



**CPA COOPERATIVE  
SOCIETY**

# 2023 ANNUAL REPORT



**A decade of impacting Accountancy Professionals:  
10 Years of Supporting Financial Wellness and Stability**

**TOGETHER WE CAN**

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# 1.0. ABOUT CPA SACCO LTD

## 1.1. Who we are

CPA Cooperative Society Ltd (CPA SACCO Ltd) is a Multipurpose Savings and Credit Society for professional accountants in Uganda. CPA SACCO Ltd was established in 2013 and registered with the Registrar of Cooperatives, registration number 10417/RCS.

As a registered member owned cooperative, CPA SACCO Ltd is committed to providing financial services that align with values and goals of its members. At CPA SACCO Ltd, we are proud to offer a range of financial products and services designed to help our members achieve their financial goals. Our focus is on member service and financial stability.

## 1.2. Our Corporate Strategy



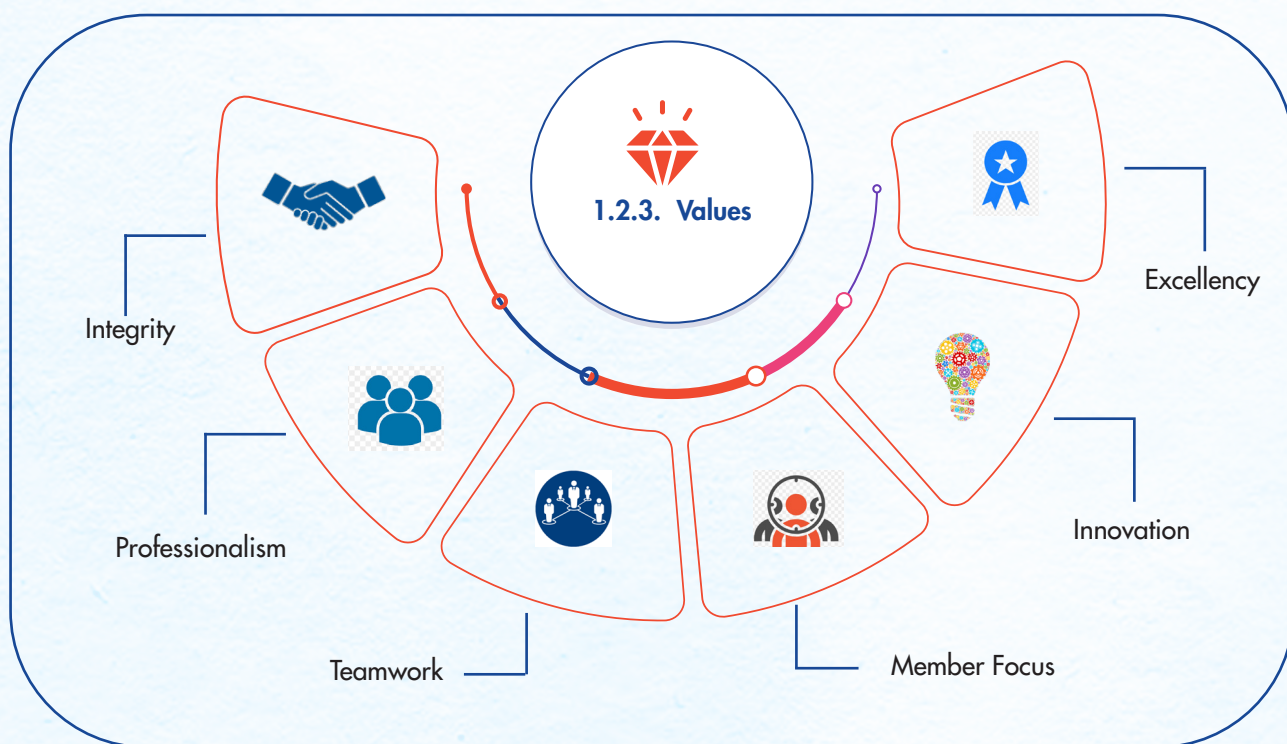
### 1.2.1. Vision

"To become a benchmark of accountants' business investments globally."



### 1.2.2. Mission

"To be our members' partner of choice in providing quality financial services to meet their business and personal needs."



## 1.3. Registered office

Plot 46 Bukoto Street, P.O. Box 12464, Kampala, Uganda ☎ +256-312262333, +256-752151408

🌐 [www.cpasacco.com](http://www.cpasacco.com) ✉ [cpasacco@gmail.com](mailto:cpasacco@gmail.com), [cpasacco@icpau.co.ug](mailto:cpasacco@icpau.co.ug)

## 1.4. Products

As a member-owned financial services entity, we offer a range of comprehensive financial solutions to meet the diverse needs of our valued members. These include, but are not limited to, the following;

### 1.4.1 Savings Products:

- Regular Savings Account
- Special /Target Savings Account
- Minor and Spouse Savings Account
- Fixed Term Deposit Account
- Group savings Account

### 1.4.2 Loan Products:

- Ordinary Member's Loan
- Business loan
- Emergency loan
- Salary Loan
- School fees loan
- Weekend loan

## 1.5. Value Creation for Members

At CPA SACCO LTD, we are committed to creating value for our members. We provide a range of services that are designed to meet the unique financial needs of our members, and we are constantly striving to improve and innovate to better serve our community.

Our services are focused on the following key areas;

- Quality and Timely services. We pride ourselves on providing high-quality and timely services to our members. This includes everything from quick and efficient loan processing to responsive customer service and support.
- Encouraging Personal Savings Culture. We believe that strong personal savings culture is the foundation of financial stability and security. That's why we encourage our members to save regularly and offer a range of savings products that are designed to help them meet their financial goals.
- Bereavement Contribution. In times of loss of a biological parent and child, we stand with our members. We offer bereavement contributions to help ease the financial burden during difficult times.
- Promoting a Nationwide Network for professional Accountants. We are committed to promoting the growth and development of our members. To this end, we have established a nationwide network of Professional accountants who can provide financial advice to their fellow members.

- Offering Affordable Credit Facilities. We understand that access to credit is essential for many of our members. That's why we offer affordable credit facilities at low interest rates. Our current rate is just 1.25% per month and 1% per month for Loans acquired under the SACCO's partnership with Uganda Clays Ltd (UCL) if a member is financed by the SACCO to obtain roofing products from UCL.
- Monthly Interest on Regular Savings Account. We offer our members a competitive monthly interest rate of up to 8% per annum on their regular savings accounts. This means that their money is working harder for them and helping them reach their savings goals faster.
- Dividends on Shares When declared. Our members are entitled to receive dividends on their shares. This provides an additional source of income and helps them grow their wealth over time.
- Safe Custody of Members' Funds. We take the security of our members' funds seriously. That's why we offer safe custody of their funds at no monthly charges. Our members can be confident that their money is safe and secure with us.
- Member Education on Personal Financial Management. We believe that financial education is key in helping our members achieve their financial goals. That's why we offer a range of educational write ups and workshops/Webinars to help our members improve their personal financial management skills.

We are proud of the value we create for our members and are committed to continuing to innovate and improve to better serve our CPA SACCO community.

## 1.6. Our stakeholders

In this section, we provide information on the stakeholders of CPA SACCO Ltd and how the SACCO engages with them.

1. Stakeholder Approach: CPA SACCO Ltd takes a holistic approach to engaging with its stakeholders, recognizing that they have interest, influence, and control over the SACCOs activities. The CPA SACCO clusters its major stakeholders and manages their needs to keep them informed, engaged and satisfied. CPA SACCO Ltd closely monitors their interests and influence while pursuing its corporate direction.



**Internal Stakeholders:**

- a. CPA SACCO Members: These are the individuals who have subscribed to and are part of the SACCO. As members, they have a direct interest in the SACCOs activities, including its financial performance, governance, and member services. CPA SACCO Ltd engages with its members through various channels, including regular communication, feedback mechanisms, and member's education and training programs.
- b. Management and staff of the SACCO: These are individuals who work for CPA SACCO Ltd and are responsible for its day-to-day operations. The SACCO recognizes the importance of its employees and provides them with a supportive work environment, competitive compensation and benefits, and opportunities for growth and development.

**External Stakeholders:**

- a. The Institute of Certified Public Accountants of Uganda (ICPAU) CPA SACCO Ltd is a Cooperative Society of Certified Public Accountants in Uganda, and as such, the SACCO works closely with ICPAU to ensure that its operations are aligned with the professions standards and code of ethics. The Institute through its members services committee is interested in ensuring that its member's financial needs are catered for.
- b. Members of the Institute of Certified Public Accountants of Uganda: These are individuals who have obtained certification from ICPAU and are eligible to join the CPA SACCO Ltd. The SACCO provides them with specialized financial products and services, as well as opportunities for professional development and networking.

- c. Government and regulatory bodies: As a financial institution, CPA SACCO Ltd is subject to various laws and regulations, and as such, engages with government and regulatory bodies to ensure compliance and to advocate for a favorable regulatory environment.
- d. Fellow Cooperators and other industry players: CPA SACCO Ltd is part of various cooperative societies in the industry, as such collaborates with fellow cooperators and other industry players to advance the cooperative movement and promote financial inclusion.
- e. Suppliers and service providers: CPA SACCO Ltd engages with suppliers and service providers to ensure that it obtains quality goods and services at competitive prices. The SACCO also supports local businesses and suppliers as part of its commitment to social responsibility.
- f. Media and General public: CPA SACCO Ltd recognizes the importance of maintaining a positive public image and engaging with the media and general public to promote its brand and reputation. The SACCO communicates regularly through various channels, including its website, Social media platforms, and press releases where need arises.

CPA SACCO Ltd values its stakeholders and recognizes the importance of engaging with them in a holistic manner to ensure their satisfaction and support for its operations. To further improve stakeholder engagement, the SACCO is considering regular surveys and gathers feedback and insights on stakeholder needs and expectations. Additionally, the SACCOs Supervisory Committee (SUPCO) is keen on following up member's feedback to provide input and guidance on strategic issues affecting the SACCO and its stakeholders.



## 1.7. The CPA SACCO as at 31st Dec 2023

As at 31<sup>st</sup> December 2023, CPA SACCO Ltd has continued to prioritize key financial performance indicators (KPIs) in all its operations. These KPIs have been carefully selected to provide stakeholders with a clear and concise overview of CPA SACCO's financial health and performance over the recent years. By monitoring and measuring these KPIs, CPA SACCO is able to ensure transparency and accountability in its operations, while striving to achieve its goals and objectives.

In this report, we present CPA SACCO's KPIs at a glance, providing a snapshot of its financial performance from 2022 to 2023.

KPI	2023	2022	2021	2020	2019
Asset base(UGX Billions)	8.3	6.8	5.5	4.5	3.7
Loan book balance (UGX Billions)	5.4	4.22	3.5	2.3	2.2
Savings balance(UGX Billions)	3.4	3.04	2.7	2.2	1.8
Surplus(UGX Millions)	680	548.6	365	287	247
Share Capital(UGX Billions)	2.97	2.05	1.64	1.444	1.2
Membership	818	720	668	637	609



### 1.8. Our Service Providers

At CPA SACCO Ltd, we believe in creating value through collaboration and cooperation with a network of service providers who contribute to our success. From the input to output end of our value chain, we work with a range of individuals and groups who help us deliver high- quality financial services to our members.

Through our relationships with these service providers, we are able to leverage their expertise and knowledge to continuously improve and enhance our offerings. We value these partnerships and see them as integral to our ability to create value for our members and stakeholders. Below are our service providers;

#### Bankers



**Housing  
Finance  
Bank**

Housing Finance Bank  
Kampala Road Branch  
Plot 25 Kampala Road 0026,  
Kampala Uganda  
Tel: 256000000000



**Centenary  
Bank**

...our bank

**Centenary Rural Development Bank**  
Lugogo Service Centre  
Plot 3A2 and 3 A3  
Forest Mall, Ground floor  
Tel: +256414663220

#### Insurers



**CIC Africa Assurance (U) Ltd**  
Plot 7 Lourdel Rd Nakasero  
AHA Building  
Kampala - Uganda

#### Mobile Money Service Providers



**MTN Uganda**

Nyonyi Gardens  
4 Wampewo Avenue  
P.o.Box 24624 Kampala Uganda  
Tel: +256 312120008



**airtel**

**Airtel Uganda**  
Airtel Uganda HQ  
Clement Hill Road



**UAP Financial Services**

2<sup>nd</sup> Floor, UAP Nakawa Business Park,  
Plot 3-5 New Port Bell Road  
P.O. Box 20079, Nakawa,  
Tel: +256414332824  
Mobile: +25678792524

#### Auditor

**Augustus Associates**  
**Certified Public Accountants**  
P.O. Box 40210  
Kampala – Uganda  
Tel: +256(0)414 666 562  
Mobile: + 0772 664385  
Email: [ajalliance2@gmail.com](mailto:ajalliance2@gmail.com)

#### MIS Provider



**Pearl Accounting Solutions**  
Buganda Road Flats,  
Block 668, 2nd Floor Unit 3,  
P.O. Box 36096, Kampala.  
Tel: 0752-410-191  
E-Mail: [pearlSol@gmail.com](mailto:pearlSol@gmail.com)

## 2.0. OUR CORPORATE GOVERNANCE REPORT

### 2.1. Introduction

At CPA SACCO Ltd, we are committed to upholding the highest standards of corporate governance to ensure business compliance and effective leadership. This section provides an overview of our governance framework, policies and practices, and highlights our key achievements and activities in the year 2023.

