Limited |
| 4 | Investment Adviser License | Utilis Ventures Limited<br>Regency Wealth Management Limited<br>Asigma Capital Advisory Services Limited<br>Agola Holdings Limited |
| 6 | Dealer | Utilis Ventures Limited |
| 7 | Transaction Adviser | ABSA Bank Uganda Limited for the Airtel Uganda IPO<br>Crested Stocks and Securities Limited |
| 8 | Commodities Broker | Crested Stocks and Securities Limited |
| 9 | Authorized Registrars | Image Registrar Services Uganda Limited<br>Deloitte Uganda Limited |
| 10 | Recognized Schemes | AB SICAV I |

**Table 2: Number of Licenses (new licenses and renewals) issued during the year**

| | |
|---|---|
| Fund Managers | 9 |
| Stock Brokers | 6 |
| Investment Advisers | 6 |
| Authorized Registrars | 4 |
| Unit Trusts Schemes Managers | 6 |
| Unit Trust Schemes | 18 |
| Unit Trust schemes trustee | 2 |
| Dealers | 3 |
| Stock Exchanges | 2 |
| Commodities Exchanges | 1 |
| Securities Central Depositories | 2 |
| Custodians | 4 |
| Representatives | 34 |
| **Total** | **97** |

## 5.0 Cessations

The CMA board approved Baroda Capital Markets Limited and Equity Stock Brokers Uganda Limited to exit the stock brokerage business after a review of the process and being requested to take steps to ensure an orderly transfer of client assets. This brought the number of equity brokers on the USE to five i.e. Crested Stocks and Securities Limited, Dyer and Blair Uganda Limited, Chipper Technologies Uganda Limited, SBG Securities Uganda Limited, and Old Mutual Investment Group Uganda Limited.





# STRATEGIC
# OBJECTIVE TWO

# STRATEGIC OBJECTIVE TWO: TO ACHIEVE INSTITUTIONAL EXCELLENCE

## 1.0 Recruitment for key roles

We undertook recruitment to enhance the capacity of the Authority. This financial year, we were able to bring on board a Legal Manager whose key focus is to support legal drafting and reviews, two Market Supervision Officers to beef up the compliance roles of the department and a Driver. One of the market supervision officers was as a result of an internal move from the research and market development department which is a plus for the Authority in the area of getting staff to collaborate across teams as well as enhancing growth internally.

## 2.0 Learning & Development

The Authority has had quite a productive year in terms of assessing and implementing learning and development initiatives for the team. We have had several interventions at individual level that were targeted at equipping individuals with skills to do their roles more effectively but in addition, we have had a series of critical group engagements to enhance leadership skills and emotional intelligence especially with regard to self-awareness. In 2022/2023, we also saw an opportunity for some members of our market supervision team to undertake a benchmarking visit/study tour at CMA Kenya, the result of which was the gathering of a wealth of knowledge on how deal with deposit protection for unit holders, the publishing of approvals, the value of automating processes and how the best the market supervision department can be organized for improved productivity.

## 3.0 Initiatives to improve team engagement and communication

Employee meetings continued to take place on a regular basis as sessions during which employees could give feedback or ask questions on matters pertaining to their life at work and in addition, management used these as a tool to relay critical messages. In addition, the entire CMA team went away to a staff retreat that was organized as part of the steps to enhancing staff engagement, communication and team work.

## 4.0 Office Relocation

CMA moved its home from Jubilee Insurance Building to a more spacious and suitable location at 8th Floor, Uganda Business Facilitation Center, Plot 1 Baskerville Avenue, Kololo. This move signifies a positive development for CMA on multiple fronts. The new office provides us with ample room to operate and an environment that better supports our specific needs.

Another major benefit of the Uganda Business Facilitation Center (UBFC) is its status as a government-owned building. By relocating here, CMA eliminates rental costs thus resulting in a more strategic use of the organization's funds. It also reduces the burden on tax payers.



# STRATEGIC
# OBJECTIVE THREE

# STRATEGIC OBJECTIVE THREE: TO PROMOTE ECONOMIC DEVELOPMENT IN UGANDA BY CREATING A COMPETITIVE AND INCLUSIVE ENVIRONMENT FOR BUSINESS AND GOVERNMENT TO ACCESS MARKET BASED FINANCING

## 1.0 Market Activity

### 1.1. Secondary Market Activity

#### 1.1.1. Approval of the Bank of Baroda (Uganda) Limited Bonus Issue Prospectus

During the period under review, there were no initial public offerings. However, the equity market witnessed one secondary offer. In a bid to ensure compliance with Bank of Uganda Capital Adequacy requirements, the Bank of Baroda (Uganda) Limited offered bonus shares to its shareholders in the ratio of five new shares for every one share held, aiming to raise Ugx 125 billion. This involved the issuance of 12.5 billion ordinary shares of Ugx 10 each, which were allotted as bonus shares and credited as fully paid shares.

#### 1.1.2 Secondary Market Activity at the Uganda Securities Exchange (USE)

Equity turnover, which represents the total value of shares traded, increased by 33.4% to Ugx 59.1 billion in the financial year 2022/23 from Ugx 44.3 billion recorded in the financial year 2021/22. Average turnover per day increased to Ugx 232.3 million in the FY 2022/23, from Ugx 169.8 million recorded in the previous financial year. The increase in market turnover can be attributed to heightened investor activity, with many aiming to benefit from dividend payments of listed companies. In addition, the increased activity on the UMEME stock reflected the growing interest from investors anticipating the government pay-out at the end of the concession period. At the end of FY 2022/23, Uganda's equity turnover ratio (measured as total equity turnover divided by the total market capitalization) stood at 0.3%. In comparison with other jurisdictions, there is still room for growth. At the end of FY 2022/23, Kenya's equity turnover ratio stood at 6.2% while Tanzania's stood at 0.7%. Key among the strategies employed in other jurisdictions to boost market activity is growing the capacity of local investors in the capital markets. It is noteworthy that the CMA, alongside other stakeholders, actively conduct investor education programs aimed at raising awareness about capital markets and fostering increased local investor participation and activity in the market.

**Table 1: Equity Turnover per Counter at the USE (Ugx, Billion)**

| Counter | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|---|---|---|---|---|
| BATU | | | 0.0001 | 0.007 | |
| BOBU | 2.4 | 0.2 | 1.7 | 2.8 | 4.1 |
| CENT | 0.001 | 0.01 | 0.0001 | 0.001 | 0.03 |
| CQCIL | 0.4 | 0.1 | 0.3 | 0.06 | 0.07 |
| DFCU | 1.4 | 50.9 | 0.03 | 0.03 | 0.04 |
| KCB | | | | 0.0004 | |
| MTNU | | | | 4.6 | 15.3 |
| NIC | 0.05 | 0.008 | 0.03 | 0.02 | 0.09 |
| NVL | 0.03 | 0.01 | 0.03 | 0.05 | 0.004 |
| SBU | 20.4 | 33.1 | 7.9 | 11.9 | 9.4 |
| UCHM | 0.001 | | | | |
| UCL | 0.9 | 0.2 | 0.5 | 1.2 | 0.16 |
| UMEME | 21.3 | 30.7 | 6.8 | 23.6 | 30 |
| **Total** | **46.9** | **115.4** | **17.3** | **44.3** | **59.1** |

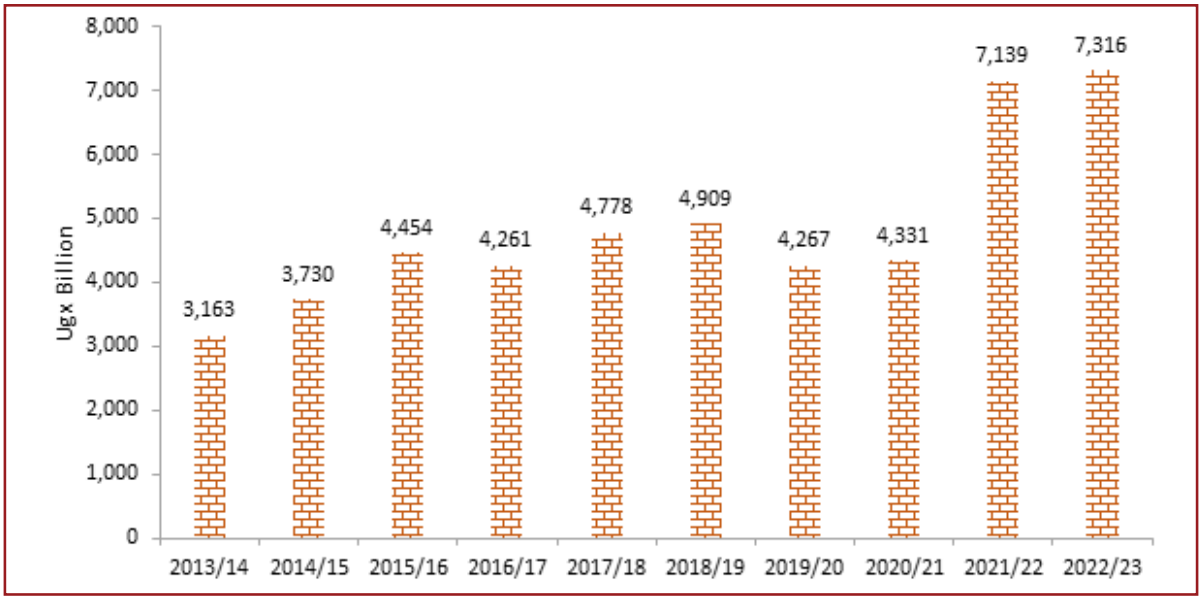
***Source: USE Market Reports***

### 1.1.3 Domestic Market Capitalization

The domestic market capitalization, that represents the value of locally listed counters, closed higher at Ugx 7.3 trillion, representing a gain of 2.5%, from Ugx 7.1 trillion at the end of FY 2021/22. This growth was largely due to the increase in market capitalization of five locally listed counters – UMEME (84.1%), NIC (33%), BOBU (19.2%), SBU (18.2%) and CQCIL (1.4%). This increase in market capitalization of BOBU and NIC occurred after the successful listing of bonus shares on the USE. On the other hand, the increase in market capitalization of other stocks can be attributed to share price gains occasioned by, among other things, demand for the stocks outstripping supply during the period under review.



**Figure 1: Trend in Domestic Market capitalization, 2013/14 - 2022/23 (UGX, Billion)**



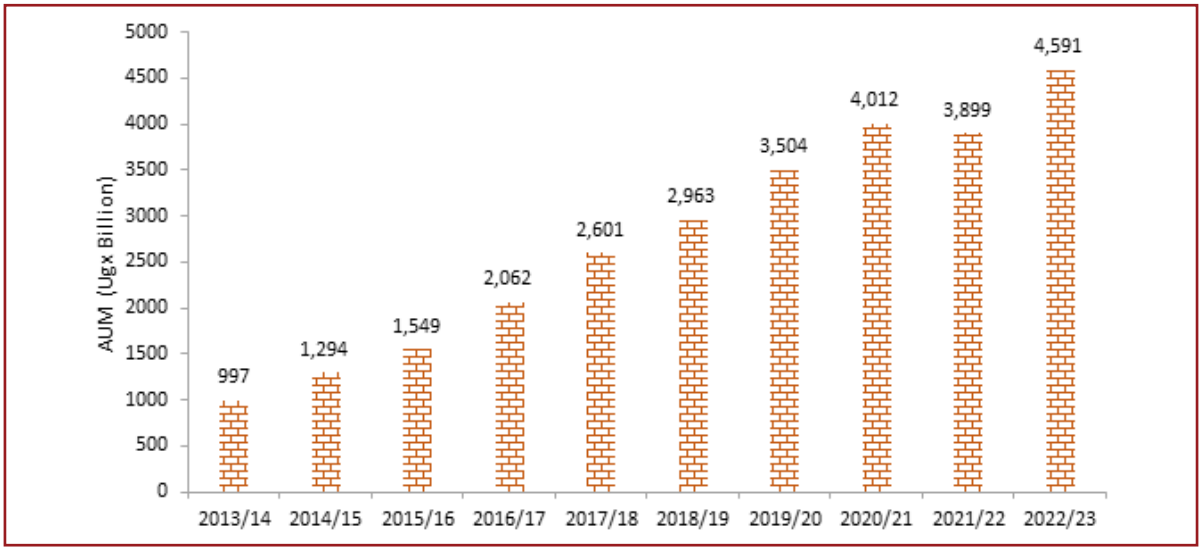

***Source: USE market reports***

## 2.0 Fund Management

The total Assets Under Management (AUM) by fund managers licensed by CMA stood at Ugx 4.6 trillion at the end of the financial year 2022/23. This equated to a growth of 17.8% from Ugx 3.9 trillion at the end of the financial year 2021/22. The surge in AUM can be attributed to the appreciation in the value of the assets held, as well as the enrolment of new members by the schemes whose funds are under management.

AUM has risen by 18.9% on an annualized basis from Ugx 1 trillion at the end of the financial year 2013/14 to Ugx 4.6 trillion at the end of the FY 2022/23. 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 Assets under Management for Fund Managers (2013/14 - 2022/23)**




***Source: Market Supervision Department***

At the end of the financial year, Sanlam Investment East Africa had the highest AUM, managing 45.4% of the total AUM in the industry. The top three fund managers controlled 84.8% of the total AUM.

**Table 2: AUM per Fund Manager**

| No | Fund Manager | AUM (UGX, Billion) – June 2023 | (%) |
|---|---|---|---|
| 1 | Sanlam Investments East Africa Limited | 1,947.6 | 42.4 |
| 2 | GenAfrica Asset Managers Uganda Limited | 988.1 | 21.5 |
| 3 | UAP-Old Mutual Financial Services Limited | 711 | 15.5 |
| 4 | Britam Asset Managers Uganda Limited | 633.9 | 13.8 |
| 5 | ICEA Lion Asset Management Limited | 310.9 | 6.8 |
| | **Total** | **4,591.5** | **100** |

***Source: Market Supervision Department***

A breakdown of AUM by asset class allocation at the end of the FY 2022/2023 reveals that the majority of investments were in Government of Uganda bonds, accounting for 76.5% of the total AUM.

**Table 3: Fund Managers' Asset Allocation (Percentage) at year-end**

| Asset | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|---|---|---|---|---|
| Government of Uganda Bonds | 64.2 | 65 | 71.9 | 75.2 | 76.5 |
| Government of Uganda Treasury Bills | 10.5 | 14.6 | 8.8 | 4.1 | 5.1 |
| Government Bonds in Rest of East Africa | 0.1 | 0.1 | 0.1 | 0.02 | 0.01 |
| Listed Equities in Uganda | 3.5 | 2.6 | 2.2 | 3.3 | 2.7 |
| Listed Equities in Rest of East Africa | 11.5 | 8 | 8.5 | 5.7 | 3 |
| Fixed Deposits | 7.3 | 6.6 | 5.7 | 6.3 | 6.7 |
| Real Estate | 0.5 | 0.7 | 0.6 | 0.5 | 0.4 |
| Cash | 1 | 0.5 | 0.5 | 0.6 | 0.5 |
| Collective Investment Schemes | 0.7 | 1 | 1.4 | 3.4 | 4.9 |
| Other (Dividend Income Receivable and Wealth management) | 0.1 | 0.5 | 0.03 | 0.7 | 0.04 |
| Corporate Bonds | 0.5 | 0.4 | 0.1 | 0.1 | 0.1 |
| Unlisted Equities in Uganda | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Unlisted Equities in the Rest of East Africa | 0.05 | 0.04 | 0.03 | 0.03 | 0.02 |
| Off-shore Investments (Equities) | 0.01 | 0.01 | 0.003 | | |
| **Total** | **100** | **100** | **100** | **100** | **100** |

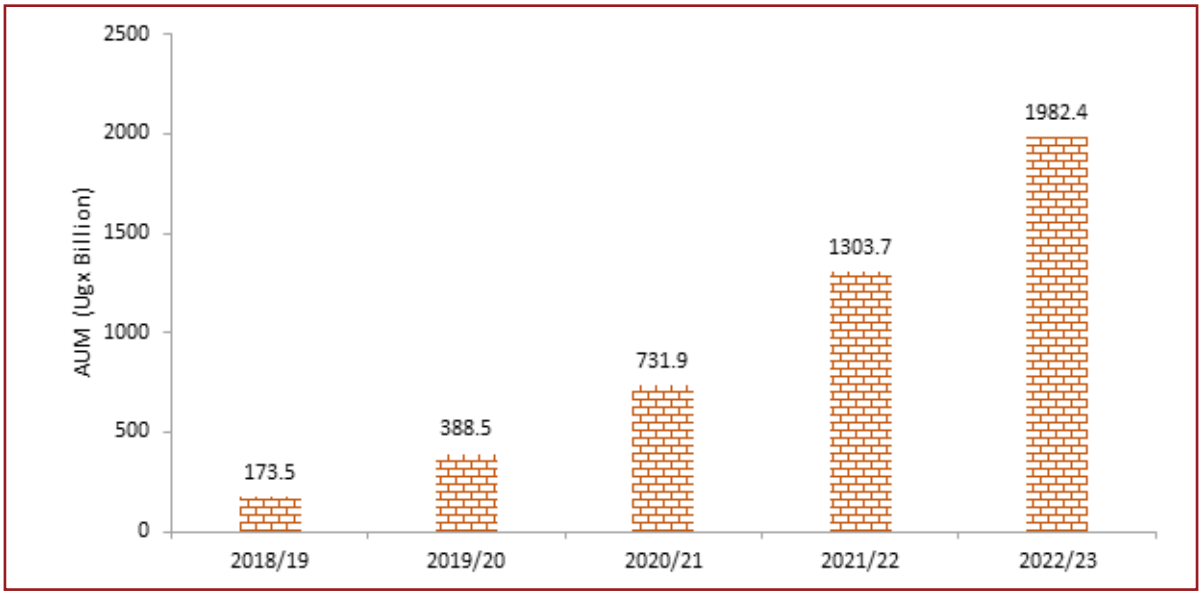
***Source: Market Supervision Department***

## 3.0 Collective Investment Scheme (CIS) Managers by AUM

At the end of FY 2022/23, CIS Managers had Ugx 1,982.4 billion in AUM, representing a significant increase of 52.1% from Ugx 1,303.7 billion at the end of the previous financial year. It's impressive to note that the AUM has surpassed the National Development Plan (NDP) III target of Ugx 1.03 trillion set for the development plan period 2020/21-2024/25. The total number of funded investor accounts held by CIS managers at the close of FY 2021/22 stood at 56,955, marking a growth of 65.2% compared to the previous financial year's 34,467 funded investor accounts. On average, each CIS investor account had about Ugx 34.8 million in the FY 2022/23, compared to Ugx 37.8 million in the FY 2021/22.

Over the last five years, the AUM has risen by 83.9% on an annualized basis from Ugx 173.5 billion at the end of the financial year 2018/19.

**Figure 3: Trends in CIS Assets under Management (2018/19 - 2022/23)**




***Source: Market Supervision Department***

At the end of the financial year, the top two CIS managers controlled 82% of the total AUM at the end of FY 2021/22.

**Table 4: CIS Assets under Management by Manager (Input from Industry report)**

| CIS Manager | AUM (Ugx Billion) | | Change (%) |
|---|---|---|---|
| | 2021/22 | 2022/23 | |
| UAP-Old Mutual Financial Services Limited | 865.6 | 1,365.1 | 57.7 |
| ICEA Lion Asset Management Limited | 177.6 | 258.6 | 45.6 |
| Britam Asset Managers Uganda Limited | 201.4 | 190.3 | -5.5 |
| Sanlam Investments East Africa Limited | 22.3 | 83.3 | 273.4 |
| Xeno Technologies Uganda Limited | 36.9 | 50.5 | 36.9 |
| SBG Securities Limited | | 34.6 | - |
| **Total** | **1,303.7** | **1,982.4** | **52.1** |

***Source: Market Supervision Department***

A breakdown of the CIS assets by fund type at the end of the FY 2022/23 showed that a large portion of the assets were held in Umbrella Funds (76%) followed by Money Market funds at 16.7% and Fixed Income Funds at 6.9%. The dominance of the umbrella funds is partly because they provide higher returns compared to the other funds.

**Table 5: Assets under Management by Fund Type (2022/23) (Input from Industry report)**

| Unit Trust Fund | AUM (Ugx Billion) | Percentage (%) |
|---|---|---|
| Umbrella Funds | 1,507.5 | 76 |
| Money Market Funds | 330.1 | 16.7 |
| Fixed Income Funds | 136.9 | 6.9 |
| Balanced Funds | 5.9 | 0.3 |
| Equity Funds | 1.9 | 0.1 |
| **Total** | **1,982.4** | **100** |

***Source: Market Supervision Department***

# 4.0 Capital Markets Awareness

## 4.1 Sensitization of potential investors and issuers

During the financial year 2022/23, CMA continued with its public education efforts through investor and issuer education programs.