### 2.2. Governance Framework

CPA SACCO Ltd operates under a robust governance framework that is based on the Cooperative Act as amended in 2020, the Cooperatives Regulation amended in 2019, and constitution of Uganda, the CPA SACCO Bylaws, policies, and other relevant external laws.

Our governance structure is designed to ensure that the interests of our members are protected and that we operate in a transparent and accountable manner.

## CPA SACCO BOARD OF DIRECTORS 2023

Our Board of Directors is responsible for setting the strategic direction of CPA SACCO Ltd and overseeing our operations. The board comprises of 7 members who are elected by the members of CPA SACCO Ltd. The board members possess a diverse range of skills and experience that enables them to provide effective oversight and guidance to the management team. During the year 2023, the Board held 8 meetings, which were attended by most members except some who had an excusable reason.



### CPA NICHOLUS MUSHABENTA

#### Board Chairperson

- MBA-Accounting, Kyambogo University
- DPPM, Uganda Management Institute
- Audit Partner, BDO East Africa
- Member of Professional Standards Committee of ICPAU
- Member of the Public Practice Panel of ICPAU
- Former Board Committee Member, Hospice Africa Uganda
- Former SUPCO Chairperson, CPA SACCO LTD
- Joined the Board in 2021



### CPA MICHEAL WANYAMA OPIEMA

#### Vice Chairperson

- Chief Executive officer, Higher Education Financing Board
- MBA, Bcom
- 18 years in accounting, finance and management in government institutions
- Joined the Board in 2021



### CPA ALICE NYANGOMA

#### General Secretary

- Director Internal Audit, [Uganda Communication Commission]
- MBA, Makerere University, FCCA, CPA
- ISO 31000 Risk Management Professional
- IIA-U Member
- Over 24 years in accounting, audit, financial and funds management
- Joined the Board in 2021





**CPA ROBERT KAMOGA TEBASUULWA**

**Treasurer**

- Manager Finance, ICPAU,
- Over 20 years in Audit, Accounting, Financial Management and IT leadership
- Secretary, Namugongo Parish Executive
- MBA Finance (MUK), Bsc. Accounting & Finance Kyambogo University
- PGD-French, Amity University
- CFO Leadership Academy (2018-2019) MAT Abacus Business School.
- Joined the Board in 2021



**CPA DR SSALONGO JOSEPH LUBEGA (PhD)**

**Board Member**

- Lecturer, [Ndejje University]
- PhD, [Mbarara University of Science & technology (MUST)]
- MBA (Finance), [Makerere University], BCOM (A) Makerere university
- CPA (K) & CPA (U)
- Former SUPCO member at CAA and CPA SACCO Ltd
- Joined the Board in 2021



**CPA RICHARD ASIIMWE**

**Board Member**

- Lecturer, Kyambogo University
- 22 years of accounting, financial management, audit
- CPA, FCCA, IIA, CTA
- Joined the Board in 2019



**CPA ALEX TEKAKWO**

- Joined the Board in December 2023



## SUPCO TEAM FOR 2023

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**CPA CAROL LUTALO**

**SUPCO Chairperson**

- CPA, FCCA,
- MBA, Heriot-watt University (Edinburgh Business School)
- Over 20 years' experience in Internal and external Audit
- Self employed



**CPA ROSE NAMUDDU**

**SUPCO Secretary**

- CFO BRAC Uganda
- CPA, FCCA, MBA, Bcom
- Over 20 years' experience in banking, financial management, accounting



**CPA CANON BWIRE MOSES NAMBALE**

**SUPCO Member**

- Director Internal Audit at Kampala Capital City Authority.
- Holds Bachelor of Commerce (Honours) [Makerere University], Post graduate Diploma , MBA [Heriot- Watt University (Edinburg Business School)]
- Member of ICPAU, Fellow of ACCA, Member of Institute of Internal Auditors Uganda , Member of Institute of Corporate Governance Uganda, Life Member of the Bible Society Uganda, Lay Canon of St. Andrew's Cathedral Mbale.
- Served as Board of All Saints Cathedral, Scripture Union Uganda
- UGAFODE MDI, Member Audit and Finance Committees [Joint Medical Store].
- Served as Member of Finance & Administration Committee [ICPAU].
- Member Audit & Risk Management Board [Uganda Christian University Mukono], Member Governing Council [Uganda Christian University Mbale University College]
- Worked with Toyota Uganda, Uganda Revenue Authority, Ministry of Finance, Planning and Economic Development



## CPA SACCO MANAGEMENT TEAM FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

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Our management team is responsible for implementing the strategies and policies set by the Board and ensuring the effective day-to-day operation of CPA SACCO Ltd. The management team comprises of experienced individuals with diverse backgrounds, and they are committed to delivering the best outcomes for our members. We ensure that our management team is incentivized to achieve the long-term goals of CPA SACCO Ltd through our performance management system.



**CPA EUGENIO OMBAGO**

**Manager**

- Executive MBA Lira University(On going)
- CPA(U)
- Diploma in Business studies , UCC Kabale
- 15 years' experience in Financial services , 5 years in Management , 4 years supervisory and 6 years in Loan management



**MR. STEPHEN OKIRIA**

**Finance & Administrative Officer**

- ATD, CPA Level 3
- Over 4 years' experience in Cooperatives.
- Joined in July 2017



**MS. SARAH NABUKWASI**

**Loans Officer**

- Diploma in Microfinance, BBA, CPA Level 3
- 7 years' experience in Cooperatives.
- Joined on 1 October 2019

# CPA SACCO LIMITED IN PICTURES

## 9<sup>TH</sup> CPA SACCO LIMITED ANNUAL GENERAL MEETING 2022



SACCO leaders ,Management and Cooperators at the 9th AGM posing for a photo



Board chairperson –CPA Nicholus Mushabenta presenting the Board report during the 9<sup>th</sup> AGM



Vice Chairperson, CPA Micheal Wanyama making a presentation to members at the 9th AGM



Board chairperson, CPA Nicholus Mushabenta responding to members ideas during the 9th AGM



A Cooperator giving his opinion to members during the 9th AGM



SACCO Manager (I) –CPA Eugenio Ombago recognizing an outstanding Cooperator at the 9th AGM



SUPCO(Supervisory Committee) Chairperson, CPA Carol Kyomuhendo Lutalo (I) recognizing an outstanding Cooperator at the 9<sup>th</sup> AGM



Members raising hands to exercise their rights at the 9th AGM



Board members and SUPCO Chairperson (c)



# CPA SACCO LIMITED IN PICTURES

## CELEBRATING 10 YEARS OF CPA SACCO



Board and SUPCO members 2023





# CPA SACCO LIMITED IN PICTURES

## 2023 FINANCIAL REPORTING (FiRe) AWARDS

Recognition for Prudent Financial Reporting



CPA SACCO Limited emerged 2nd Runners up under the Cooperative Societies Category at the 2023 FiRe Awards



The Certificate of Participation



### 2.3. Our governance structure

CPA SACCO Ltd has a robust governance structure that clearly outlines the duties and responsibilities of each organ and the reporting line. The Annual General Meeting (AGM) is the supreme authority, which elects the Board of Directors, the Supervisory Committee (SUPCO), and appoints the external auditor. The Board of Directors discharges its duties, supported by its committees, and it also appoints management through which the daily activities are executed to fulfill the long term-objectives of the SACCO.

The governance structure of CPA SACCO Ltd is designed to promote transparency, accountability, and effective decision-making, ensuring the protection of the interests of all stakeholders. The governance structure comprises of the following organs:

**Annual General Meeting (AGM):** The AGM elects the Board of Directors, the SUPCO, and appoints the external auditor.

**The Vetting Committee:** To maintain a formal, rigorous and transparent process of nomination and appointment of the Board Members and SUPCO aligned to the Cooperative Societies Act (as amended), Cooperative Societies Regulations, and the SACCO's Bye-laws.

**Board of Directors:** The Board of Directors is responsible for the overall management of the SACCO. The Board sets the strategic objectives and oversees the management of the SACCO's operations. The Board is also responsible

for ensuring compliance with regulatory requirements and ensuring the SACCO's financial soundness. The Board is supported by various committee to carry out its duties effectively.

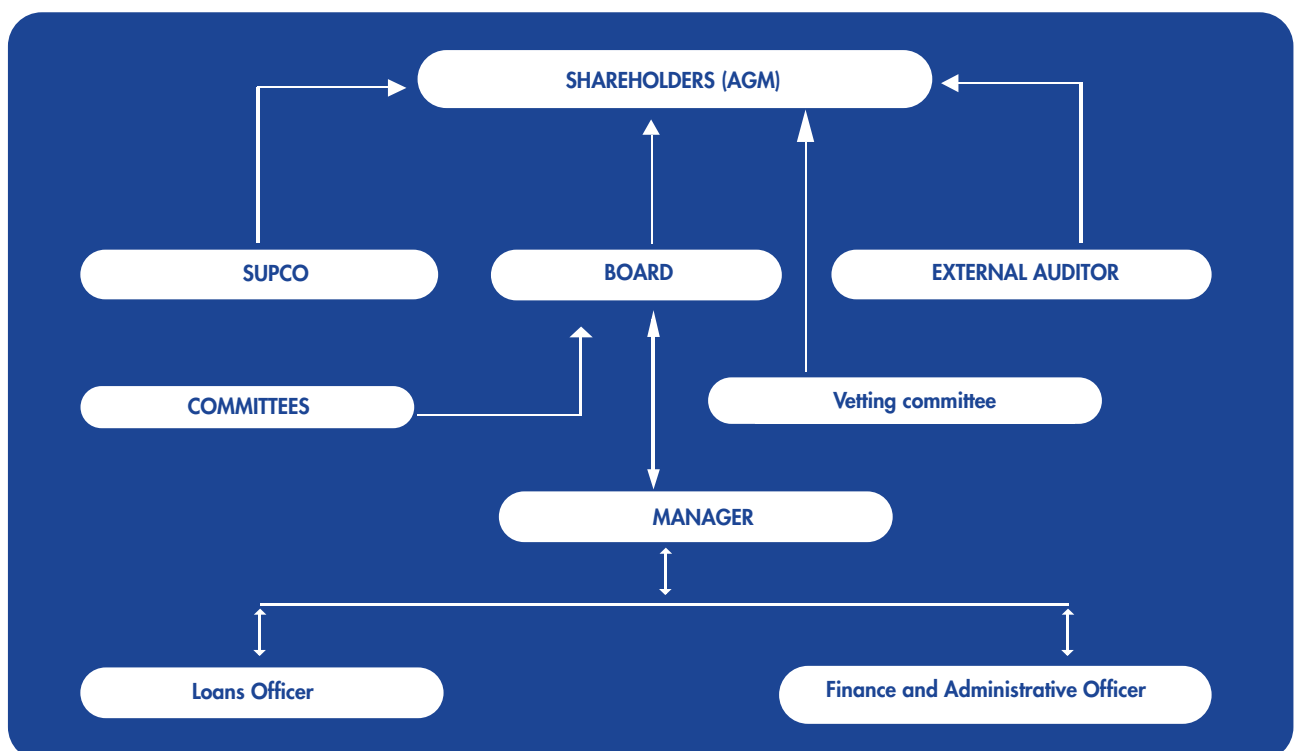
**Supervisory Committee (SUPCO):** The SUPCO is responsible for overseeing the operations of the SACCO and ensuring compliance with the regulatory requirements. The SUPCO is also responsible for ensuring that the SACCO's internal control systems are effective and efficient.

**External Auditor:** The External Auditor is responsible for auditing the SACCO's financial statements and expressing an opinion on their accuracy and completeness. The External Auditor is appointed by the AGM and reports to the AGM and Board of Directors.

**Committees:** The Board of Directors is supported by various committees to carry out its duties effectively. The committees include the Finance, Audit and Investment committee, Human resource committee, Members Education and mobilization committee, Credit/Loans committee.

**Management:** The management structure of CPA SACCO comprises the Manager, Accounts and Administrative officer, and Loans officer. The management is responsible for executing the daily activities of the SACCO, in line with the strategic objectives set by the Board of Directors. The management is accountable to the Board of Directors.