The objective of the ***Investor education program*** is to create awareness about capital markets among the public to drive market activity, primarily through CIS. The program is conducted through external resource persons contracted by CMA. In the period under review, this effort was undertaken through in-person presentation, television, radio and internet-based platforms. In the period under review, CMA through its investor resource persons held 41 radio outreaches on various radio stations. The Authority also held 6 television outreaches. Furthermore, during the period, 4 webinars were held. In addition to outreach through the webinars, television and radio airwaves, the Authority held 6 public lectures on capital markets targeting universities. Total of 143 physical meetings were also held. Through share efforts over 3 million people were reached.

CMA marked the International Organization of Securities Commissions (IOSCO) annual World Investor Week (WIW) 2022 from 3rd to 7th October 2022. The week-long campaign was held under the theme: "Investor Resilience and Sustainable Finance." The CMA held webinars/ interactive Twitter Spaces in conjunction with The Chartered Financial Analysts (CFA) Society of East Africa. Other activities carried out during the WIW included the Sustainable Finance CEO and CFO round table forum held on 4th October 2022 and the Women Investment Breakfast seminar held at the Serena Hotel. The CMA's WIW activities reached over 38,000 investors.

The ***Issuer education program*** seeks to provide a pipeline for private and public equity as well as private and public debt. The program involves the use of external resource persons to reach out to business owners, founders and key persons of prospective issuers to sensitize them on opportunities presented by market-based financing. A key milestone for Issuer Resource Persons is presenting to boards of prospective issuers on market-based financing. During the presentations, boards are sensitized on the different types of non-bank, market-based financing, its merits, and the preparatory steps for accessing it. The resource persons are expected to tap into their networks to reach business owners and founders, CEOs, board members and CFOs in companies that show prospects of tapping into market-based financing. Since the launch of the program in May 2018, a total of 41 companies have been reached. Additionally, a total of UGX 42 billion has been raised through both private equity and debt by companies in the education, medical equipment, and microfinance sectors.

In the same breath, CMA organized five webinars for potential issuers to educate business owners on market based financing.

i) One of the webinars engaged business owners on corporate governance and access to capital. It was facilitated by Kenneth Legesi, CFA, the Managing Director at Ortus Africa Capital. The objective of the webinar was to educate business owners on the best practice with respect to corporate governance and how this increases their access to capital.

ii) CMA in collaboration with Agusto and Co., a credit rating company based in Kenya, organized a webinar for potential issuers that took place on 9th December 2022. The webinar, which was attended by business owners, covered the following topics: capital raising options; understanding credit ratings; and risk management solutions.

iii) CMA organized a webinar for potential issuers that took place on 31st March 2023 focusing on market based financing. The webinar, which was under the theme "Private Equity as an Alternative Source of Business Financing", was facilitated by David Wangolo, CFA, the Director of Investments at Pearl Capital Partners. The objective of the webinar was to increase awareness among business owners, entrepreneurs and founders on private capital as an alternative source of capital. The webinar discussed, among other things, the merits of private equity and the preparatory steps for accessing it.

iv) On 30th June 2023, Mr. Kenneth Legesi engaged business owners on exploring the use of commercial paper as an Alternative Source of Business Financing. The webinar described commercial paper and elaborated the criteria for accessing commercial paper.

## 4.2 Steering Committee of the Capital Markets Development Master Plan

CMA hosted the steering committee of the Capital Markets Development Master Plan. on 19th June 2023 for the implementation The steering committee is the top decision making organ in the implementation process for the master plan. During the steering committee meeting, members were updated on the implementation process and areas for their intervention. Key areas for intervention identified include: taxation of private equity funds, reforms in the retirement benefits sector; and deepening of secondary markets for government bonds, which is the foundation for a vibrant equities market. The master plan is an industry document, which provides a blueprint for the development of Uganda's capital markets. When fully implemented, capital markets will be positioned to serve the long-term capital needs of both the public and private sectors and provide an avenue for Ugandans to invest their savings.

## 4.3 Policy engagements to encourage the domiciliation of Private Equity Funds in Uganda

National Development Plan highlights "mobilizing alternative financing sources to finance private sector investment" as one of its key priorities. Key to achieving the stated goal is strengthening the legal and regulatory framework for registration and establishment of Private Equity (PE) funds in Uganda, to enhance the supply of capital available to Uganda's private sector. To this effect, the CMA engaged stakeholders to increase an appreciation of Financing in Uganda and the challenges impeding the growth of the sector.

During the Financial year 2022/2023, several engagements were aslo held with Ministry of Finance, Planning and Economic Development and the President of Uganda highlighting the legal and fiscal challenges that are inhibiting the domiciliation of Private Equity Funds in Uganda. This was in partnership with East African Venture Capital Association, International Fund for Agricultural Development (IFAD) and the European Union (EU). This culminated into a study that made specific proposals with respect to amending the CMA Act, Partnership Act and Income Tax Act.



# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

# FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2023

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GOVERNMENT OF THE REPUBLIC OF UGANDA

# *Capital Markets Authority*

Reports and Financial Statements
for the Year Ended 30 June 2023

# Government of the Republic of Uganda

## Capital Markets Authority

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Government of the Republic of Uganda

Capital Markets Authority

## List of Acronyms

### 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 as amended (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 Act, as amended, 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 money 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 requires 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 timelines specified in the Act 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 that may be required in relation to these financial statements.

To the best of my knowledge and belief, these financial statements are consistent with the books of account, which have been accurately maintained.

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

Dickson Ssembuya .....

Accounting Officer [Names and Signature]

01/12/23

Date

# Government of the Republic of Uganda

## 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 CIS Fund Managers has increased from UGX 1.603 trillion at the end of December 2022 to UGX 1.779 trillion at end of March 2023; reflecting a quarterly growth of 10.98%.

The Deal Flow Facility (DFF) has supported ten (10) companies and five (5) of those have been matched with investors but have not yet reached final closure

The Authority undertook research on the taxation of income earned by savers in Collective Investment schemes (CIS). The findings were shared with CIS Fund Managers who used the content therein to successfully convince the Finance Committee of Parliament to drop the regressive taxes that had been proposed for income earned by savers in CIS schemes.

CMA Act Amendment (Cabinet Bill): This exercise is being spearheaded by the Ministry of Finance Planning and Economic Development.

During the period various engagements were held with a key focus aimed at harmonizing existing proposals under the Bill with the new proposals from the private member's Bill and this included a benchmarking exercise. We expect to receive the final report before the end of this financial year after it has been presented and approved by senior management at Ministry of Finance Planning and Economic Development.

Status of Promulgation of various Regulations approved by the Board: CMA concluded final review of two regulations *CMA (Licensing and Approvals) regulations and the *CMA (Business Conduct) regulations- with First Parliamentary Counsel now awaiting approval of final version - we their anticipate gazettement before end of the financial year.

Other regulations now under focus are CMA (Offer of Securities) Regulations whose review we intend to finalize and the CMA (Corporate Governance) Regulations which we intend to present to stakeholders for discussion before the end of the financial year (following receipt of Board approval).

CMA Board retreat and capacity building held. CMA held the Master plan steering committee meeting. And CMA made over 30 social media postings to reach to potential investors.

## Government of the Republic of Uganda

### Capital Markets Authority

**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 mechanisms 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 the 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, an IT system with a password and standardized, Maintain updating assets register, Report on the achievements of the audit committee and internal audit as well as progress on implementation of their recommendations.

The Authority has an Internal Audit unit which reports 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

**Payroll and Pensions Management**

*Comment on the Payroll for both salary and Pensions*

The Authority's annual wage budget is UShs 3,474,751,000, but received and warranted UShs 3,385,221,139 falling short of the budgeted amount. The Authority utilized UShs 3,124,293,063 out of the total wage received, resulting in an unspent amount of UShs 260,928,076. It's worth noting that the under-absorption was is as a result of delayed recruitment and staff exit during the year.

**Asset Management**

The Authority maintains an asset register, Items on this register include 2 motor vehicles, numerous IT Equipment, and furniture. No item was acquired, disposed of, or lost during the financial year 2022/2023. The assets register is updated whenever a new item is acquired. All items are in good working condition and in use. During the previous period, there is no audit recommendations.

**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.

Dickerson Ssoombuya .....

Accounting Officer [Names and Signature]

01/12/23 .....

Date

## Government of the Republic of Uganda

### 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 is the main source of financing for the execution of the functions of the Authority. During Financial Year 2022/23. In FY 2022/23, a sum of Ugx 5.892 billion was released to the Authority. From this allocation, the Authority internally generated Ugx 3.283 billion through Non-Tax Revenue (NTR) Channels. These channels can be explained as follows: License fees contributed Ugx 0.251 billion, Share trading commission contributed Ugx 0.132 billion and additionally, the Authority transferred accumulated reserves of Ugx 2.899 billion from previous financial years to the consolidated fund.

The total expenditure for the period amounted to 5.891 billion. Among this aggregate expenditure, Ugx 3.124 billion was attributed to salaries for the Authority's personnel. The recorded underutilization for the period amounts to Ugx 0.945 billion computed against the stipulated cash limits for the period.

Total expenditure for the period was Ugx 5.891 billion. Out of the total expenditure for the year, Ugx 3.124 billion accounts for wages paid to the Authority's staff. The under-expenditure for the period is 0.945 billion, based on period cash limits.

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

None has happened during this period

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

The Authority didn't have multiyear commitments. However invoices totaling to Ugx 5,295,941 were not paid by end of FY 2022/23. A schedule is attached for reference.

**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**

There were no outstanding invoices as at end of year.

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

None

**6) Any other information that is deemed relevant by the Head of Accounts.**

At the end of FY 2021/22, the Authority had accumulated domestic arrears of Ugx 216.6 million. Office rent accounts for 75% of this amount. And covering a span of 9 months (from January to September 2022). The Authority incorporated Ugx 194 million in the FY budget 2022/23. When the office relocation date was moved forwarded by two months, management applied for a Budget Virement of Ugx 57. 6 million to cater for this extra cost. The virement was duly approved by the Minister. The remaining 25% of the arrears relates to monthly obligations, whose invoices relate to the month of June 2022. These were paid using FY 2022/23 funds.

The Authority didn't acquire non-current assets during the year of audit. The accumulated total value of the non-current assets is Ugx 3,297,271,956 and no depreciation was performed on these items during the year.

There are 3 pending cases in court. These include Civil Appeal N0. 287 of 2022 – Male H Mabirizi vs CMA & AG, Civil Appeal No. 158 of 2020 – CMA vs Tolea Securities Ltd and ALTX East Africa Ltd vs CMA – HC Civil Division Miscellananeous APP No. 426. Of 2019b. Two cases do not meet the third recognition criterion of IAS 37.

I confirm that the financial statements set out in page 4 to 36 have been prepared in the format required by the Accountant General and in accordance with the Generally Accepted Accounting Practices for Public Sector

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

Makeru Noah makeru

.....

Head of Accounts [Names and Signature]

01-12-23

.....

Date

## Government of the Republic of Uganda

### Capital Markets Authority

### Statement of Financial Performance for the Financial Year Ended 30 June 2023

**[Based on classification of expenditures by nature]**

| | Notes | Actual 30 June 2023 (Shs) | Actual 30 June 2022 (Shs) |
|---|---|---|---|
| REVENUE | | | |
| **Revenue from Non-Exchange transactions** | | | |
| Taxes | 2 | | |
| External Assistance | 3 | | |
| Transfers received from Treasury- UCF | 4 | 5,891,636,293 | 5,246,556,889 |
| Transfers received from the Contingencies Fund | 5 | 0 | 0 |
| Transfers received from other Government Units | 6 | 0 | 0 |
| Non-Tax revenue- Non-Exchange transactions | 7 | 3,282,569,205 | 2,181,100,937 |
| Non-Tax Revenue from Exchange Transactions | 8 | 0 | 0 |
| | | | |
| **Total Revenue** | | **9,174,205,498** | **7,427,657,826** |
| | | | |
| EXPENSES | | | |
| Compensation of employees | 9 | 4,358,235,291 | 4,147,433,814 |
| Goods and services consumed | 10 | 1,286,991,649 | 1,306,684,411 |
| Depreciation expense | 11 | 0 | 0 |
| Impairment of property, plant, and equipment | 12 | 0 | 0 |
| Subsidies | 13 | 0 | 0 |
| Grants and other transfers | 14 | | 0 |
| Social benefits | 15 | 4,500,000 | 0 |
| Finance costs | 16 | | 0 |
| Bad debts expense | 17 | | 0 |
| Other expenses | 18 | 30,936,085 | 9,000,000 |
| **Total Expenses** | | **5,680,663,025** | **5,463,118,225** |
| Foreign Exchange gains/ loss | 19 | (292,127) | |
| Transfers to Treasury | 20 | 3,282,569,205 | 2,181,100,937 |
| Gain/ loss on asset revaluation | | | |
| **Surplus/ Deficit for the year** | | **211,265,395** | **(216,561,336)** |

Dickson Ssembuya

Accounting Officer [Names & Signature]

## Government of the Republic of Uganda

### Capital Markets Authority

### Statement of Financial Position as at 30 June 2023

| | Notes | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and Cash equivalents | 20 | | 0 |
| Receivables | 21(c) | | 0 |
| Inventories | 22 | | 0 |
| | | | |
| **Non-current Assets** | | | |
| Receivables | 21(d) | | 0 |
| Investments | 23 | | 0 |
| Property, Plant and Equipment | 24 | | 0 |
| Non-Produced Assets | 25 | | 0 |
| Investment property | 24 | | 0 |
| Intangible assets | 24 | | 0 |
| **Total Assets** | | | 0 |
| | | | |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Payables | 26(a) | 5,295,941 | 216,561,336 |
| Deposits | 27 | | 0 |
| Short-term borrowings | 28(a) | | |
| Pensions | 29(a) | | |
| | | | |
| **Non-current liabilities** | | | |
| Payables | 26(b) | | |
| Long-term borrowings | 28(b) | | |
| Pensions | 29(b) | | |
| **Total liabilities** | | 5,295,941 | 216,561,336 |
| **Net Assets** | | (5,295,941) | (216,561,336) |
| | | | |
| **REPRESENTED BY** | | | |
| Reserves | | | |

### Statement of Changes in Net Assets/Equity for the Financial Year ended 30 June 2023

| | Notes | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|---|
| At 1 July - net assets last financial year (B/F) | | (216,561,336) | |
| Less: Transfers to the UCF account | | | |
| +/- Balance sheet adjustments | | | |
| Revaluation reserves | | | |
| Add: Surplus/(deficit) for the year | | 211,265,395 | (216,561,336) |
| **Closing net assets/ Net worth** | | **(5,295,941)** | **(216,561,336)** |

Dickson Ssembuya

Accounting Officer [Names & Signature]

# Government of the Republic of Uganda

## Capital Markets Authority

**Cash flow Statement for the Financial Year ended 30 June 2023 [Direct Method]**

| | Notes | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| *Revenue from operating activities (see below)* | | 5,891,636,293 | 5,246,556,889 |
| **Payments** | | 0 | 0 |
| Compensation of employees | | 4,358,235,291 | 4,147,433,814 |
| Goods and services consumed | | 1,286,991,649 | 1,306,684,411 |
| Grants and Other Transfers | | 0 | 0 |
| Social benefits | | 4,500,000 | 0 |
| Other expenses | | 30,936,085 | 9,000,000 |
| Advances paid | | 0 | 0 |
| Domestic arrears paid out during the year | | 216,561,336 | 0 |
| Deposits paid out during the year | | 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** | | 5,896,932,234 | 5,463,118,225 |
| **Net cash inflows/(outflows) from operating activities** | | (5,295,941) | (216,561,336) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | | |
| Purchase of Non- Produced Assets | | | |
| Purchase of investments | | | |
| Proceeds from sale of property, plant and equipment | | | |
| Proceeds from the sale of Non-Produced Assets | | | |
| Proceeds from sale of investments | | | |
| **Net cash inflows/(outflows) from investing activities** | | 0 | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Finance Costs | | | |
| Proceeds from external borrowings | | | |
| Repayments of external borrowings | | | |
| Proceeds from other domestic borrowings | | | |
| Repayments of other domestic borrowings | | | |
| **Net cash flows from financing activities** | | | |
| **Net increase (decrease) in cash and cash equivalents** | | (5,295,941) | (216,561,336) |

Dickson Scrombuy

Accounting Officer [Names & Signature]

# Government of the Republic of Uganda

## Capital Markets Authority

**Cash flow Statement for the year ended (continued)**

**For cash flow purposes receipts from revenue comprise**

| | Notes | 30 June 2023 Shs. | 30 June 2022 Shs. |
|---|---|---|---|
| **Total Revenue as per Statement of Financial Performance** | | 9,174,205,498 | 7,427,657,826 |
| Add : Advances recovered during the year | | | |
| : Revenue receivable collected during the period | | | |
| : Deposits received | | | |
| **Total Revenue** | | 9,174,205,498 | 7,427,657,826 |
| Less: Grants received in Kind | | | |
| Revenue in Kind (Tax waivers) | | | |
| Transfers to Treasury | 20 | (3,282,569,205) | (2,181,100,937) |
| Revenue Receivable for the reporting period | | | |
| **Total revenue received for Cash flow statement purposes** | | 5,891,636,293 | 5,246,556,889 |

**Reconciliation of movement of cash during the year**

| | Notes | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|---|
| Cash and cash equivalents at the beginning of the year | | 0 | |
| Less: Transfers to the UCF account (Previous Year Balances) | 20 | 0 | |
| Add/ (Less) : Adjustments in cash and cash equivalents | 21 | 0 | |
| Net increase (decrease) of cash from the *Cash flow Statement* | | | |
| Cash and cash equivalents at the end of the year | | 0 | |

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

| | Notes | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|---|
| Cash and cash equivalents | 21 | 0 | 0 |
| **Cash and bank balances** | | 0 | 0 |

Dickson Ssembuya .....

Accounting Officer [Names & Signature]

# Government of the Republic of Uganda

## Capital Markets Authority

### Statement of Appropriation for the Financial Year ended 30 June 2023
[Based on the Classification of Expenses by Nature]

| | Initial Budget (Shs) (a) | Adjustments (Shs) (b) | Revised Budget (Shs) (c)=(a)+(b) | Actual Performance (Shs) (d) | Variance: (e)=(c)-(d) | Variance Percentage [(e)/(c)] |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Taxes | | | | | | |
| External Assistance | 0 | 0 | 0 | 0 | 0 | |
| Transfers received from Treasury - UCF | 8,570,013,685 | | 8,570,013,685 | 5,891,636,293 | 2,678,377,392 | 31% |
| Transfers received from the Contingencies Fund | | | | | | |
| Transfers received from other Government Units | | | | | | |
| NTR from non-exchange transactions | 4,240,000,000 | | 4,240,000,000 | 3,282,569,205 | 957,430,795 | 23% |
| NTR from exchange transactions | | | | | | |
| **Total Revenue** | **12,810,013,685** | **0** | **12,810,013,685** | **9,174,205,498** | **3,635,808,187** | 28% |
| **Expenditure by Nature** | | | | | | |
| Compensation of employees | 5,330,121,905 | | 5,330,121,905 | 4,358,235,291 | 903,533,554 | 17% |
| Goods and services consumed | 2,866,846,580 | | 2,866,846,580 | 1,286,991,649 | 1,653,796,059 | 58% |
| Grants and other transfers | | | | | | |
| Social benefits | 4,500,000 | | 4,500,000 | 4,500,000 | 0 | 0% |
| Finance costs – Interest Expenses | 168,285,600 | | 168,285,600 | 0 | 168,285,600 | 100% |
| Other expenses | 203,000,000 | | 203,000,000 | 30,936,085 | 172,063,915 | 85% |
| Domestic arrears paid | | | | 216,561,336 | -216,561,336 | |
| | | | | | | |
| **Total expenditure** | 8,572,754,085 | 0 | 8,572,754,085 | 5,891,636,293 | 2,681,117,792 | 31% |
| Transfers to Treasury | 4,240,000,000 | | 4,240,000,000 | 3,282,569,205 | 957,430,795 | 23% |
| **Net Expenditure** | **0** | **0** | **0** | **0** | **0** | |

Provide explanations in the table explaining variations for the following; -

- Differences between revised budget actual performance amounts that exceed 5%

Delayed recruitment and employee resignations account for the unspent wage and also led to some activities being not carried out. Delayed recruitment and employee departures primarily influenced budget performance. These factors contributed to both the unutilized wage allocation and the inability to execute certain activities as planned.

- Differences between initial and revised budgets.

The Authority undertook budget reallocations to secure funding for activities that were not initially budgeted for due to unforeseen circumstances. These activities encompassed a trip to participate in the annual International Organization of Securities Commissions (IOSCO) meeting, settling office rental arrears and covering other overhead transactions that remained unpaid in the previous FY (2021/22), among various others.