## OUR ORGANIZATIONAL STRUCTURE



## 2.4. Shareholders

### 2.3.1. Membership

CPA SACCO Ltd is a registered cooperative society for Accountants, limited by shares. Its membership is limited to Full members to the Institute of Certified Public Accountants of Uganda, Associate members, Members to the Association of Accounting Technicians, CPA SACCO staff, Students pursuing CPA-U Course, who are at Level 3 and Level 4 (completed Level 2) and Staff of the Institute. The liability of members is up to three times their capital contribution.

### 2.3.2. Composition

The SACCO had 818 registered members as at 31 December 2023, in which 89 members joined during the year as compared to 52 that were recruited in the prior year. 11 members of the SACCO have passed on since inception out of which 1 passed on in 2023, may his soul rest in peace. the SACCO's minimum number of shares are still maintained at five (5). We happy to report that over six (6) earlier members who had fallen below the minimum shares, bought additional shares and are now recognised members of the SACCO. We thus encourage other members who had been suspended due to falling below the minimum 5 shares to come and buy more share in installments for them to reach a minimum threshold for one to be fully recognised as a member.

### Movements in shareholding

According to the Cooperatives Societies Act guideline, all cooperators are equal irrespective of the number of shares held. No cooperator should hold more than one third of the paid-up capital as per the SACCO's bylaws and Cooperative Societies (amendment) Act 2020. There are some members who have significantly invested in the SACCO shares.

### Below are the top 7 shareholders

Ref	No. shares	% holding	Position	Ref	No. shares	% holding	Position
2023				2022			
CSM/0342	1,210	4.7%	1	CSM/0342	1,210	6%	1
CSM/0435	872	3.4%	2	CSM/0435	516	2%	2
CSM/0034	409	1.6%	3	CSM/0034	379	2%	3
CSM/0566	369	1.4%	4	CSM/0566	369	2%	4
CSM/0223	340	1.3%	5	CSM/0223	300	1%	5
CSM/0688	321	1.2%	6	CSM/0688	300	1%	6
CSM/0013	310	1.2%	7	CSM/0013	299	1%	7

### 2.3.3. Duties and obligations of CPA SACCO Members.

As a cooperative financial institution, CPA SACCO Ltd is owned and run by its members. In addition to enjoying the benefits of membership such as access to financial services, members also have certain duties and responsibilities to uphold. These include:

Attending the Annual General Meeting (AGM). One of the key rights and responsibilities of CPA SACCO members is attending the AGM. This is a forum where members can engage with the Board and management, review financial reports, approve the budget, and elect leaders and external auditors.

Participating in all SACCO activities. As owners and clients of the SACCO, members are encouraged to participate in all SACCO activities, including savings and investment products, loans, and other financial services. Members also have the opportunity to provide feedback and suggestions on how to improve service delivery.

Complying with the policies to ensure the success and sustainability of the SACCO. Members have a duty to comply with the policies and procedures put in place by the Board and management. This includes adhering to loan repayment schedules, maintaining adequate savings balances, and providing accurate and up-to-date information.

Approving major changes in operations. As a cooperative, major decisions regarding the operations of CPA SACCO must be approved by the members. These include changes to the bylaws, and other significant changes to the business model.

Electing the leaders and external auditor. Members have the right and responsibility to elect the leaders and external auditor who will oversee the management of the SACCO. By participating in the election process, members can ensure that the Board and management are accountable and responsive to their needs.

Fair and equitable treatment by management. Members have the right to expect fair and equitable treatment by



management of CPA SACCO. This includes transparent and timely communication, accurate and reliable financial reporting and adherence to ethical and professional standards.

Concern for fellow cooperator. One of the Core principles of the Cooperative membership is concern for fellow cooperators. Members are encouraged to support and collaborate with each other to achieve mutual goals and benefit the SACCO as a whole.

In summary, as owners and clients of CPA SACCO Ltd, members play an important role in ensuring the success and sustainability of the business by upholding their duties and responsibilities, members can contribute to the growth and development of the SACCO while enjoying the benefits of membership.

#### **2.3.4. Activities during the year 2023**

CPA SACCO Ltd members attended online several SACCO trainings, appointed the external auditor, pre-10 years Celebration survey, members' satisfaction survey and their feedback on some SACCO operations was implemented immediately.

The Finance and investment Committee had identified land for subdivision and sale to members at an affordable price to enable members' access land however, this project faced a hurdle at the last moment and the committee decided to drop the offer and started searching for another potential site.

### **2.5. The Board Committees**

#### **2.5.1. Introduction**

We have several Board committees that assist the Board in carrying out its oversight responsibilities. These include the Members Education and mobilization committee, Human resource committee, Finance Investment Risk and audit committee, Credit/Loans committee. The committees headed by Board members and have clear mandates, responsibilities, and reporting lines.

#### **2.5.2. Board Composition**

Our Board is composed of seven members who were elected by our members during the 7th Annual General Meeting in 2021. The Chairperson, Vice Chairperson, Treasurer, Secretary and three ordinary members.

The Board is composed of a diverse group of individuals with varied skills and experiences. The diversity of the Board represents both genders and the Board undergoes regular trainings to ensure that they are up to date with the latest developments in corporate governance, risk management, and regulatory compliance.

At the 8<sup>th</sup> AGM members resolved to replace one Board member who had been suspended, and the Board is pleased

to inform members that this resolution was implemented and a new Board member was Vetted and appointed.

#### **2.5.3. Roles and responsibilities of the Board**

The Board has specific roles and responsibilities that facilitate business growth, development, sustainability, and compliance. Some of the key roles and responsibilities of our Board include:

- Formulating the overall strategy of the SACCO
- Developing, approving, and updating policies and procedures
- Organizing and convening the AGM
- Proposing amendments in the bylaws for the SACCO for members satisfaction and achieving business sustainability
- Implementing AGM resolutions
- Appointing and setting remuneration for management and staff
- Preparing the books of accounts according to statutory provisions and causing an external audit.
- Ensuring compliance to both internal and external laws
- Evaluating business operations and making necessary recommendations to the AGM for decision making.

#### **2.5.4. Appointment of the board members**

The Board members are solicited through a democratic process. The AGM appoints the vetting Committee which handles the process of developing the qualifying criteria, soliciting for applications, screening members and recommending the best candidates to the AGM through the detailed report for final decision.

The earlier vacant position on the executive committee was filled during the year by the Vetting Committee. Three (3) candidates were shortlisted, and interviewed, before recommending the successful candidate.

CPA SACCO Ltd members at the 7<sup>th</sup> Annual General Meeting elected new leaders who will steer the SACCO for a term of 4 years according to the provisions of the new Cooperatives Societies (amendment) Act 2020.

#### **2.5.5. Terms of service of CPA SACCO BOARD members and succession planning**

According to the amended Cooperative Societies (Amendment) Act 2020, SACCO leaders are expected to serve for four(4) years and they are eligible for re-election upon willingness to serve. For institutional memory and continuity, members who have served one term are encouraged to serve again.

SACCO leadership is democratic, on voluntary basis, and every member is eligible subject to our internal policies. On the current Board, two members had served as SUPCO members before they crossed to the Board and one of the previous Board members was re-elected which guarantees continuity and institutional memory. Even at Board committee

level, most of the committee members were re-appointed. This is despite of continued challenge of getting members to voluntarily take up leadership positions as evidence by extensions of call for applicants and limited applicants, at Board level and Committee level.

### **Experience, Knowledge and training**

The experience of leaders is considered while shortlisting members of the Board and Committees.

Experience especially in Cooperative industry and corporate governance (Leadership) are given a priority.

Knowledge in the area of service is considered to ensure that cooperators with the required knowledge are given a chance to make use of it in developing the SACCO.

All SACCO's newly elected leaders (Board, SUPCO and Committee members) are oriented and trained.

The Board had two trainings both physically and virtually. The orientation meeting was successfully held. Officials were invited from the Ministry of Trade, Industry and Cooperatives, Chief executive officers (CEOs) for some of the successful SACCOs, and the skills and share experience plus knowledge, to the incoming SACCO leaders.

### **Remuneration of leaders (BOARD, Committee and SUPCO Members)**

CPA SACCO leadership is purely voluntary. Members are however entitled to reimbursement of all costs incurred while doing business for the SACCO. At the 8th AGM, it was agreed that leaders get fuel refunds of Ushs.30,000 per physical meeting and the same amount for a virtual meeting as data refund.

#### **2.5.6. Leadership and Board experience**

We recognize that the experience of our leaders is critical to the success of our SACCO. Therefore, when shortlisting potential Board and committee members, the Vetting committee prioritizes those with relevant experience, particularly in the cooperative industry.

In addition to experience, we also value knowledge in the area of service. We believe that members with the necessary knowledge in should be given the opportunity to utilize it to develop the SACCO.

Leadership training to ensure that our leaders are well –equipped to carry out their roles, all Board members undergo comprehensive training at the start of their term in office. The training consists of an induction both virtual and physical sessions conducted by officials from the Ministry of Trade, Industries and Cooperatives, as well as CEOs from other successful SACCOs. We also invite former Board members to share their knowledge and skills with incoming leaders. Through this training, our leaders are equipped with the skills and knowledge they need to lead CPA SACCO Ltd to greater heights.

#### **2.5.7. Voluntary leadership and cost reimbursement.**

At CPA SACCO LTD, we value the voluntary service of our leaders. We understand that serving on the Board or committees requires time, effort, and resources, and we appreciate the dedication of our members who choose to serve in these roles. To support our leaders, we offer reimbursement for all costs incurred while conducting SACCO business. At the 7th Annual General Meeting, it was agreed that leaders would receive a fuel refund of Shs.30,000 per meeting. However, with the increasing use of technology and virtual meetings, the 8th Annual General meeting decided to transfer the members transport refund as a data refund for virtual meetings. We believe this change enabled our leaders participate in meetings and conduct SACCO business without incurring any out of pocket expenses. We recognize the importance of supporting our leaders and ensuring that they have the necessary resources to carry out their roles effectively. Through this reimbursement policy, we aim to encourage more members to take on leadership roles and contribute to the success of CPA SACCO Ltd.

#### **2.5.8. BOARD Meetings**

The Board discharges most of its duties through meeting deliberations. In the year 2023, 8 formal Board meetings were held. In a bid to continue embracing technological advancements and the new normal that was revealed by the emergency of Covid-19 pandemic, most of the Board and Committee meetings in the year 2023 were held virtually. Due to the fact that leaders are fully employed in their respective places of work, it was equally agreed that most of the discussions or ideas are exchanged online via various electronic means like email submissions, WhatsApp communications, Zoom meetings, among others. However, all decisions are made or ratified formerly during their formal Board meetings. Our innovative and flexible style of work enabled most of the Board members to participate in offering ideas and discussions, and several key matters were deliberated on through this mode of working. Appropriate sanctions have been taken by the Board against member(s) with exceptionally poor attendance.



## THE BOARD HELD 8 MEETINGS IN THE FINANCIAL YEAR 2023

Board				
No.	Name		2023	2022
1.	CPA Nicholas Mushabenta		7/8	8/8
2.	CPA Michael Wanyama Opiema		7/8	2/8
3.	CPA Robert Kamoga Tebasuulwa		7/8	7/8
4.	CPA Alice Nyangoma		6/8	8/8
5.	CPA Richard Asiimwe		6/8	6/8
6.	CPA Dr. Lubega Joseph		8/8	4/8
7.	CPA Tekakwo Alex Dujson <i>(Joined in December 2023 &amp; participated in the January 2024 Board meeting discussing 2023 results)</i>		0/0	N/A

### 2.6. Board committees

The Board appointed committees to support in discharging its duties. The Board has four (4) Committees and each is chaired by a Board member who acts as the link between the Board and the Committee for efficient information flow. Committees are expected to meet at least once a quarter. The Committees were engaged in the following activities in the year 2023, as the summary of Committees' Key Accomplishments in the year 2023.