# Government of the Republic of Uganda

## Capital Markets Authority

### Statement of Appropriation for the Financial Year ended 30 June 2023
[Based on the Classification of Expenses by Programmes]

| | Initial Budget (a) (Shs) | Adjustments (b) (Shs) | Revised Budget (c)=(a)+(b) (Shs) | Actual Performance (d) (Shs) | Variance: (e)=(c)-(d) | Variance Percentage [(e)/(c)] |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Taxes | | | | | | |
| External Assistance | 0 | 0 | 0 | 0 | 0 | |
| Transfers received from Treasury- UCF | 8,570,013,685 | | 8,570,013,685 | 5,891,636,293 | 2,678,377,392 | 31% |
| Transfers received from the Contingencies Fund | | | | | | |
| Transfers received from other Government Units | | | | | | |
| NTR from non-exchange transactions | 4,240,000,000 | | 4,240,000,000 | 3,282,569,205 | 957,430,795 | 23% |
| NTR from exchange transactions | | | | | | |
| **Total Revenue** | **12,810,013,685** | **0** | **12,810,013,685** | **9,174,205,498** | **3,635,808,187** | **28%** |
| **Expenditure by Programmes** | | | | | | |
| Agro - Industrialization | | | | | | |
| Private sector Development | 8,572,754,085 | 0 | 8,572,754,085 | 5,891,636,293 | 2,681,117,792 | 31% |
| **Total expenditure** | **8,572,754,085** | **0** | **8,572,754,085** | **5,891,636,293** | **2,681,117,792** | **31%** |
| Transfers to Treasury | 4,240,000,000 | | 4,240,000,000 | 3,282,569,205 | 957,430,795 | 23% |
| **Net Revenue/ Expenditure** | **0** | **0** | **0** | **0** | **0** | |

Provide explanations in the table (i) below explaining variations for the following; -

- Differences between revised budget actual performance amounts that exceed 5%

Delayed recruitment and employee resignations account for the unspent wage and also led to some activities being not carried out. Delayed recruitment and employee departures primarily influenced budget performance. These factors contributed to both the unutilized wage allocation and the inability to execute certain activities as planned.

- Differences between initial and revised budgets.

The Authority undertook budget reallocations to secure funding for activities that were not initially budgeted for due to unforeseen circumstances. These activities encompassed a trip to participate in the annual International Organization of Securities Commissions (IOSCO) meeting, settling office rental arrears and covering other overhead transactions that remained unpaid in the previous FY (2021/22), among various others.

# Government of the Republic of Uganda

## Capital Markets Authority

### Statement of Appropriation for the Financial Year ended 30 June 2023
[Based on the Services Voted]

| | Initial Budget (Shs) (a) | Adjustments (Shs) (b) | Revised Budget (Shs) (c)=(a)+(b) | Actual Performance (Shs) (d) | Variance: (e)=(c)-(d) | Variance Percentage [(e)/(c)] |
|---|---|---|---|---|---|---|
| REVENUE | | | | | | |
| Taxes | | | | | | |
| External Assistance | | | | | | |
| Transfers received from Treasury- UCF | 8,570,013,685 | | 8,570,013,685 | 5,891,636,293 | 2,678,377,392 | 31% |
| Transfers received from the Contingencies Fund | | | | | | |
| Transfers received from other Government Units | | | | | | |
| NTR from non-exchange transactions | 4,240,000,000 | | 4,240,000,000 | 3,282,569,205 | 957,430,795 | 23% |
| NTR from exchange transactions | | | 0 | | | |
| **Total Revenue** | **12,810,013,685** | - | **12,810,013,685** | **9,174,205,498** | **3,635,808,187** | 28% |
| **Expenditure by Services Voted** | | | | | | |
| Market supervision | 798,709,105 | | 798,709,105 | 659,769,019 | 138,940,086 | 17% |
| Research & Market Development | 851,720,252 | | 851,720,252 | 561,664,705 | 290,055,547 | 34% |
| Communications and Public Education | 952,305,752 | | 952,305,752 | 309,459,592 | 642,846,160 | 68% |
| Finance and Administration | 4,776,357,373 | | 4,776,357,373 | 3,553,265,742 | 1,223,091,631 | 26% |
| Legal and Board Affairs | 1,193,661,603 | | 1,193,661,603 | 807,477,235 | 386,184,368 | 32% |
| | | | | | | |
| **Total expenditure** | 8,572,754,085 | - | 8,572,754,085 | 5,891,636,293 | 2,681,117,792 | 31% |
| Transfers to Treasury | 4,240,000,000 | | 4,240,000,000 | 3,282,569,205 | 957,430,795 | 23% |
| **Net Expenditure** | - | - | - | - | - | - |

Provide explanations in the table (i) below explaining variations for the following; -

- Differences between revised budget actual performance amounts that exceed 5%
- Differences between initial and revised budgets.

Government of the Republic of Uganda

Capital Markets Authority

**Table (i) explaining material variances in the Statement of Appropriation**

| Note | Expenditure Item/ Service/ Programme | Variance Percentage | Explanation |
|---|---|---|---|
| a) | Market supervision | 17% | |
| b) | Research & Market Development | 34% | |
| c) | Communications and Public Education | 68% | |
| d) | Finance and Administration | 26% | |
| f) | Legal and Board Affairs | 32% | |
| | | | |

**Reconciliation between total expenditure per Appropriation Accounts and per Statement of Financial Performance**

| | Actual 30 June 2023 (Shs) | Actual 30 June 2022 (Shs) |
|---|---|---|
| **Total expenditure per Appropriation Account** | 5,891,636,293 | 2,347,555,058 |
| **Add:** | | |
| Letters of credit receivable prior year but delivered during the year | 0 | 0 |
| Accrued expenditure | 5,295,941 | 0 |
| Prepayments performed | 0 | 0 |
| | | |
| **Less:** | | |
| Letters of credit receivable at year-end | 0 | 0 |
| Domestic Arrears paid | 216,561,336 | 0 |
| Non-produced assets for the period | 0 | 0 |
| Prepayments for the period | 0 | 0 |
| | | |
| | | |
| **Total Expenditure per Statement of Financial Performance** | **5,680,370,898** | **2,347,555,058** |

Dickson Ssombuya .....

Accounting Officer [Names & Signature]

# Government of the Republic of Uganda

## 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 as set out below 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 as amended [Act], each vote shall prepare Semi-Annual, Annual financial statements and any other such reports within such a time as the Accountant General may require. All these reports are submitted to the Accountant General for review and Consolidation. The Annual Financial Statements shall also 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, Uganda Business Facilitation Centre, Plot 1 Baskerville Avenue, P.O. Box 24565, 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**

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) Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the requirements of the Public Finance Management Act, 2015 and comply with generally accepted accounting principles. The Financial Statements have been prepared using the modified accrual basis. The modified accrual basis of accounting recognizes revenue when earned with the exception of revenue from grants, taxes and NTR from non- exchange transactions that is recognized when received. Expenses are recognized when incurred with the exception of pension for active staff in the civil service that is recognized when it is due for payment.

All non-current assets with the exception of non-produced assets are depreciated at the appropriate depreciation rates as detailed in accounting policy (xii)

**(iv) Going concern consideration**

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

**(ix) Expenses**

Expenses are recognized when incurred. Qualifying[1] unsettled obligations are recognized in the Statement of Financial position as payables. Pension expense is recognized when due. Pension obligations for staff in active service are neither recognized nor disclosed in the financial statements

**(x) Property, Plant and Equipment (physical assets or fixed assets)**

**Definition and Recognition**

Property, Plant, and Equipment (PPE) are tangible items that are held for use in the production or supply of goods or services, or for administrative purposes; and are expected to be used during more than one reporting period.

The cost of an item of PPE will be recognized as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity; and the cost or fair value of the item can be measured reliably. Acquisitions of PPE are recorded in the asset register on receipt of the item at historical cost at the point when the related invoice is approved or recognized at fair value in the absence of the former. Historical cost includes expenditure directly attributable to the acquisition of the Asset. The day to day servicing of PPE will be recognized in the statement of performance as repairs and maintenance expense and not included in the carrying amount of the asset. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value.

On the other hand, costs that improve the useful life of an asset [improvement / major overhaul costs] will be recognized and consolidated with the cost of the main item.

Subsequent to initial recognition, an item of PPE is measured at either cost less any accumulated depreciation or at a revalued amount, being its fair value at the date of the revaluation, less any subsequent accumulated depreciation, and subsequent accumulated impairment losses.

The cost of a self-constructed asset is determined using the same principles as for an acquired asset. All direct and indirect production costs are capitalized. Overheads are not included in the cost of a self-constructed asset unless they are incremental (directly attributed to the asset). Borrowing costs for assets that take long to complete shall be capitalized and included in the cost of the asset.

**Depreciation and Impairment**

Depreciation of PPE is calculated on the depreciable amount using the straight-line method. Non-produced assets shall not be depreciated (i.e a zero-depreciation rate shall be used). The various asset classes, descriptions together with their respective useful lives and depreciation method are provided in Annex (i).

The assets' useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.
The entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount

**Revaluation Gains/Losses**

Revaluations will be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Increases in the carrying amount of the asset resulting from revaluation will be recognized (credited) to the revaluation reserve in the statement of Changes in Equity and/ or recognized in the statement of financial performance to the extent that it reverses a revaluation decrease of the same class of assets previously recognized in the statement of financial performance. Decreases in the carrying amount of assets arising out revaluation will be recognized through the Statement of Financial Performance and/ or debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus (as a result of a revaluation surplus previously recognized) in respect of that class of assets.

**Disposal**

[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.*

Items of PPE are derecognized when the asset is disposed of, or when there are no further economic benefits or service potential expected from their usage. The gain/loss arising from the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying value and is recognized the Statement of Financial Performance. Proceeds from disposal of property, plant and equipment are recognized as non-tax revenue in the period when it is due.

**(xi) Investment properties**

Investment property shall comprise land or buildings (or parts of buildings) or both held by government entities, as the owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both. Recognition criteria for investment properties are similar to those for property, plant and equipment.
Investment property are recorded in the assets register in the same manner as other assets, but the assets register should be able to distinguish them and identify them as such. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are not depreciated.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

The following disclosures are to be made:

(a) A reconciliation – relating to that investment property separately – of the carrying amount at the beginning and end of the period
(b) A description of the investment property
(c) Whether fair value or cost model is applied.
(d) An explanation of why fair value cannot be determined reliably
(e) If possible, the range of estimates within which fair value is highly likely to lie
(f) On disposal of investment property not carried at fair value

**(xii) Assets and liabilities under Service Concession Arrangements**

Assets under Service Concession arrangement where the Government is established as the 'grantor' are recognized as asset provided by the operator and an upgrade to an existing asset(s) of the grantor as a service concession asset if:

- The grantor controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and
- The grantor controls—through ownership, beneficial entitlement or otherwise—any significant residual interest in the asset at the end of the term of the arrangement.
- The assets used in a service concession arrangement for their entire useful life (a "whole-of-life" asset).

***Service Concession Arrangement assets***

The Government has classified certain assets as Service Concession Assets and these will be recognized prospectively and recorded in the reporting period when identified.