### COMMITTEE ACCOMPLISHMENTS IN THE YEAR 2023

Committee	Item	Activity or output
<b>Investment, Finance &amp; Audit Committee</b>	• Quarterly reports	• Reviewed quarterly management reports and made recommendations to the board.
	• Review of the strategic plan	• Participated in the review of the strategic plan 2022-2026 progress.
	• Budget	• Reviewed budget performance for 2022. • Reviewed draft budget for 2023.
	• Land search	• The committee identified several land sites and inspected 5 sites • Carried out search on three sites • By end of the financial year the inspected and searched sites had reached the negotiation stage but faced challenges with the sellers.
	• Financial statements	• The committee reviewed the draft financial statements prepared by management.
	• External audit	• The committee worked with the external auditor for executing the external audit exercise.
		• The committee worked with the external auditor for executing the external audit exercise.
<b>Loans Committee</b>	• Credit policy	• Reviewed the policy and made proposals for amendments.
	• Maximum loan limit	• Implemented the extension of the Maximum loan limit to Shs. 220m
	• Legal service provider	• Sourced for new service provider for loan caveat services.
<b>Members Education Committee</b>	• New products	• Engaged and signed an MOU with Uganda Clays Ltd, and Uganda Baati Ltd to provide members with discounted products.
	• Policy review	• Reviewed the savings policy, SACCO bylaws and proposed amendments to the board.
	• Member trainings	• Organized and held 2 member trainings.
	• Strategic plan	• Participated in implementation of the strategic plan for 2022-2026
		• Updated members' bio-data
<b>Human Resource Committee</b>	• Policy implementation	• Implemented the revised Human resource policy
	• Recruitment	• Proposed recruitment plans to the Board for additional staff
	• Staff appraisals	• Conducted staff appraisals and made recommendations to the Board.

### 2.5.1. Board Committees Membership

Below are the members who served on CPA SACCO Committees for the year ended 31 December 2023.

	COMMITTEE	MEMBERS	Position
1.	Loans	Dr. CPA Joseph Lubega (PhD)	Chairperson
		CPA Jenipher Logose	Member
		CPA Isaac Lule	Member
		CPA John Ssebuuma	Secretary
		CPA Justus Rutebemberwa	Member
		CPA Micheal Wanyama Opiema	Member
2.	Investment and Finance	CPA Robert Kamoga Tebasulwa	Chairperson
		CPA Asaph Muhanguzi ( <i>resigned effective 24 May 2023</i> )	Member
		CPA Brenda Nalutaaya Ssentamu	Member
		Mr. Tekakwo Alex Dujson	Member
		CPA Mbagwa Nicholas	Member
3.	Members Education and Mobilization	CPA Alice Nyangoma	Chairperson
		CPA Sheila Kasujja K	Member
		Mr. Lawrence Bulega	Member
		Ms. Leah Alupo	Member
		Ms. Nancy Akullo	Member
4.	Human Resource Committee	CPA Richard Asimwe	Chairperson
		CPA Justus Turinaawe	Member
		CPA Dennis Ahimbisibwe	Member
		CPA Medad Mwesigwa	Member

### 2.7. Supervisory Committee (SUPCO)

At CPA SACCO LTD, we place a strong emphasis on compliance, internal control, and prudent corporate governance. To support these goals, we have an established Supervisory Committee (SUPCO) as an assurance arm of the SACCO.

The committee is elected by the Annual General Meeting (AGM) and directly reports back to the AGM.

As watchdogs over the Board and management's commitment to achieving compliance, SUPCO acts as the equivalent of internal audit. It plays a critical role in fostering compliance, internal control, and prudent corporate governance. The committee works closely with the Board functionally and strategically and reports to the Annual General Meeting.

In the financial year 2023, the supervisory Committee performed several activities to support its role in compliance and corporate governance. These activities included reviewing the loan processes, quarterly management reports, Board and committee operations, and prior audit recommendations. Through these activities, SUPCO helped in ensuring that CPA SACCO Ltd maintains a high standard of compliance, internal controls and corporate governance. We are committed to continuing our collaboration with SUPCO to achieve our goals of compliance, control and governance.

### 2.8. Management

CPA SACCO Ltd has a functional and operating secretariat with three staff members headed by a manager. The manager oversees the administrative, operational, and overall financial control of the SACCO. The Finance & administrative officer supports the overall finance and administrative function, and the loans officer manages the loan business. Staff members were motivated and encouraged with support from the Board to maintain high standards of operations

#### Performance appraisals

Staff members are signed on a contract of three years, subject to a successful probationary period, and reappointment is based on satisfactory performance. In 2023, the Human resource committee conducted annual performance appraisals for the staff, and they noted good performance from staff.

In 2023, the Human resource committee conducted annual performance appraisals for the staff, and they noted good performance from staff.

#### Staff development and welfare

The staff received sponsorship for the CPA course and attended several Continuous Professional Development (CPD) programs by the Institute of Certified Public Accountants.

Furthermore, in the year 2023, staff with exception of one staff who was on probation received an inflationary salary increment of 15% and 10% for performance

Furthermore, in the year 2022, staff members received an inflationary salary increment of 7%, demonstrating CPA SACCO Ltds commitment to ensuring that staffs are appropriately compensated for their hard work and dedication to CPA SACCO Ltd.

#### **Key approved staffs incentives in the Human resource policy**

- Gratuity benefits upon retirement or leaving the SACCO, if a staff has worked for more than 10 years.
- Monitoring of staff through time-sheets , submissions and reviews
- An annual bonus based on secretariats/group performance.
- A one-off inflationary salary increment subject to Boards review.

CPA SACCO Ltd recognizes the value of its staff members and takes appropriate measures to ensure that they are equipped with the necessary skills and knowledge to perform their duties effectively while also providing a supportive, progressive and rewarding work environment.

#### **2.9. Member Engagement**

At CPA SACCO Ltd, we believe that member engagement is essential for effective governance. We have several channels through which members can engage with us, including the Annual General meeting(AGM), member education meetings and social media platforms(whatsapp and LinkdIn, Facebook). During the year 2023, we held one AGM and 2 member education training meetings. We also engaged with our members through a survey to get their feedback on our services.

#### **2.10. Confidentiality**

At CPA SACCO Ltd, we take confidentiality and data protection very seriously. We hold a lot of member's sensitive information, and we do not have the right to disclose such information to any external party or third party without permission from the concerned member. Confidentiality is one of our key result areas of interest, and we strive to maintain the highest level of confidentiality required by our members.

#### **2.11. Managing conflict of interest**

CPA SACCO Ltd has implemented measures to manage conflict of interest among its members. The SACCO recognizes that conflict of interest can arise when a member's decision making capacity is compromised due to personal relations or the expectation of personal gain.

To ensure that member's interests are protected, CPA SACCO Ltd has established policies that discourage leaders from guaranteeing loans and participating in decisions directly concerning them. Additionally, all loans to staff and Board members are handled at Board level unless otherwise resolved by the Board.

CPA SACCO Ltd encourages members to disclose any form of conflict of interest that may arise. This proactive approach helps to identify and manage conflicts of interest in a timely and effective manner.

Overall, CPA SACCO is committed to maintaining a transparent and ethical environment that promotes the best interests of its members.

#### **2.12. Performance management**

CPA SACCO Ltd takes performance management seriously as a means of evaluating the performance of any assigned party. The SACCO conducts performance evaluations at both Board and management levels.

#### **The board members and Committees members**

For the Board, performance is evaluated based on the number of board meetings held during the year and the number of various items, activities and decisions taken during the year by the member. The Board chairperson is responsible for evaluating the overall board performance and is expected to assess each member based on their respective job descriptions and the tasks assigned during board meetings.

Targets are present in form of short-term, medium term and long term objectives. A 360 degree performance appraisal method is being implemented for all members of the Board including Chairperson, Committees and staff.

#### **Management**

On the other hand, management is evaluated annually through performance appraisals. The manager is appraised by the Board or it may delegate to the committee, while other staff are appraised by the committee. Staff are evaluated against their job descriptions and task based performance, based on the annual performance targets.

By conducting regular performance evaluations, CPA SACCO Ltd is able to identify areas of strength and weakness and develop strategies to improve performance. This ultimately helps the SACCO to achieve its goals and objectives while providing better services to its members.



# 3.0. SUSTAINABILITY REPORT

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## 3.1. Introduction

This section contains a detailed review of our business processes in the three major areas as fronted by the Global Reporting Initiative (GRI). CPA SACCO Ltd has an operating environment both micro and macro which have direct impact on operations. Sustainability reporting is one of the contemporary issues in financial reporting. According to the Global Reporting Initiative (GRI). GRI is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption. There is a lot of pressure from stakeholders to fully understand the detailed status of the business, which requires entities to report on three major factors, that is, the environmental, economic and social impact. Sustainability reporting was first launched in 2000. CPA SACCO Ltd deems this imperative to be incorporated in our annual report to enable our stakeholders fully understand our operations and our footprint.

### 3.1.1. Integrated report at CPA SACCO Ltd

The integrated report intends to communicate the business as a whole to its stakeholders, on how the SACCO creates and adds value to its stakeholders. CPA SACCO Ltd has been improving its reporting towards integrated reports since 2016 and this has significantly improved the level and quality of communication to the stakeholders. The major components contained in the CPA SACCO report include the management report, the financial report, sustainability report, the Board report, corporate governance, strategic, detailed business review reports, statement on value addition, among other important information. These detailed components are aimed at covering all the three (3) topic-specific GRI Standards organized into three series; 200 (Economic topics), 300 (Environmental topics), and 400 (Social topics).

### 3.1.2. Guidelines to Integrated report preparation

The improved conceptual framework for financial reporting emphasizes the advanced approach of reporting where the organization should be reported in totality as opposed to the traditional approach of reporting the financial aspect alone. CPA SACCO LTD prepares its annual reports following the GRI's conceptual framework on financial reporting and the guidelines of the Institute of Certified Public Accountants of Uganda (ICPAU) which is the regulatory body for Accountants, with an aim of achieving prudent corporate financial reporting for all entities

### 3.1.3. Report enhancement, distribution and accessibility

CPA SACCO Ltd has been making major improvements in its annual report based on the feedback report from the Financial Reporting (FiRe) Awards Committee of the Institute of Certified Public Accountants of Uganda after its FiRe awards event organised in partnership with Capital Markets Authority (CMA) and Uganda Securities Exchange (USE). Since 2016, all CPA SACCO annual reports have always been shared with CPA SACCO members prior to the AGM and readily available both in soft and printed copies. The reports are also electronically accessible via our website [www.cpasacco.com](http://www.cpasacco.com)

## 3.2. Human capital

### 3.2.0. Introduction

CPA SACCO LTD is an artificial person whose livelihood is only realized by the existence of natural persons to pursue her reason for existence. Through leaders and management, CPA SACCO LTD is in the 10th year of operation. This Annual Report has been majory beatified by the pictures taken during the SACCO's celebrations



of 10 years Anniversary, which was hosted by one of the SACCO members who own an 'Eco Farm' (Katubwe Village Farm)

### 3.2.1. Our leadership legacy

For the 10 years of operation, CPA SACCO Ltd has had four Boards. It has created a pool of resourceful individuals who are consulted to further guide the SACCO to achieve sustainable leadership, growth and development. All past leaders still have an interest in SACCO operations and they have provided guidance whenever necessary for both technical and soft skills for business development. Before the amendment in the cooperative legal framework, CPA SACCO leaders were serving for a maximum of four years and they were eligible for re-election if they stepped down for a period equivalent to the number of years served. However, with the amendment of the Cooperative Societies Act 2020, leaders will be serving for a fixed term of four years and they will be eligible for re-election provided they still have interest and commitment to serve. Committee membership is encouraged to all members intending to join the Board. This strategy is adopted for Board succession planning.

## CPA SACCO LTD LEADERS (2013-2022)

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**CPA Dan N. Badebye**  
Board Chairperson  
2019-2021 (3<sup>rd</sup> Board)  
Joined the Board in 2016



**CPA Christine Mugume Kapiira**  
Board Chairperson  
2013-2018 (1<sup>st</sup> and 2<sup>nd</sup> Board)



**CPA Faridah Namubiru**  
Treasurer 2013-2016  
(1<sup>st</sup> Board)



**CPA Daniel Mwase**  
V. Chairperson 2013-2018  
(1<sup>st</sup> and 2<sup>nd</sup> Board)



**CPA Christine Kawasiima**  
V. Chairperson 2019-2021  
3<sup>rd</sup> Board)



**CPA Jacqueline Busingye**  
Treasurer 2016-2021  
(2<sup>nd</sup> and 3<sup>rd</sup> Board)



**CPA Agnes Biryetega N**  
Secretary 2013-2016  
(1<sup>st</sup> Board)



**CPA Oola Simon**  
Member 2013-2016  
(1<sup>st</sup> Board)



**Mr. Godfrey Neema**  
Member 2013-2018  
(1<sup>st</sup> and 2<sup>nd</sup> Board)



**CPA Bosco Musisi**  
Secretary 2016-2018  
(2<sup>nd</sup> Board)



**CPA Joseph Kawuma**  
Board Member 2013-2016  
(1<sup>st</sup> Board)



**CPA Fred Paul Nangalama**  
Board Member 2019-2021  
(3<sup>rd</sup> Board)



**CPA Mary Violet Kajumba**  
Board Member 2016-2021  
(2<sup>nd</sup> and 3<sup>rd</sup> Board)



**Mr. John Bosco Ntangaare**  
Secretary 2019-2021  
(3<sup>rd</sup> Board)



**CPA Richard Asiimwe**  
Board Member 2019 to-date  
(3<sup>rd</sup> and 4<sup>th</sup> Board)



**CPA Ochan Bernard**  
Chairperson- SUPCO 2013-2016  
(1<sup>st</sup> SUPCO)



**CPA Viko C. Macheline**  
SUPCO Member 2013-2016  
(1<sup>st</sup> SUPCO)



**CPA Bulega David Musoke**  
SUPCO Chairperson 2016-2018  
(2<sup>nd</sup> SUPCO)



**CPA Annet Namuddu**  
SUPCO Member 2016-2018  
(2<sup>nd</sup> SUPCO)



**CPA Innocent Dankaine**  
SUPCO Member 2016-2018  
(2<sup>nd</sup> SUPCO)



**CPA Nicholus Mushabenta**  
Secretary/Chair 2019-2021  
(3<sup>rd</sup> Board)



**Late Wilson Ssegawa**  
SUPCO Chair 2019



## **3.2.2. Staff**

### **3.2.2.0. Introduction**

As the Board plays the oversight role, it appoints staff who operate the business on a day-to-day basis to realise the operational and strategic goals. Staff are individuals who provide their skills and expertise at a fee which translates into the emoluments in form of salaries and other employment benefits

### **3.2.2.1. Composition and life at CPA SACCO Ltd**

CPA SACCO Ltd currently has three staff headed by manager who was recruited in September 2022, the administrative officer who has served for 5 years and the loans officer making 3 years of service. Our team is gender sensitive comprised of a female and 2 males.

### **3.2.2.2. Recruitment process**

CPA SACCO Ltd practices prudent human resource practices, as appropriately documented in the SACCO's Human Resource Policy. Through competitive recruitment processes the SACCO develops the job description, invites applications and through objective screening processes, the best candidates are identified and appointed. In the year 2023, CPA SACCO Ltd did not recruit a new staff but put in place plans to add an additional staff in the year 2024.

### **3.2.2.3. Training and terms of service**

CPA SACCO Ltd, offers on the job training, it gives mentorship to all employees and offers CPA sponsorship, Staff on CPA course sat for examinations in 2023. Staff are encouraged to progress in their education for career growth. All staff are employed on contract basis of three years after their probationary period; the current staff signed a three year contract effective 1/1/2021 and the appraisal reviews for renewal are ongoing. Staffs are paid a salary and medical cover for themselves, spouse, and three biological children. Staff salaries are reviewed upon satisfactory performance and prevailing economic conditions. In the year 2023 staff costs amounted to Ushs 98.1 million inclusive of salaries, medical and training, constituting 38% of the total annual expenditures.

### **3.2.2.4. Performance management**

Staff performance is conducted annually through annual performance appraisal. Annual targets are set at the beginning of the year and evaluated accordingly to identify any training needs for further action. The performance appraisals for the previous year are done in the first quarter of a new year.

### **3.2.2.5. Staff welfare and working tools**

Staffs are provided with meals in kind, internet, and airtime for office communication and computers for executing their duties. Flexi-work laptops are available for staff to work off-site as at when need arises.

## **3.3. Financial capital**

Capital is any resource invested to operate a business it is the muscle of the business to support long term growth. CPA SACCO Ltd is a member owned entity and through acquisition of capital by purchasing shares the SACCO grows its capital base. At inception the SACCO had a vision of having a Shs 2 billion capital base in 20,000/= shares at Shs 100,000/= . By 31 December 2023, CPA SACCO had Share capital equivalent to Ushs.2.57 billion with a share premium of Ushs.397million

The SACCO has put several measures to grow its capital base as summarized below:

- a. In 2018, the SACCO carried out share valuation and it registered a capital gain of US\$ 25,000 per share, hence introducing a share premium
- b. In the new strategic plan, the Board agreed to increase in the long-run, the capital target to US\$ 3.2 billion of US\$ 100,000 at par.
- c. The SACCO annually transfers part of its surplus to retained earnings in support of organic growth strategy and further institutional Capital growth
- d. Dividends are paid annually to reward the shareholders and also to encourage further capital investment through share purchase

- e. A loan access criterion is tagged to share capital and savings. Capital investment is given a ratio of three in maximum loan computation to encourage members to purchase more shares. For avoidance of doubt in line with Cooperatives' legal framework, shares are not used as collateral securities.
- f. Increased minimum shareholding from One (1) share for each member to five (5) shares
- g. 10 years celebration share campaigns and member education webinars to educate members on shares.

### 3.4. Our business environment

CPA SACCO has an operating environment which is both macro and micro. The operating environment has a direct impact on the operations of the SACCO. CPA SACCO LTD carries out business in an environmentally friendly manner to enhance corporate image, achieve compliance, sustainability and societal acceptance. All stakeholders in our operating environment are treated with ultimate business acumen which positions us better with a competitive advantage in the industry. CPA SACCO Ltd interacted with its environment and key stakeholders in the following ways;

#### 3.4.1. Compliance to the regulatory framework

CPA SACCO operations are regulated by several laws and regulations both internal and external. The SACCO operated according to its internal policies, procedures, the bylaws, and according to external laws and regulations. The Annual returns were filed with the Registrar of Cooperatives, a hybrid Annual General Meeting was held. Withholding taxes or statutory levies and taxes plus contributions were filed and remitted in time to the respective authorities like Uganda Revenue Authority (URA), National Security Fund (NSSF) and Kampala Capital City Authority (KCCA). These include but not limited to the following; Pay As You Earn (PAYE), Local Service Tax (LST).

#### 3.4.2. Community engagement

CPA SACCO Ltd is mindful of its interactions with the community; we intend to create value to the community beyond our shareholders. This is why the CPA SACCO was able to impact the society in the following activities pursued;

##### a. Corporate Social Responsibility:

The SACCO had a budget for this activity in the year 2023 of Shs 1,000,000 million. The Board agreed and resolved to join hands with the Institute by contributing this money to CPA student sponsorship program as a way of promoting the Accountancy profession. This was intended to strategically position the SACCO in the target market of the training accountants and infer awareness about our existence. This is the second year the SACCO is involved in this activity as far as Cooperate Social Responsibilities (CSR) is concerned. The SACCO plans to continue joining hands with the Institute and plans are underway to carry more CSR activities such as a business clinic where the practitioners in the SACCO will be guiding the business community on business management matters, the relevancy on an accountant in business and financial literacy campaigns.

##### b. Bereavement fund:

The bereavement fund was introduced in May 2021 as a welfare fund for bereavement purposes. It is compulsory to all SACCO members. An annual contribution of Shs 50,000 is made to this fund to cover the member, the spouse, biological children and the biological parents. As a start the SACCO contributes Shs. 500,000 for the loss of a biological parent or child and Shs. 1, 000,000 to the beneficiary family in case of loss of a SACCO member.

The fund continues to grow and initially, challenges were met met along the way in verifying certain claims hence the introduction of members data upgrade form which is shared to all members to update their data so that the person declared on the form will be used in case of a claim. This has helped on simplifying the process of paying the rightful and eligible beneficiaries.

CPA SACCO lost one member and we condoled with the bereaved family , 10 members lost their parents, 1 and 2 members lost a child and spouses respectively. The balance from this fund is transferred to reserves to further grow our reserves. Below is the performance of the fund;

## Bereavement fund performance 2023

No.	Item	Beneficiary detail	2023	Beneficiary detail	2022	Beneficiary detail	2021
	<b>Bal b/f</b>		43,250,000		20,200,000		
a)	<b>Annual contribution</b>	591	29,550,000	541	27,050,000	525	26,250,000
b)	<b>Pay outs</b>						
c)	<b>Members</b>						
			0	Josephine Nabweteme		Aggrey Kakunda	1,050,000
1.		Eyomu Raymond	1,000,000			Charles K Okwonga	1,000,000
						John Opeduru	1,000,000
d)	<b>Children</b>			0	0	Constant Mayende	500,000
1		Kamuntu Denis	500,000				
e)	<b>Spouses</b>			0	0	Harriet Apio Aryam	500,000
1.		Harriet N. Kiwanuka	500,000	0	0		
2.		Keto Goretti Kayemba	500,000	0	0		
f)	<b>Parents</b>						
				Mary Amuge	500,000	Japheth Katto	500,000
1.		Nambaijwe Veronica	500,000	Akansasira Rosette	500,000	Maria G. Nyapendi K	500,000
2.		Harriet Nakaddu	500,000	David Musoke Bulega	500,000	Simon Kyaboga	500,000
3.		Susannie Teega K	500,000	Levi Ndyamuhaki	500,000	Carol Kyomuhendo L	500,000
4.		Neema Godfrey	500,000	Charles Byaruhanga	500,000		
5.		Joab Tumuryanze	500,000	Peter Ahumuza	500,000		
6.		Stephenson Kidugavu	500,000	Johnnie Muhumuza	500,000		
7.		Mugerwa Simon Peter	500,000	Mary Kabyanga	500,000		
8.		Omoding C. Odiiri	500,000				
9.		Oduman Albert . C. Okello	500,000				
10.		Nambaijwe Veronica	500,000				
	<b>Total pay out</b>	<b>14</b>	<b>(7,500,000)</b>	<b>8</b>	<b>(4,000,000)</b>	<b>9</b>	<b>(6,050,000)</b>
	<b>Bal c/f</b>		65,300,000		43,250,000		20,200,000

### 3.4.2. Ecological factors: CPA SACCO Ltd is an artificial person but her activities impact the natural environment

Attempts were made to ensure that the activities of CPA SACCO Ltd have limited negative impact on the natural atmosphere. CPA SACCO Ltd is a financial service provider which does not engage in activities that could greatly cause air pollution. The computers which are used to process information are serviced regularly and disposed of after their useful life. The use of e-communication has significantly reduced the physical paperwork and for any paper disposed of, it is shredded into smaller components that can easily decompose. Management always endeavor to recycle all recycled stationary items and other purchased items like cartons of printers, among others. The SACCO spends US\$ 500,000 (Five hundred thousand Uganda shillings) monthly as a contribution towards shared utilities and internet to the Institute of Certified Public Accountants of Uganda, since the SACCO ensures minimal consumption of utilities.

### 3.4.3. Office supplies and other procurement

CPA SACCO Ltd, purchases office supplies like toner, paper and the professional services like consultants, system support, and external auditor, among others. CPA SACCO Ltd followed the procurement guideline of soliciting prequalified service providers and evaluated them against technical and financial criteria to choose the highest bidder for service provision. While negotiating with the suppliers, value for money and quality are the major consideration. During the year 2023, CPA SACCO Ltd did not make any significant purchases.

### 3.4.5. Partnership and relationship

CPA SACCO Ltd is open to all professional accountants and this avails a chance to access support from all members across the country with different skills, experience, expertise and exposure. Our leaders have always been drawn from a bigger pool which guarantees quality leadership with productive diversity. CPA SACCO Ltd, does not associate with illegal practices like money laundering, corruption and bribery as it may put members, their funds, the SACCO and the profession at stake.



This is the foundation of the Accountancy profession. The SACCO's management performs due diligence before finalizing its relationship with its potential service providers, customers, and partners. CPA SACCO Ltd, holds investments with CIC Africa Uganda Limited (insurance company), and holds Unit Trust Fund under the Umbrella Trust Fund with UAP Old Mutual Financial Services.

During the year 2021, CPA SACCO Ltd entered into an arrangement with ICEA General Insurance Company Limited for a Medical Insurance Scheme of its members, with specific terms and conditions. Key terms were; 50 as minimum number of lives, premium to be paid by each member of US\$ 890,000, eligible for members aged 18 to 70 years and dependents aged 0 to 70 years, optional to willing members, covers SACCO members with their dependents, premiums are payable to CPA SACCO collection accounts, among others. The SACCO is still registering willing members to attain 50 minimum lives and then officially operationalize the scheme

During the year 2023, CPA SACCO Ltd oversaw 8 members benefit from our new products launched in 2022 i.e 4 members benefited from an MOU with Uganda Clays for supply of Uganda Clay products at a 7% discounted price and 4 members from Uganda Baati Ltd MOU to provide Iron products at a discounted price.

#### **3.4.6. Communication with stakeholders**

CPA SACCO Ltd uses formal communication channels to keep its stakeholders updated on the operational guidelines and any developments. Communication is done timely and we are open to any form of feedback. Through notices, emails, WhatsApp group, AGM, members' surveys, meetings and training sessions, the SACCO is able to receive feedback and it forms part of the key inputs in improving the service delivery and continuous improvement.