Service concession assets are measured initially at fair value. In particular, fair value is used to determine the cost of a constructed or developed service concession asset or the cost of any upgrades to existing assets, on initial recognition. After initial recognition or reclassification, service concession assets are accounted for as a separate class of assets as Property, plant & equipment or intangible asset as appropriate.

On reclassification the original service concession asset is measured at its fair value and any difference between its fair value and its book value is recognised in the Statement of Financial Performance. If the terms of the arrangement require the Government to compensate the operator for the concession asset by making payments (either through a financial liability model or Grant of a Right to the Operator Model) and the payments are separable between the asset and service portions of the payment, then the fair value of the original service concession asset is the sum total of the asset portion of the payments.

*Service Concession Arrangement liabilities*

When the Government recognises a Service Concession Arrangement asset it, also recognises a liability of an equal amount. The liability is split between a financial liability and a performance obligation. The financial liability arises from the payments due from the government under the terms of the Service Concession Arrangement and the performance obligation from the rights granted to the operator under the terms of the Service Concession Arrangement to earn revenues from the Service Concession Assets(s) or associated asset(s).

**(xiii) Biological assets**

Biological assets are those assets of a biological nature like animals and plants which are used for agricultural activities by the Government entities. This excludes those used for research, education, transportation, entertainment, recreation, customs control or in any other activities that are not agricultural activities.

The entity recognises a biological asset or agricultural produce when and only when:

- The entity controls the asset as a result of past events;
- It is probable that future economic benefits or service potential associated with the asset will flow to the Government; and
- The fair value or cost of the asset can be measured reliably

**(xiv) Heritage Assets**

Heritage assets refer to assets of a historical, environment or cultural nature[2]. Heritage assets shall be recognized if their cost/value can be measured reliably and the treatment for PPE shall apply. Heritage assets shall not be depreciated

**(xv) Intangible assets**

An intangible item should be recognised as an intangible asset if, and only if, all of the following criteria are met:

- It is identifiable, i.e. either it is separable (i.e. it can be sold, transferred, rented, licensed or exchanged) or it arises from legal contractual or rights;
- The entity has control over it, i.e. it has the power to obtain the future economic benefits or service potential flowing from the underlying asset and to restrict access of others to such benefits or service potential;
- It is probable that future economic benefits or service potential will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets acquired separately are initially recognized at cost. The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, as well as any directly attributable cost of preparing the asset for its intended use. The cost of an internally generated intangible asset is the total of directly attributable costs incurred since the point when all criteria are met for capitalisation. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. Research costs are to be expensed directly.

The useful life of the intangible assets is assessed as either finite or indefinite.

Intangible assets with a finite life are amortized over their useful life. Refer to the useful lives in the Annex (i).

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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[2] IPSAS 17 Property, Plant and Equipment

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the surplus or deficit when the asset is derecognised.

*Research and development costs*

The Government expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the entity/ vote can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

**(xvi) 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). Any realized gains/losses are recognized in the Statement of Financial Performance. Foreign currency assets and liabilities held by the entity at period-end are translated into Uganda Shillings using the period closing rate provided by the central bank. Any unrealized gains/losses are recognized in the statement of changes in Equity through the revaluation reserve.

**(xvii) 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.

**(xviii) Unspent cash balances**

Any Unspent cash balances by Government entities at the end of the financial year are returned to the Consolidated Fund. Votes with unspent balances will debit the statement of performance for same year balances and or debit the statement of changes in equity for balances crossing financial years respectively.

**(xix) 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 receivables and expensed through the Statement of Financial Performance in the period when the goods and services are delivered.

**(c) Other Receivables**

These include payments made for the goods/ services but not delivered by the financial year end. Such will be recognised as receivable if the goods /services are not delivered within 60 days after closure of the financial year. However, if the services/ goods are delivered and verified before the audit is completed, these are not recognised as receivables but rather as expenses for the year under review. The latter is only applicable for the period of six months after the end of the financial year.

**(xx) Inventories**

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

**(xxvii) Outstanding Commitments**

Commitments include non-cancelable contractual or statutory obligations. 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 after verification and a certificate of arrears verification issued.

Interest commitments on loans due but not paid is recognised in the Statement of Financial Position. The interest component on loans not yet due for payment is not recognised but disclosed

**(xxviii) 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 June 2023 | 30 June 2022 |
|---|---|---|
| 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 June 2023 (Shs) | 30 June 2022 (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 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Grants from foreign governments | 0 | 0 |
| Grants from International Organizations | 0 | 0 |
| **Total Grants** | **0** | **0** |

**Note 4: Transfers Received from the Treasury – Consolidated Fund**

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Transfers from the Treasury- | 5,891,636,293 | 5,246,556,889 |
| **Total Transfers** | **5,891,636,293** | **5,246,556,889** |

# Government of the Republic of Uganda

## Capital Markets Authority

### Note 5: Transfers Received from the Contingencies Fund

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Transfers from the Contingencies Fund | 0 | 0 |
| **Total Transfers** | | |

### Note 6: Transfers received from Other Government Units

Comprise funds appropriated under one vote but transferred to another vote for execution of the intended activities. For instance, road maintenance funds, grants recognised by Treasury but transferred to other executing MALGS, etc

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Transfers received from other Gov't Units *(Name of the Government unit)* | | |
| **Total** | | |

### Note 7; Non-Tax Revenues: Non-Exchange Transactions

Comprise non-tax revenues from non-exchange transactions collected during the year as follows:

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Administrative fees and licenses | 251,050,000 | |
| Court fines and Penalties | 0 | |
| Other fines and Penalties | 0 | |
| Other transfers – Commissions | 132,383,065 | |
| Miscellaneous Revenue - Reserves | 2,899,136,140 | 2,181,100,937 |
| **Total Non-Tax Revenue** | **3,282,569,205** | **2,181,100,937** |

### Note 8; Non-Tax Revenues - Exchange Transactions

Comprise non-tax revenues from exchange transactions collected during the year as follows:

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Investment income (interest) | 0 | 0 |
| Dividends | 0 | 0 |
| Rent | 0 | 0 |
| Other property income | 0 | 0 |
| Sale of goods and services | 0 | 0 |
| Miscellaneous revenue | 0 | 0 |
| | 0 | 0 |
| **Total Non-Tax Revenue** | 0 | 0 |

### Note 9: Compensation of Employees

Employee costs principally comprise:

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Wages and salaries | 4,045,283,099 | 3,748,751,853 |
| Social contributions | 312,952,192 | 398,681,961 |
| Other employment costs | 0 | 0 |
| **Total employee costs.** | **4,358,235,291** | **4,147,433,814** |

# Government of the Republic of Uganda

## Capital Markets Authority

**Note 10: Goods and Services**

Expenditure on goods and services during the year principally comprise the following:

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| General use of goods and services | 683,711,308 | 640,549,637 |
| Communications | 63,723,747 | 29,812,612 |
| Utility and property expenses | 82,712,766 | 203,650,767 |
| Supplies and services | 0 | 0 |
| Professional services | 61,929,257 | 52,595,412 |
| Insurances and licenses | 33,218,633 | 271,091,807 |
| Travel and transport | 301,507,551 | 271,091,807 |
| Maintenance | 60,188,390 | 26,547,262 |
| Inventories (goods purchased for resale) | 0 | 0 |
| **Total cost of goods and services** | **1,286,991,649** | **1,306,684,411** |

*Included in Supplies and services is UGX 0 relating to classified expenditure.*

**Note 11: Depreciation/ Amortization**

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Buildings and Structures | 0 | 0 |
| Transport equipment | 0 | 0 |
| ICT equipment | 0 | 0 |
| Other machinery & equipment | 0 | 0 |
| Heritage Assets | 0 | 0 |
| Investment properties | 0 | 0 |
| Intangible Assets | 0 | 0 |
| **Total** | **0** | **0** |

**Note 12: Impairment expense**

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Buildings and Structures | 0 | 0 |
| Transport equipment | 0 | 0 |
| ICT equipment | 0 | 0 |
| Other machinery & equipment | 0 | 0 |
| Heritage Assets | 0 | 0 |
| Investment properties | 0 | 0 |
| Intangible Assets | 0 | 0 |
| **Total** | **0** | **0** |

**Note 13: Subsidies**

| | Schedule | 30th June 2023 (Shs) | 30 June 2022 (Shs |
|---|---|---|---|
| To Public Corporations | | 0 | 0 |
| To Private Corporations | | 0 | 0 |
| **Total** | | **0** | **0** |

# Government of the Republic of Uganda

## Capital Markets Authority

### Note 14: Grants and other transfers

Transfers made during the year are summarized as below:

| | | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|---|
| Transfer to foreign Governments | | 0 | 0 |
| Transfers to International Organisations | | 0 | 0 |
| Transfers to other government units | | 0 | 0 |
| To resident non-government units | | 0 | 0 |
| **Total transfers** | | 0 | 0 |

### Note 15: Social Benefits

Social benefits paid during the year comprise:

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Pensions and Gratuity | 0 | 0 |
| Other Social benefits | 4,500,000 | 0 |
| **Total social benefits** | 4,500,000 | 0 |

### Note 16: Finance costs

| | Schedule | 30th June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|---|
| Interest on external debts (external borrowings) | | 0 | 0 |
| Interest on other domestic borrowings | | 0 | 0 |
| Other finance costs | | 0 | 0 |
| **Total finance cost** | | 0 | 0 |

### Note 17: Bad Debts Expense

| | 30 June 2023 Shs | 30 June 2022 Shs |
|---|---|---|
| Provision for the year | | |
| **Total bad debts** | | |

### Note 18: Other Expenses

These comprise:

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Gains/losses in disposal of PPE | | |
| Property expenses other than interest | 30,936,085 | |
| Miscellaneous other expenses | | 9,000,000 |
| **Total other operating expenses** | 30,936,085 | 9,000,000 |

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### Note 19: Foreign Exchange Gains and Losses

During the year, foreign exchange losses and gains were as follows:

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Realized loss /gain (SFP) | (292,127) | 0 |
| Unrealized loss /gain (SCE) | | 0 |
| **Net foreign exchange gains / losses** | **(292,127)** | **0** |

### Note 20: Transfers to Treasury

These comprise:

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Transfers to Treasury- NTR | 3,282,569,205 | 2,181,100,937 |
| Transfers to Treasury- Others | 0 | |
| | | |
| | **3,282,569,205** | **2,181,100,937** |

### Note 21: Cash and cash equivalents

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| **DOMESTIC** | | |
| Revenue accounts | | |
| Expenditure accounts | | |
| Project accounts | | |
| Collection accounts | | |
| Cash in transit | | |
| Cash at hand- Imprest | | |
| Other holding Accounts | | |
| **Total cash and bank balances** | | |

*Any over drafts should be included under the respective bank account*

### Note 22 (a): Receivables

Comprise the following receivables at the end of the year net of any provision for receivables doubtful of recovery.