#### **3.5. Our Value creation model**

In the financial year ended 31 December 2023, CPA SACCO realized total income in excess of Shs 1.1 billion as compared Shs 864 million for 2022. The surplus grew to Shs 680 million from 548 million for the year 2022. Shs 276.7 million has been proposed as dividends as compared to Shs 205.5 million which was approved and paid out to qualifying members. Interest on savings remained the major expense incurred by the SACCO to reward the savers for committing their funds. It grew to Shs 229.7 million in the year ended 31 December 2023 from Shs 189 million for the year ended 31 December 2022.

The bereavement fund was also created as a reserve fund in addition to statutory reserves and transfers to retained earnings.



## CPA SACCO VALUE CREATION FOR THE YEAR 2023

	2021		2022		2023	
	Amount (UShs)	%	Amount (UShs)	%	Amount (UShs)	%
<b>Income</b>						
Interest income	441,275,690	64%	587,232,308	68%	773,622,967	70%
Fees and commissions	45,967,000	7%	50,328,200	6%	65,247,457	6%
Interest on unit trust	189,713,975	27%	209,491,494	24%	237,442,331	22%
Other operating incomes	15,714,386	2%	17,736,763	2%	23,818,610	2%
<b>Total Income</b>	<b>692,671,051</b>	<b>100%</b>	<b>864,788,765</b>	<b>100%</b>	<b>1,100,131,365</b>	<b>100%</b>
<b>Expenses</b>						
Interest expenses	127,306,194	39%	189,380,338	60%	229,694,261	55%
Loan loss provision	69,216,960	21%	-2,632,222	-1%	31,190,519	7%
Administrative expenses	31,143,421	9%	35,227,110	11%	46,131,618	11%
Governance and statutory	6,832,500	2%	14,616,080	5%	14,564,100	3%
Employee	92,549,550	29%	79,988,506	25%	98,152,324	23%
<b>Total expenses</b>	<b>327,048,625</b>	<b>100%</b>	<b>316,579,812</b>	<b>100%</b>	<b>419,732,822</b>	<b>100%</b>
Dividend payout ratio	49%		42%			
Market Price per share(MPS)	176,460		170,180		188,439	
Earnings Per Share (EPS)	25,486		29,668		29,442	

	2021		2022		2023	
	Amount (UShs)	%	Amount (UShs)	%	Amount (UShs)	%
<b>Income</b>						
Proposed dividends	180,525,000		205,550,000		276,747,925	
Shares	14,442		16,445		20,512	
Dividend per share	12,500		12,499		12,500	

### 3.1. Risk Management report

#### 3.6.1 Introduction

Risk is the possibility that the desired outcome of an action is not achieved as intended. CPA SACCO Ltd is driven by the value creation model however; the dynamics of the environment are so volatile to achieve the desired outcome. CPA SACCO LTD has a holistic approach to risk management since risk and returns are inseparable in business hence the risk-return relationship. We have a well-defined risk management framework which identifies analyses, profiles and institutes measures to reduce anticipated risks to a relatively acceptable level. Below are the risks involved in our business

#### 3.6.2 Our risk profile and mitigation mechanisms

CPA SACCO LTD, like any other financial institution, is exposed to a number of risks, both systematic and non-systematic. We have put in place measures to mitigate the risks as detailed below:

##### a) Credit risk:

Credit risk is the probability that a borrower or counterparty will fail to meet his/her obligations in accordance with agreed terms. In the year 2023, our average default rate was reduced to 8% from 11% in 2022, throughout the year like that of 2022 determined based on number of loans with balances in arrears. This reduction was attributed to continued efforts by the Board to pursue those members' whose source of income was affected by COVID-19 especially those who lost employment, whose businesses were closed like school owners and those in the transport business. However, the overall risk exposure on loans and advances moved from 4% as at 31 December 2022 to 3.5% as at 31 December 2023. We manage credit risk by retaining savings worth 1 month and 3 months' instalment for secured and unsecured loans respectively, by executing insurance cover for all loans, among other measures. For instance, one (1) member who passed-on in 2022, had a loan and her

outstanding balance was partly recovered from the insurer;

Credit risk management and control is largely driven by the SACCO's loans' committee, which report regularly to the Board.

#### **Credit risk measurement.**

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of loans entails further estimations as to the likelihood of default occurring, associated loss ratios and among others. The SACCO measures credit risk equivalent to impairment provision/charge using a three (3) stage (general) expected credit loss (ECL) model as stipulated under IFRS 9 Financial instrument. Since the SACCO has a less complex loan portfolio and standard loan products/services, the SACCO applies a less complex ECL model of;  $ECL = \text{Exposure at Default (EAD)} * \text{Probability of Default (PD)} * \text{Loss Given Default (LGD)}$ . Below is the summarized determination of the SACCO's average risk exposure of 3.5% for 2023 and 4% for 2022.

Particulars	2023	2022
Gross loans and advances(Ushs)	5,577,851,335	4,392,042,216
Provision for expected credit losses(Ushs)	194,181,140	162,990,621
Credit risk exposure (%)	3.5%	4%

Please refer to Note 2(n) under the section of audited financial statements with their notes, for details relating to related assumptions like determination of significant increase in credit risk, considered forward-looking macro-economic factors, staging of loan portfolio, among others.

#### **3.6.3 Financial risk:**

This refers to the entity's ability to manage its debt and financial leverage. This risk is associated with the capital structure. CPA SACCO Ltd has limited exposure to this risk since there is no debt capital which has been introduced. Members are encouraged to continuously buy shares and measures are put in place to build institutional Capital. However, in case the need arises, at its AGM CPA SACCO Ltd instituted the maximum Liability to Shs 500 million which would cause minimum exposure to financial risk due to a balanced structure. With the current capitalization of Shs 2.97 billion, the risk would be minimal with a debt of Shs 500 million.

#### **3.6.4 Liquidity risk:**

This is a risk which occurs due to failure to meet the operating needs as and when they fall due. We are a financial services provider and cash is our major asset due to liquidity need. However, members invest their money with us for value addition hence the need to balance liquidity with profitability. More than 35% of our asset base is held in highly liquid assets which are placed with regulated financial institutions and this earns us daily income. This decision was taken in consideration of the tax implication, accessibility of the funds, risk exposure and the interest earned. Management endeavoured to balance liquidity with profitability which enabled efficiency and effectiveness of loan disbursement, savings withdrawals and operating expenses were being settled as and when they fell due. The SACCO follows a comprehensive liquidity risk-management guidelines as stipulated under the SACCO's Finance and Investment Policy, which is duly implemented by the Finance and Investment Committee and regularly reports to the Board. The policy stipulates maintenance of various ratios, funding preferences, and evaluation of the SACCO's liquidity under normal and crisis situation – based on performed stress testing. Below summarized maturity analysis of the SACCO's non-derivative financial assets and financial liabilities, indicating that the SACCO has positive liquidity gaps throughout various liquidity ranges or aging brackets;



At 31 December 2022	Within 3 months	4 to 12 months	Above 1 year
	Ushs		Ushs
Cash and cash equivalents	412,814,670	-	-
Investments in UAP	2,527,482,088	-	-
Loans and advances	1,615,101,059	1,345,917,549	2,422,651,587
Investment in shares	-	-	2,673,000
<b>Total financial Assets</b>	<b>4,555,397,817</b>	<b>1,345,917,549</b>	<b>2,425,324,588</b>
Other payables	7,808,600	-	-
Members savings	515,512,766	1,031,025,532	1,890,213,475
<b>Total financial liabilities</b>	<b>523,305,366</b>	<b>1,031,025,532</b>	<b>1,890,213,475</b>
<b>Total liquidity gap</b>	<b>4,032,092,451</b>	<b>314,892,017</b>	<b>535,111,113</b>

At 31 December 2021	Within 3 months	4 to 12 months	Above 1 year
	(Ushs)		(Ushs)
Cash and cash equivalents	192,675,012	-	-
Investments in UAP	2,360,039,757	-	-
Loans and advances	1,268,715,779	1,057,263,149	1,903,073,668
Investment in shares	-	-	2,673,000
<b>Total financial Assets</b>	<b>3,821,430,548</b>	<b>1,057,263,149</b>	<b>1,905,746,668</b>
Other payables	7,792,600	-	-
Members savings	457,492,187.85	914,984,375.70	1,677,471,355.45
<b>Total financial liabilities</b>	<b>465,284,788</b>	<b>914,984,376</b>	<b>1,677,471,355</b>
<b>Total liquidity gap</b>	<b>3,356,145,760</b>	<b>142,278,773</b>	<b>228,275,312</b>

### 3.6.5 Operational risk:

It is the probability of loss in value occasioned by failures in internal processes, systems and external events. Through regular monitoring by respective governing organs of the SACCO, the internal processes and systems were streamlined to ensure continuous flow of all activities with the required standards. During the year 2023, most of the policies were reviewed to fit in the changing environment. The online transfer (online banking) on the major transacting account was functional, and this increased operational efficiency. Laptops acquired in 2021 enabled continuous operations in case of any restrictions on movements. CPA SACCO Ltd operates in a less complex information technology (IT) environment, with basically only the accounting system and operating system. The SACCO benefits from the Institute's IT professionals for IT support and as such, IT related risks are minimized. Data back-ups are regularly done, passwords mechanisms are enabled for accessibility of the SACCO's computers or applications, and the SACCO has adequate information technology general controls (ITGCs). The Board approved the purchase of a new MIS (Management Information System)

### 3.6.6 Market risk;

It is the possibility of a business experiencing losses due to factors that affect the overall performance of the financial markets in which it is involved. The SACCO invested its excess funds in financial institutions whose return has been stable for the recent period.

### 3.6.7. Other Risk management measures

#### a. Internal controls:

These are measures and processes instituted to minimize the likelihood of asset misuse. The SACCO has well-defined processes and procedures which characterize the internal control environment to include authorization, regular Board meetings and monthly reconciliations.

#### b. The governing structure:

The structure defines the hierarchy and the reporting lines of the different positions at CPA SACCO. Each arm has well-defined roles and duties to regulate the operations. For example, SUPCO and the external auditor ensured that the SACCO achieved the highest level of compliance to both internal and external required performance standards.

c. Caveating of collaterals

CPA SACCO Ltd carries out due diligence through the credit committee, management and the lawyer to verify all assets pledged as security for all secured loans. The SACCO registers its interest by placing a caveat which is released upon completion of the loan.

**3.6.8. CPA SACCO RISK REGISTER 2023**

No.	Risk	Possible Occurrence	Level of Impact	Possible Mitigation Solutions	Mitigation Resources Required
1.	Credit risk Due to; <ul style="list-style-type: none"> <li>• Insolvency</li> <li>• Unemployment</li> <li>• Death</li> </ul>	High	High	Due diligence when processing a loan	<ul style="list-style-type: none"> <li>• Strong loans committee team</li> <li>• Insurance</li> </ul>
2.	Interest rate risk Due to; <ul style="list-style-type: none"> <li>• Fluctuating rates</li> </ul>	High	Low	Continuously review market rates	Diversified investment portfolio
3.	Liquidity risk Due to; <ul style="list-style-type: none"> <li>• Investment in long term asset</li> </ul>	Low	High	Following the investment manual	<ul style="list-style-type: none"> <li>• Strong investment committee</li> <li>• External credit facilities</li> </ul>
4.	Business Risk Due to; <ul style="list-style-type: none"> <li>• Exit of members</li> <li>• Low uptake of loans</li> </ul>	Low	Medium	Committee continuous guidance	<ul style="list-style-type: none"> <li>• Closely monitor business risks for mitigates</li> </ul>





## **4.0. AGENDA FOR THE 10<sup>TH</sup> ANNUAL GENERAL MEETING SCHEDULED FOR 27<sup>TH</sup> MARCH, 2024 (HYBRID)**

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1. Anthems and Opening Prayer
2. Admission of New Members
3. Communication from the Chairperson
4. Review and approval of the minutes for the 9<sup>th</sup> AGM.
5. Action report of the 9<sup>th</sup> AGM.
6. Presentation of Reports;
  - a. *Management report the Financial Year 2023*
  - b. *SUPCO Report for the Financial year 2023*
  - c. *Report of the Board for the Financial Year 2023*
  - d. *Audited Financial Statements for the Financial year 2023*
  - e. *Auditor's Report for the Financial Year 2023*
7. Matters arising from No.6, discussion & approval of relevant reports
8. Budget for the Financial Year 2024, discussion and approval
9. Presentation of Board Proposals, discussion & approval
  - a. *Dividend payment*
  - b. *Appointment of the external auditor for the year 2024*
  - c. *Amendment of Byelaws*
  - d. *Other Board Proposals*
10. Recognition of exceptional performers
11. Speeches
  - a. *Selected speaker(s)*
  - b. *Guest speaker*
12. Tea and Bites
13. Closure





## 5.0. ADMISSION OF NEW MEMBERS

Membership growth is one of our Key performance indicators and we continuously engage accountants to encourage them to join the SACCO. However, membership growth which was our worst KPI due to the effects of COVID-19, has slowly started improved by 37 from 52 to 89 members presented for admission last AGM and all members are encouraged to share word about the SACCO to grow membership.

The Board hereby presents the list of 89 members who joined the SACCO since our 9th AGM held in March last year for ratification and due admission to enable their participation in this Annual General meeting.

### LIST OF NEW MEMBERS SINCE LAST AGM

No.	Name	Ref.	No. of Shares
1.	Wilber Birungi	CSM/0749	5
2.	Pius Mawanda Ssuuna	CSM/0750	5
3.	Adong Sylvia	CSM/0751	5
4.	Geoffrey Nkonge	CSM/0752	5
5.	Jane Florence Amoding	CSM/0753	10
6.	Stephen Muchelule	CSM/0754	17
7.	Ally Ssali	CSM/0755	5
8.	Difasi Nasasira	CSM/0756	6
9.	Allan Mwesige	CSM/0757	5
10.	Aidah Wasagali	CSM/0758	5
11.	Eugenio Ombago	CSM/0759	8
12.	Specioza Komwani	CSM/0760	5
13.	Barbra Nakaye	CSM/0761	11
14.	Brenda Cathy Nabaweesi	CSM/0762	5

No.	Name	Ref.	No. of Shares
15.	Emmanuel Gidudu Amidu	CSM/0763	5
16.	Joachim Namala Wandera	CSM/0764	21
17.	Jason Ahereza	CSM/0765	5
18.	Ronald Ssebugwawo	CSM/0766	5
19.	Madinah Namugwe	CSM/0767	11
20.	Asia Nakiyemba	CSM/0768	5
21.	Resty Kabasaig	CSM/0769	160
22.	Sarah Namirembe	CSM/0770	5
23.	Lenia Ruth Cadribo	CSM/0771	5
24.	Angela Akampurira	CSM/0772	5
25.	Sam Baker Kelly Logira	CSM/0773	5
26.	Betty Namatovu	CSM/0774	5
27.	Davis Niwagaba	CSM/0775	5
28.	Margaret Nalwoga	CSM/0776	80
29.	James Okello	CSM/0777	5

## LIST OF NEW MEMBERS SINCE LAST AGM

No.	Name	Ref.	No. of Shares
30.	Nicholas Nsubuga	CSM/0778	15
31.	Susan Asio	CSM/0779	100
32.	Faith Loru Nakut	CSM/0780	11
33.	Roselyne Amadrio	CSM/0781	5
34.	Annet Wanyana,	CSM/0782	10
35.	Timothy Kasibante Duncan	CSM/0783	5
36.	Sarah Nalunga	CSM/0784	22
37.	Ceasar Labeja	CSM/0785	5
38.	Irene Nambiro Muholi,	CSM/0786	5
39.	Everlyn Mande	CSM/0787	6
40.	Charles Nasasira	CSM/0788	5
41.	Charles Bagalana	CSM/0789	5
42.	Roger Okullu	CSM/0790	5
43.	Cosby Atukwatse	CSM/0791	5
44.	Benjamin Nyakana	CSM/0792	5
45.	Eva Namutebi	CSM/0793	5
46.	Linda Atwine	CSM/0794	13
47.	Geoffrey Kabagambe	CSM/0795	5
48.	Annet Asimwe	CSM/0796	5
49.	Edward Onyang,	CSM/0797	5
50.	Martin Muhangi	CSM/0798	5
51.	John Mwembebezi	CSM/0799	5
52.	Ebuchi Emmanuel	CSM/0800	5
53.	Nathan Tibwala	CSM/0801	2
54.	Nalwanga Angella	CSM/0802	6
55.	Josephine Adongo	CSM/0803	17
56.	Sylvia Ashabahebwa	CSM/0804	5
57.	Brian Adonyo Lunyolo	CSM/0805	5
58.	Mugoya Micheal	CSM/0806	5
59.	Violet Lubega	CSM/0807	5
60.	Okwera Richard	CSM/0808	5

No.	Name	Ref.	No. of Shares
61.	Mugabe Chrispus Murenza	CSM/0809	5
62.	Tom Byaruhanga	CSM/0810	5
63.	Okurut Julius Kenneth	CSM/0811	5
64.	Edward Kangave Kasato	CSM/0812	5
65.	Julius Atugonza	CSM/0813	6
66.	Nalubwama Berna	CSM/0814	5
67.	Ssaka Daniel	CSM/0815	5
68.	Okungi Willibrord Okello	CSM/0816	5
69.	Suzan Nagaba	CSM/0817	5
70.	Aron Kagulire	CSM/0818	5
71.	Tucker Kato	CSM/0819	5
72.	Ceasor Woodhask Ediomu	CSM/0820	5
73.	Buha Yusufu Magero	CSM/0821	5
74.	Constance Mwebaza	CSM/0822	5
75.	Sarah Nannyanzi	CSM/0823	10
76.	Prossy Naggujja	CSM/0824	1
77.	Jude Boniface Wanetosi	CSM/0825	5
78.	Baker Kosmac Okwir	CSM/0826	5
79.	Paul Ogwang Owor	CSM/0827	5
80.	Esther Kakuba	CSM/0828	5
81.	Flavia Nazziwa	CSM/0829	5
82.	Joanita Fortune Aheereza	CSM/0830	5
83.	Lydia Namuleme	CSM/0831	5
84.	Johnson Mukula	CSM/0832	5
85.	Annet Nakiwala	CSM/0833	5
86.	Sadick Nulu Muwonge	CSM/0834	5
87.	Loy Katali	CSM/0835	5
88.	Richard Rwakatooke Mugisa	CSM/0836	5
89.	Evelyne R. Mbabazi Ssenkeezi	CSM/0837	5





## 6.0. REPORT OF THE BOARD

### Introduction

**D**ear Fellow Co-operators,  
I take the honour to welcome you to the 10th Annual General Meeting (“AGM”) of the CPA Cooperative Society Ltd (“CPA SACCO Ltd” or “the Society” or “the SACCO”). We bless the Lord for the gift of life. It is unfortunate that one of us went to be with Lord since our 9th AGM held in March last year, and unfortunate too that some of our colleagues lost their beloved one. I request that we observe a moment of silence in memory of the departed fellow co-operator and our colleagues’ dear ones.

I am honoured to report to you that this is our third year of service at CPA SACCO Ltd as the fourth Board of Directors. We continue to extend our sincere gratitude to the Vetting Committee and the members who entrusted us with the responsibility of steering the SACCO to another level. The experience is indeed tasking, educative and exciting to serve fellow professional Accountants.

### Overview

The cooperative industry is one of the fast-growing sectors in Uganda and this has attracted great attention from the government to support a firm ground to improve on the household income which translates into increased National Gross Domestic Product (GDP). In the same vein, the enacting of the Tier 4 Microfinance Institutions and money lenders Act of 2016, the Tier 4 Micro finance Institutions and Money lenders (SACCO) Regulations 2020, and the Cooperative Societies Act 2020 (amended in 2022),

Cooperative Societies Regulation 2019 were all attempts to strengthen the cooperative movement. The enacting of the new laws and regulations advocate for the clustering of the SACCOs into two major groupings based on the voluntary savings and institutional share capital to either fall under the supervision of the Central Bank of Uganda (BoU) or by Uganda Microfinance Regulatory Authority (UMRA).

### Regulatory framework

The enactment of Tier 4 Microfinance Institutions and Money lenders Act 2016, the establishment of Tier 4 Microfinance Institutions and Money lenders (Money Lenders) regulations 2018, the establishment of the Tier 4 Microfinance and Money lenders (SACCOs) Regulations 2020, and the issuance of the Uganda Microfinance Regulatory Authority (UMRA) Guidelines for licencing SACCOs under the Tier 4 Microfinance Institutions and Money lenders Act 2016 and the SACCO Regulation 2019, give proper guidelines for the SACCOs with a minimum core capital of not less than 10% of total Assets, have institutional capital of not more than Ushs.500 million and have voluntary savings of not more than Ushs.1.5 billion. Such SACCOs are the ones that are regulated by UMRA. Any other SACCO like CPA SACCO Ltd whose current institutional capital and voluntary savings are more than Ushs 500 million and Ushs 1.5 billion respectively, are now regulated by the central Bank of Uganda. I am happy to confirm that appropriate strategic and operational plans are being put into place for our mighty CPA SACCO Ltd to comply with the most recent BOU’s regulations governing SACCOs, Statutory



Instruments 2023 No.54, “the Micro Finance Deposit-Taking Institutions (Registered Societies) Regulations, 2023, in line with Section 89 of the Micro-Finance Deposit-Taking Institutions Act, 2003.

### **Corporate governance**

CPA SACCO Ltd, appointed the current leaders at the 7th AGM which was held in May 2021. A handover was successfully held, the board members were trained on the operating procedures of CPA SACCO Ltd and the regulatory framework. The Board appointed committee members who were also oriented on the operating procedures and the regulatory framework. All planned Board and committee meetings were successfully conducted. The team is successfully implementing the Sacco’s new strategic plan for the year 2022-2026. The amendment of the Cooperative Societies Act 2020, extended Board’s tenure to four years and they would be eligible for re-election.

It is with great pleasure to confirm that the Committees and the Board are willing to continue serving on a voluntary basis and complete their 4-year tenure. The Board instituted a formal annual performance evaluation tool effective for the year ended 31 December 2022 to monitor and evaluate each Board and Committee member’s annual performance. During the current year, an evaluation was done based on each Board member’s; pre-set specific targets, the level of attendance of the Board meetings, the level of participation on the ideas or suggestions available for discussion/guidance and timeliness for online approvals of operational transactions (where applicable). Some of the underperforming members were informally and formally cautioned. Average performing members were given a chance for improvement and appropriate actions have been taken in the past by the Board on very poor performers.

### **Business environment**

Financial year 2023 was fairly well performing economically given the fact that the Country’s economy was recovering from earlier shocks of Ukraine-Russia War after the prolonged impact of Covid-19. A few of the SACCO members are still constrained financially but generally, the business environment was fair. With the favourable business environment and following the past resolution of increasing the maximum loan amount to Ushs 220 million, this has partly driven an increase in loan portfolio in which gross loans and advances increased from Ushs 4.4 billion in 2022 to Ushs 5.6 billion (27% growth).. Similarly, the percentage of provision for credit losses reduced from 4% in 2022 to 3% in 2023, and this is partially attributed to improvements in the business environment, recovery of the economy, and

management’s increased efforts to monitor non-performing loans. CPA SACCO Ltd is committed to continue serving members. Accordingly, we continued encouraging members to using electronic means of accessing services from the SACCO. The Board equally continued conducting its business largely electronically including Board meetings and approvals of transactions. This has since improved timely service delivery, quick decision making, and improved flexibility in corporate governance.

### **Strategic plan**

CPA SACCO Ltd’s current 5-year strategic plan is being appropriately implemented. The SACCO’s 2022 to 2026 strategic plan is intended to deliver a UShs 11 billion total asset base by end of 2026. The Board annually reviews the SACCO’s performance against the annual targets pre-set in the strategic plan. I am happy to confirm that the SACCO is on the right track based on achieved milestones as at the end of the current financial year. For instance, Ushs 2.88 billion had been targeted by 31 December 2023 for the paid-up share capital (including share premium). Interestingly, Ushs 2.97 billion was achieved on the same date as per the audited financial statements. This success was mainly driven by the members’ support who bought more shares in a bid to celebrate the SACCO’s 10th Anniversary in October 2023 despite having been postponed and celebrated later on 20 January 2024. Special appreciation to all members who financially participated in the 10@10 shares’ drive (buying a minimum of 10 shares to celebrate 10 years)

### **Financial reporting**

CPA SACCO Ltd continued to support and adopt financial reporting practices required by the regulatory framework. Integrated reporting is one of the recent developments in the field and CPA SACCO Ltd has continued to make improvements in this area. In the year 2023 CPA SACCO Ltd, participated in the Financial Reporting (FiRe) Awards competition organised by the Institute of Certified Public Accountants of Uganda (ICPAU) in partnership with the Capital Markets Authority (CMA), the Uganda Securities Exchange (USE), and New Vision (media partner). CPA SACCO Ltd was commended with a Certificate of Merit (Participation), for preparing a quality improved report and for the continuous improvements.