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| **DOMESTIC** | | |
| Accrued Revenue | 0 | 0 |
| Loans (short-term) – others | 0 | 0 |
| Advances | 0 | 0 |
| Outstanding letters of credit | 0 | 0 |
| Prepayments | 0 | 0 |
| Other accounts receivable | 0 | 0 |
| **Total receivables** | 0 | 0 |

### Note 22(b): Provision for doubtful debts

| | 30 June 2023 Shs | 30 June 2022 Shs |
|---|---|---|
| Provision at the beginning of the year- at 1 July | | |
| Increase / (decrease) in provision for the year | | |
| Less: Provision approved for write off during the year | | |
| **Provision at the end of the year** | | |

# Government of the Republic of Uganda

## Capital Markets Authority

**Note 22 c: Net Receivables**

| | Note | 30th June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|---|
| Total Receivables | 21(a) | | |
| Less: Provision for doubtful debts | 21(b) | | |
| **Net Receivables** | | | |

***The ageing of net receivables is as below; -***

| | Current Financial Year Shs | Other Financial Years Shs | Total Shs |
|---|---|---|---|
| | 22(c) | 22(d) | |
| Accrued revenue | | | |
| Loans and Advances | | | |
| Outstanding letters of credit | | | |
| Prepayments | | | |
| Other receivables | | | |
| **Net receivables** | | | |

**Note 23: Inventories**

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| | | - |
| | | |
| | | |
| **Total Inventories** | | |

**Note 24: Investments**

Comprise investments as follows:

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Securities other than shares (long-term) – domestic | | - |
| Shares and other equity-domestic | | |
| Securities other than shares-foreign | | |
| **Total Investments** | | |

**Note 25: Property Plant and Equipment, Heritage Assets, Investment properties and Intangible Assets**

| | Cost Shs | 30 June 2023 Acc. Depreciation Shs | 30 June 2023 Impairment Shs | 30 June 2023 Net Book Value Shs | 30 June 2022 Net Book Value Shs |
|---|---|---|---|---|---|
| Buildings and Structures | | | | | |
| Transport equipment | | | | | |
| ICT equipment | | | | | |
| Other machinery & equipment | | | | | |
| Heritage Assets | | | | | |
| Investment properties | | | | | |
| Intangible Assets | | | | | |
| **Total** | | | | | |

# Government of the Republic of Uganda

## Capital Markets Authority

**Note 26: Non-Produced Assets**

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Land | 0 | 0 |
| Cultivated Assets | 0 | 0 |
| Other Naturally occurring Assets | 0 | 0 |
| **Total Non-Produced Assets** | 0 | 0 |

**Note 27: Payables**

These are principally accounts payables outstanding at the year-end and comprise:

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Trade Creditors | 5,295,941 | 216,561,336 |
| Taxes payable | | |
| Other accounts payables | 0 | 0 |
| **Total payables** | 5,295,941 | 216,561,336 |

*The categorization and ageing of the payables is as below; -*

| | Current Financial Year Shs | Previous Financial Years Shs | Total Shs |
|---|---|---|---|
| | 27 (a) | 27(b) | |
| Utilities | 5,295,941 | 0 | 5,295,941 |
| Rent | | | |
| Compensations to employees | | | |
| Contributions to International Organisations | | | |
| Court Awards & Compensations | | | |
| Taxes and other deductions | | | |
| Goods and services Consumed | | | |
| Land, Property Plant & Equipment | | | |
| Others | | 0 | 0 |
| **Total Payables** | 5,295,941 | 0 | 5,295,941 |

**Note 28: Deposits**

These include funds held by one vote for onward transfer to another vote/entity, or individual(s) and deferred income.

| | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|
| Deposits received | 0 | 0 |
| Deferred income | 0 | 0 |
| Advances from other Government units | 0 | 0 |
| **Total Deposits** | 0 | 0 |

**Aging of Deposits**

| | Deposits for the Current Period | Deposits for the Previous Periods | Total Deposits |
|---|---|---|---|
| | 28 (a) | 28(b) | |
| Deposits received | 0 | 0 | 0 |
| Deferred income | 0 | 0 | 0 |
| **Total Deposits** | 0 | 0 | 0 |

# Government of the Republic of Uganda

## Capital Markets Authority

Statement of Performance
**For the year ended 30 June 2023 (Memorandum Statement)**

| Summary of Major Outputs for the Vote | Forecast Performance For FY ended 30 June 2023 | Actual Performance for the year ended 30 June 2023 | Explanations for the performance variations |
|---|---|---|---|
| Growth of CIS accounts to widen Private Sector development | Register 30,000 CIS accounts | 56,787 CIS accounts recorded by June 2023 | Surplus of 26,787 CIS accounts due to various measures affianced |
| | Register 20,000 CIS Investment accounts in government securities using mobile phones | 16,554 accounts were registered by June 2023 | More public campaigns desired to encourage the public invest in securities |
| | Grow CIS assets under management to UGX 1,238bn | Realized CIS assets under management worth UGX 1,779 bn by June 2022 | Surplus of UGX 541m worth of CIS assets were achieved due to various engagements held |
| Number of companies supported by a functional Deal Flow Facility (DFF) | 5 companies | 10 companies | 5 companies out of the 10, were matched with investors but had not yet reach final closure. |
| Number of firms that received private equity funding by local private equity funds | 2 firms | 0 | |
| Measures implemented to encourage public interest companies list | 1 | 0 | |
| Research on taxation of income earned by CIS | 1 | 1 | Findings were shared with CIS Fund managers |
| Review regulations (licensing & approvals ) and Business conduct | 2 | 2 | These drafts are yet to be approved by senior management at Ministry of Finance Planning & Economic development as it was planned |
| Board retreat and capacity building held | 1 | 1 | |
| Master plan steering committee meeting held | 1 | 1 | |
| Social media posts to potential investors | 30 | 30 | |
| | | | |
| | | | |
| | | | |

Dickson Ssombuya .....

Accounting Officer [Names & Signature]

# Government of the Republic of Uganda

## Capital Markets Authority

Statement of Revenues collected during the year
. **[Based on source of revenue] Memorandum Statement**

| Actual collected 30 June 2022 (Shs) | | Actual collected 30 June 2023 (Shs) | Budget 30 June 2023 (Shs) | Variance 30 June 2023 (Shs) |
|---|---|---|---|---|
| | ***Tax Revenues*** | | | |
| | Local Services Tax | | | |
| | Land fees | | | |
| | Business Licenses | | | |
| | Other tax revenues | | | |
| | ***Non-Tax Revenues*** | | | |
| | Investment income | 0 | 0 | |
| | Dividends | 0 | 0 | |
| | Rent | 0 | 0 | |
| | Other property income (disposal of assets) | 0 | 0 | |
| | Sale of goods and services - Commissions | 132,383,065 | 532,800,000 | (400,416,935) |
| | Administrative fees and licenses | 251,050,000 | 207,498,000 | 43,552,000 |
| | Court fines and Penalties | 0 | 0 | 0 |
| | Other fines and Penalties | 0 | 0 | 0 |
| | Miscellaneous Revenue - Reserves | 2,899,136,140 | 2,899,136,140 | 0 |
| 2,181,100,937 | Total Revenue | 3,282,569,205 | 3,639,434,140 | (356,864,935) |

Dickson Ssembuya .....

Accounting Officer [Names & Signature]

## Government of the Republic of Uganda

### Capital Markets Authority

Statement of Arrears of Revenues **[Based on source of revenue per category]**
**(Memorandum Statement)**

| | Opening balance 01 July 2019<br>A<br>(Shs) | Arrears in A collected during the year<br>B<br>(Shs) | Amounts billed during the year<br>C<br>(Shs) | Actual Amounts collected for the year<br>D<br>(Shs) | Arrears of Revenue for the Year<br>E<br>(C-D)<br>(Shs) | Cumulative Arrears of Revenue as at 30 June 2023<br>F<br>A-B+E<br>(Shs) |
|---|---|---|---|---|---|---|
| RECEIPTS | | | | | | |
| *Tax Revenues* | | | | | | |
| Local Services Tax | 0 | 0 | 0 | 0 | 0 | 0 |
| Land fees | 0 | 0 | 0 | 0 | 0 | 0 |
| Business Licenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Other tax revenues | 0 | 0 | 0 | 0 | 0 | 0 |
| *Non-Tax Revenues* | | | | | | |
| Investment income | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 |
| Rent | 0 | 0 | 0 | 0 | 0 | 0 |
| Other property income | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of goods and services | 0 | 0 | 0 | 0 | 0 | 0 |
| Administrative fees and licenses | 0 | 0 | 251,050,000 | 251,050,000 | 0 | 0 |
| Court fines and Penalties | 0 | 0 | 0 | 0 | 0 | 0 |
| Other transfers- Commissions | 0 | 0 | 132,383,065 | 132,383,065 | 0 | 0 |
| Miscellaneous Revenue- Reserves | 0 | 0 | 2,899,136,140 | 2,899,136,140 | 0 | 0 |
| **Total Revenue** | 0 | 0 | **3,282,569,205** | **3,282,569,205** | 0 | 0 |

Dickeson Ssembuya .....

Accounting Officer [Names & Signature]

## Government of the Republic of Uganda

### Capital Markets Authority

Statement of contingent liabilities and guarantees
**[Memorandum Statement]**

| | Schedule | 30 June 2023 (Shs) | 30 June 2022 (Shs) |
|---|---|---|---|
| **DOMESTIC** | | | |
| Legal proceedings | | 135,040,000 | 135,040,000 |
| Guarantees and indemnities | | | |
| Guarantees of bank overdrafts | | | |
| Guarantees under Public Private Partnerships | | | |
| Other contingent liabilities | | | |
| **Total Domestic Contingencies** | | 135,040,000 | 135,040,000 |
| **FOREIGN** | | | |
| Legal proceedings | | | |
| Guarantees and indemnities | | | |
| Guarantees of bank overdrafts | | | |
| Guarantees under Public Private Partnerships | | | |
| Other contingent liabilities | | | |
| **Total Foreign Contingencies** | | | |
| **Total Contingent Liabilities** | | 135,040,000 | 135,040,000 |

Note: The legal proceedings relate to Civil Appeal No. 287 of 2022; Male H Mabirizi Kiwanuka vs CMA & Attorney General. Ugx 135,040,000 was awarded as follows – Damages Ugx 100,000,000 and Ugx 35,040,000 being legal fees

Dickson Ssembuga .....

Accounting Officer [Names & Signature]

## Government of the Republic of Uganda

### Capital Markets Authority

Statement of non-quantifiable contingent liabilities
**[Memorandum Statement]**

| Serial No. | Brief description of liability, its origin, nature, the uncertainty, and period of identification | Type of liability | Any other comment/responsibility |
|---|---|---|---|
| 1. | Civil Appeal No.158 of 2020; CMA vs Tolea Securities Ltd | Legal proceedings | |
| | ALTX East Africa vs CMA ( HC Civil Division Miscellaneous App. No 426 of 2019) | Legal proceedings | |
| | | | |
| | | | |
| | |

# Government of the Republic of Uganda

## Capital Markets Authority

Statement of Outstanding Commitments
**[Commitments by nature of expenditure]**

| | Outstanding commitments at beginning of year 1 July 2022 (Shs) | Adjustments to the previous year's commitments (Shs) | Prior years commitments paid during the year (Shs) | New outstanding commitments incurred during the year (Shs) | Cumulative outstanding commitments 30 June 2023 (Shs) |
|---|---|---|---|---|---|
| **Payables & Pension liabilities** | | | | | |
| **Operating Commitments** | | | | | |
| **Compensation of Employee costs** | | | | | |
| **Goods and services consumed** | 216,561,336 | | (216,561,336) | 5,295,941 | 5,295,941 |
| **Transfers to Other Organisations** | | | | | |
| **Social benefits** | | | | | |
| Other operating expenses | | | | | |
| Finance costs | | | | | |
| **Total Operating Commitments** | 216,561,336 | | (216,561,336) | 5,295,941 | 5,295,941 |
| **Capital Commitments** | | | | | |
| **Non - produced assets** | | | | | |
| **Property, Plant & Equipment** | | | | | |
| **Total Capital commitments** | | | | | |
| **Total Commitments (Payables & Pension)** | | | | | |
| Deposits | | | | | |
| Deposits received | | | | | |
| Deferred revenue | | | | | |
| **Total Deposits** | | | | | |
| **Total incl Pensions& Deposits** | 216,561,336 | | (216,561,336) | 5,295,941 | 5,295,941 |

Dickson Ssembuya .....

Accounting Officer [Names & Signature]

# APPENDIX: LIST OF APPROVED PERSONS

This is a list of persons approved and licensed by the Capital Markets Authority to provide various services related to the capital markets industry in Uganda at the end of FY 2022/23.

| Firm | License Held | Address | Contact Person |
|---|---|---|---|
| ALTX East Africa Ltd | Stock Exchange | Plot 1 Mackenzie Close, Kololo<br>P. O. Box 40138 Kampala, Uganda<br>Tel: 0790-536781/ 0312-209600<br>Email: info@altxafrica.com | Mr. Joseph Kitamirike |
| ALTX Clearing Ltd | Securities Central Depository | Plot 1 Mackenzie Close, Kololo<br>P. O. Box 40138 Kampala, Uganda<br>Tel: 0790-536781/ 0312-209600<br>Email: info@altxafrica.com | Mr. Joseph Kitamirike |
| Asigma Capital Advisory Services Ltd | Investment Adviser | First Floor, Legacy House<br>Plot 38B, Windsor Crescent, Kololo<br>P. O. Box 2841 Kampala, Uganda<br>Tel: 0392159560<br>E-mail: info@asigmacapital.com | Mr. David Nanambi |
| Baroda Capital Markets Limited | Stock Broker | Plot 18 Kampala Road<br>P. O. Box 7197, Kampala, Uganda<br>Tel: 0414-233680/3<br>Fax: 0414-258263<br>Email: bcm.Ugx@bankofbaroda.com | Mr. Mohan Prashantam |
| BIK Capital Limited | Stock Broker | First Floor, Media Plaza<br>Plot 78, Kira Road<br>Tel: 0774997424<br>Email: jofbakka@gmail.com | Mr. Joseph Bakkabulindi |
| Blue Solitare Investments Limited | Investment Adviser | 203 – Kirabo Complex Bukoto – Kisasi Road<br>P.O Box 1534 Kampala, Uganda<br>Tel: 0752711660<br>Email: jatin@blue–solitaire.com | Mr. Jatin B.K. GhUgxhu |
| Britam Asset Managers Company (Uganda) Limited | Fund Manager, Unit Trust Manager/ Collective Investment Scheme Manager | Course View Towers, 1st Floor<br>Yusuf Lule Road<br>P.O Box 36583 Kampala, Uganda<br>Tel: 0417-702600/ 0312-305600<br>Email: info@britam.com | Mr. Ronald Kasolo |
| Crested Capital | Stock Broker, Dealer, Investment Adviser | 1st Floor Impala House<br>Plot 13/15 Kimathi Avenue<br>P. O. Box 31736, Kampala, Uganda<br>Tel: 0414-230900<br>Email: info@crestedcapital.com | Mr. Robert Baldwin |

| Firm | License Held | Address | Contact Person |
|---|---|---|---|
| Dyer and Blair Uganda Limited | Stock Broker | Ground Floor, Rwenzori House<br>Plot 1 Lumumba Avenue<br>P. O. Box 36620, Kampala, Uganda<br>Tel: 0414-233050, 0312-265469<br>Email:sharesUganda@dyerandblair.com | Ms. Esther Kakiiza |
| Equity Stock Brokers Limited | Stock Broker | Plot 6/6A Orient Plaza<br>P. O. Box 3972, Kampala, Uganda<br>Tel: 0414-236012/3/4/5<br>Fax: 0414-348039<br>Email: equity@orient-bank.com | Ms. Christine Nkundizana Muramuzi |
| GenAfrica Asset Managers Uganda Ltd | Fund Manager | 6th Floor, Aha Towers<br>Plot 7, Lourdel Road, Nakasero<br>P. O. Box 75200, Kampala<br>Tel: 0414-252343/ 350<br>Fax: 0414-253344<br>Email: Uganda@genafrica.com | Mr. George Mulindwa |
| ICEA Lion Asset Management (U) Ltd | Fund Manager, Unit Trust Manager/ Collective Investment Scheme Manager | 2nd Floor Rwenzori Courts<br>P. O. Box 33953, Kampala, Uganda<br>Tel: 0414-347535, 0414-232337<br>Email: icea@africaonline.co.Ugx | Mr. Emmanuel Mwaka |
| KCB Bank Uganda Limited | Trustee – Collective Investment Schemes | 7th Floor, Commercial Plaza<br>Plot 7, Kampala Road<br>P.O Box 7399, Kampala, Uganda<br>Tel: 0417-118336, 0417-118280 | Ms. Sheila Nyerwanire |
| PCP Uganda Limited | Fund Manager | Plot M697, Equata Building<br>2nd Floor UMA Show Grounds, LUgxogo<br>P. O. Box 15373, Kampala, Uganda<br>Tel: 0312-264983/4<br>Fax: 0312-264985<br>Email: info@pearlcapital.net | Mr. Edward Isingoma Matsiko |
| PKF Consulting Limited | Investment Adviser | Plot 1B Kira Road Kalamu House<br>P. O. Box 24544, Kampala, Uganda<br>Tel: 0414-341523/5<br>Fax: 0414-251370, 0414-341371<br>Email: pkfkam@Ugx.pkfea.com | Mr. Charles Ogutu |
| Pricewaterhouse-Coopers Limited | Investment Adviser | 10th Floor Communications House<br>1 Colville Street Kampala<br>Tel: 0414-236018/ 233743<br>Fax: 0414-239153<br>Email: general@Ugx.pwc.com | Mr. Francis Kamulegeya |
| Regency Wealth Management Uganda Limited | Investment Adviser | 5th Floor, Shumuk House, Office SH9<br>Kampala, Uganda<br>Tel: 0312-314316/ 0791-224611<br>Email: matthew@regency-wealth.com | Mr. Matthew Turner |

| Firm | License Held | Address | Contact Person |
|---|---|---|---|
| Sail Global Corp Limited | Investment Adviser | Plot 26, Golf Course Road<br>P.O Box 6111 Kampala, Uganda<br>Tel: 0414-696297<br>Email: info@sailglobalcorp.com | Mr. Ronald Kwesiga |
| Sanlam Investments East Africa Limited | Fund Manager, Unit Trust Manager/ Collective Investment Scheme Manager | 1 Pilkington Road, 7th Floor, Workers House<br>P. O Box 9831, Kampala<br>Tel: 0414-340707/8/ 0312-265618<br>Fax: 0414-340750<br>Email: Mubbale.MUgxalya@sanlameastafrica.com | Mr. Mubbale Kabandamawa MUgxalya |
| SBG Securities Uganda Limited | Stock Broker | 4th Floor, Crested Towers (Short) 17 Hannington Road<br>P. O. BOX 7131, Kampala, Uganda<br>Tel: 0312-224600/ 985<br>0312-224985<br>Email: cos_Uganda@mail.standardbank.com | Mr. Joram Ongura |
| Standard Chartered Bank Uganda Limited | Trustee – Collective Investment Schemes, Investment Adviser | Plot 5, Speke Road<br>P. O. Box 7111, Kampala, Uganda<br>Tel: 0312-294459, 0414-340077<br>Fax: 0414-231473<br>Email: Ugx.service@sc.com | Ms. Cecilia Namuddu |
| UAP Financial Services Limited | Stock Broker, Fund Manager, Investment Adviser, Unit Trust Manager/ Collective Investment Scheme Manager | 2nd Floor, Block A,<br>UAP Nakawa Business Park,<br>Plot 3-5 New Port Bell Road<br>P. O. Box 1610 Kampala, Uganda<br>Tel: 0414-332824<br>Fax: 0414-346449<br>Email: financialservices@uap.co.Ugx<br>info@uap.co.Ugx | Mr. Simon Mwebaze |
| Uganda Securities Exchange | Stock Exchange, Securities Central Depository | 4th Floor, Block A, North Wing<br>Plot 3-5, UAP Nakawa Business Park<br>P. O. Box 23552, Kampala, Uganda<br>Tel: 0312-370815/ 7/ 8<br>Email: info@use.or.Ugx | Mr. Paul Bwiso |
| Xeno Technologies Uganda Limited | Fund Manager, Unit Trust Manager/ Collective Investment Scheme Manager | 6th Floor Workers House<br>Plot 1, Pilkington Road<br>P.O. Box 2237, Kampala, Uganda<br>Tel: 0392-177488, 0772-842100<br>Email: Uganda@myxeno.com | Mr. Aeko Ongodia |

# CAPITAL MARKETS AUTHORITY

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Plot 1, Baskerville Avenue, Kololo,
P.O Box, 24565, Kampala, Uganda
Tel: +256 414 342 788/91 +256 312 264 950/1
Fax: +256-14-342803
Email: info@cmauganda.co.ug
Website: www.cmauganda.co.ug