### **Results of 2023**

CPA SACCO Ltd has continued to realise an upward growth in the business, aligned with the SACCO’s strategic objectives. With the recovery of the economy in Uganda and improved business operations by management and the Board, CPA SACCO Ltd’s interest income as its main revenue stream increased in 2023 by 32% (2022: 33.1%)

to UShs 773.6 million (2022: UShs 587.2 million). The SACCO realised an increase in surplus before distribution by 24% (2022: 49.7%) of UShs 680 million (2022: UShs 548 million). Our total asset base increased by 23% (2022: 24%) to UShs 8.3 billion (2022: UShs 6.8 billion). The SACCO consistently maintained an increase in market share price (price per share using net asset method) from around UShs 180,000 per share to UShs 188,000. This is being achieved while maintaining the low loan interest rate offered to members, compliance with external laws and regulations, continued investment in staff development and undertaking corporate social responsibility (CSR) as per the budget. This justifies how the current Board and management create/add value to the key stakeholders as members of the SACCO. More details are contained in the management report and the business review section, on how the SACCO creates and adds value to all stakeholders.

### Proposed dividends

The Board has proposed a dividend of UShs 12,500 per share for the year ended 31 December 2023 (2022: UShs 12,500 per share). The Board is mindful of the Cooperative Society's Act 2020 (as amended) and Regulations. The proposed dividend is the maximum dividend per share that can be paid as the 10% limit stipulated in the law. Section 40 of the Cooperative Societies Regulations states that, no registered society shall pay an annual dividend exceeding 10% on the shares of the paid-up capital. This represents a dividend yield of 10% based on current share price of UShs 125,000 (inclusive of share premium as part of paid-up capital for every share purchased/issued). Despite the restriction of the law not to pay more than 10% of the Society's paid-up capital, the declared dividend of UShs 12,500 per share remains a good return on investment when compared to most of other players in the industry or at the same/higher level and other blue chip public companies in different industries. The SACCO's dividend policy is thus aligned with the existing SACCO regulations. Additionally, to further incentivize our members and overcome the limitation of the 10% limit as per the Regulations, we propose issuing bonus shares on a 1-for-5 basis, reflecting our confidence in the long-term prospects of CPA SACCO Ltd.

### Future outlook

The Board, management and its respective committees are committed to steering the SACCO to greater heights. This is anchored in the new strategic plan which has been designed to deliver UShs 11 billion asset-based fund by 2026. The Board factored the impact of the macroeconomic factors in the planning cycle since such factors directly determine the growth of the economy in which the SACCO operates. The

base year asset base was UShs 4.6 billion for the audited financial statements of the year ended 31 December 2020 with a basis GDP growth rate of 3.3% for the FY2020/21 and the projected GDP growth rate of 7% by the FY2025/26. The strategic plan has been formulated on the theme "enhancing systems for effective service delivery and quality membership". After five years, the SACCO will deliver the projected balances shown below and details are contained in the business review section;

- a. *Asset base UShs 11 billion*
- b. *Loan balances UShs 6.3 billion*
- c. *Capital UShs 3.2 billion*
- d. *Savings UShs 4.9 billion*

### Appreciation

At this moment please allow me to extend my sincere gratitude to CPA SACCO members who entrusted me with this "Big Chair" of the Board Chairperson to our prestigious CPA SACCO Ltd. I thank my fellow Board members who have always sacrificed their evenings and lunch time, in a bid to deliberate on SACCO matters and fulfil their role of oversight and corporate governance. All committee members, and the SUPCO team, you are a great support to our successful leadership.

The founding members who attended the promoters' meeting held in 2013 and resolved to start this SACCO; you are the reason it exists. The Institute of Certified Public Accountants of Uganda (ICPAU) for being a great parent to our SACCO. All the past leaders, indeed you laid a firm foundation and there is no doubt of achieving a multibillion SACCO. Our Secretariat, you are a great team. Members, who have continuously given us business, thank you for the continued support, especially our loan repeat clients. The Registrar of Cooperatives, our external auditors, bankers, mobile money service providers, insurance service provider, and the general public. I once again welcome you to this 10th Annual General Meeting; I wish you nice deliberations, journey mercies for those physically present and good lives. Thank You and God bless you all.

**Thank You and God bless you all.**



**CPA NICHOLUS MUSHABENTA**  
BOARD Chairperson

## 7.0. CPA SACCO BUSINESS REVIEW

### 7.1. Introduction

This section presents a closer look at our strategic and operational results. It makes sense of our operations to the readers to infer detailed meaning of our figures and their implications.

### 7.2. A preview of 2023 annual performance

CPA SACCO operates a calendar year. At the start of each financial year the annual, annual performance targets are set which guide operations as extracted from the strategic plan and evaluated on annual basis. The overall annual performance target for 2023 was set at averagely 40% growth, which was more less achieved based on growth in interest income by 32% and overall average performance of 22%. However, the business interruption caused by Covid-19 and its effects since 2020, never allowed the achievement of all the set targets as demonstrated below;

### CPA SACCO PERFORMANCE REPORT ON SELECTED KPI FOR 2023

KPI	2021	Projected 40%	2022	2023	Increment	%
Total income (Shs M)	690	966	863	1,100	237	27%
Surplus	365,622,426	446,059,360	548,208,953	680,398,543	132,189,590	24%
Share Capital	1,644,400,000	2,302,300,000	2,051,200,000	2,570,800,000	519,600,000	25%
Savings	2,643,392,357	3,782,242,406	3,049,947,919	3,405,755,773	355,807,854	12%
Loan disbursement	3,523,673,106	3,972,014,625	3,665,105,293	4,638,998,005	973,892,712	27%
Loans balance	3,441,991,502	4,942,832,750	4,229,052,595	5,383,670,195	1,154,617,600	27%
Savings balance	2,643,392,357	3,700,749,299	3,049,947,919	3,436,751,773	386,803,854	13%
Overall percentage Av. performance						22%

### 7.3. Our strategy

CPA SACCO Ltd has a mission of becoming the member's partner of choice in providing quality financial services to meet their business and personal financial needs. This cannot be achieved unless it has been broken down into objectives, which are measurable, realistic, smart and time-bound. The SACCO is governed on the best practices and formal processes like strategic planning which are key in ensuring that annual progress is achieved in building a multi-billion SACCO. The SACCO finalised in 2021 implementing its three-year strategic plan and the second strategic plan commenced in the financial year 2022 and is being keenly monitored. The Board is happy to report that they are on track in respect to the annual target set as compared to actual results by report date of 31 December 2023. For instance,

### 7.4. Review of the Second strategic plan of CPA SACCO LTD

The Board is aware of the need to review the SACCO's performance against the preset targets as per the 5 year strategic plan. The Board annually reviews its strategic plan but they are yet to make any significant changes in the original strategic plan. The Board is happy to report that the key performance indicators (KPIs) included in the strategic plan are being achieved consistently as the analysis tabulated below

KPIs	FYE 2023		Achievement	FYE 2022		Achievement
	Target (Ushs'Bn)	Actual (Ushs'Bn)	above the (%)	Target (Ushs'Bn)	Actual (Ushs'Bn)	above the (%)
Loans & advances	3.84	5.4	41%	3.02	4.2	39%
Share capital (including share premium)	2.24	3.0	34%	1.92	2.3	20%
Members' Savings	3.28	3.4	4%	2.74	3.0	9%



**b. Enhance SACCO management systems, structures, collaboration and partnership.**

The Board kept apprised of the progress on the structural enhancements and important relationships. Below are some of the achievements in the planning period 2019-2021.

- i. The four policies were reviewed to achieve alignment with changing environment.
- ii. The human resource and finance policies were also developed.
- iii. Contract employment was introduced to enhance staff performance effective 1/1/2021
- iv. The loans officer was recruited for business development
- v. Continuously worked with Y-SAVE for mentorship and capacity building
- vi. Membership fees to Uganda Cooperative Savings and Credit Union (UCSCU) was paid-up or accrued up-to 2020 due to cost-benefit analysis mismatch.
- vii. Continuously upgraded the management information system (MIS) to match major operational changes
- viii. Declared and paid a dividend
- ix. Implemented the share premium AGM decision which contributed Shs 144 million reserves.
- x. Implemented major AGM resolutions (increasing the minimum shareholding)
- xi. Introduced and implemented the bereavement fund
- xii. Developed the medical insurance product for members' consumption

**7.5. The third (3<sup>rd</sup>) strategic plan**

Several strategic planning meetings and trainings were held with leaders and all CPA SACCO members. CPA SACCO carried out a thorough analysis of its environment using the SWOT analysis tool which established the competitive edge and in designing the suitable strategies. The Board agreed to increase the planning period from three (3) to five (5) years and resolved to deliver a US\$ 11 billion Assets' base fund by 2026. The 2020 audited financial year formed the base year for reliability.

**7.6. The strategic goals for 2022-2026**

a. The Board did not redefine the Key performance indicators and it set the quantitative targets as below;

Projected statement of financial position	Audited FYE 2020(Base year)	Annual Target	FYE 31 December 2026
<b>Assets</b>			
Loans	2,201,910,900	677,021,174	6,264,037,945
Investments	2,276,834,288	(69,422,954)	1,860,296,562
Other Assets	106,105,557	410,926,925	2,571,667,105
<b>Total</b>	<b>4,584,850,745</b>	<b>1,018,525,145</b>	<b>10,696,001,612</b>
<b>Financed by</b>			
Capital	1,444,200,000	295,366,667	3,216,400,000
Premium	116,450,000	73,866,667	559,650,000
Savings	2,244,946,665	449,203,447	4,940,167,346
Retained earnings	427,521,944	105,734,301	1,061,927,751
Proposed dividends	153,342,000	27,601,560	318,951,360
Undistributed reserves	174,239,027	61,336,800	542,259,827
Other payables	24,151,109	5,415,703	56,645,328
<b>Total Equity &amp; Liabilities</b>	<b>4,584,850,745</b>	<b>1,018,525,145</b>	<b>10,696,001,612</b>
Membership	637	29	811
Surplus	287,000,000	287,000,000	2,009,000,000

## 7.7. Some strategies

The Board suggested the following strategies which were deemed fit to enable the achievement of the above strategic goal;

- a. Celebrating the CPA SACCO @ 10.
- b. Acquiring an online and integrated information management system
- c. Increasing share capital to 100,000 shares
- d. Partnerships with real estate dealers
- e. Revaluation of shares for capital gains and implement a new share price
- f. Appointing regional ambassadors
- g. Recruiting new staff and better remuneration package
- h. Introducing bonuses to existing members who recruit new members
- i. Increasing maximum loan amount and the repayment period
- j. Increasing the interest on savings to 8% from 6%

## 7.7. Historical business review

Our performance is measured by the selected number of Key Performance Indicators as recommended by the industry.

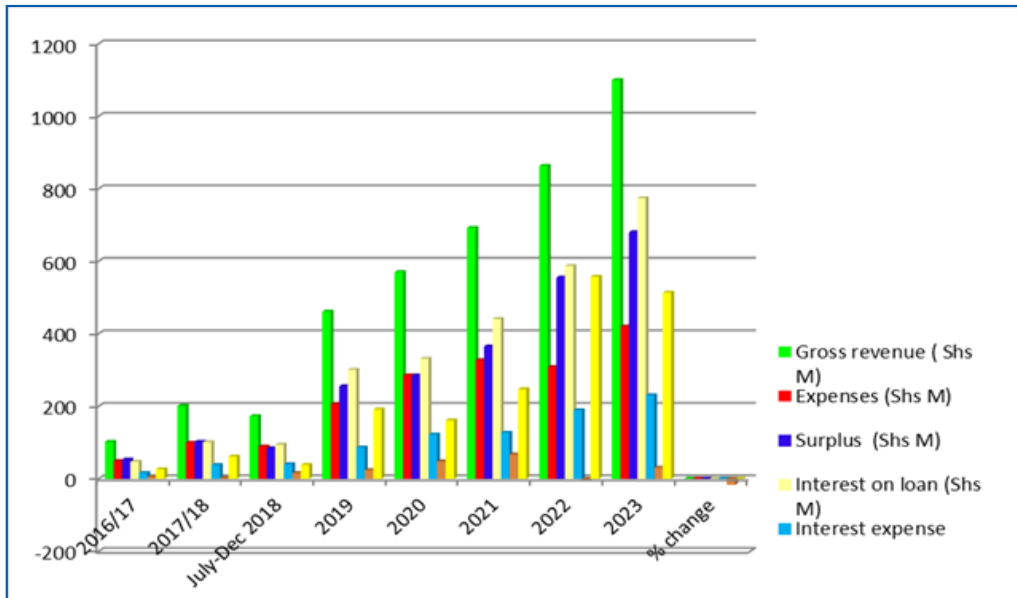
NO.	INDICATOR	2016/17	2017/18	July-Dec 2018	2019	2020	2021	2022	2023	% change
1.	Gross revenue ( UShs M)	102	201	173	461	570	692	863	1,100	27%
2.	Expenses (UShs M)	49	99	89	206	285	327	308	420	36%
3.	Surplus (UShs M)	53	102	84	255	285	365	555	680	23%
4.	Assets(Ushs M)	767	1,821	2,537	3,695	4,589	5,461	6,793	8,333	23%
5.	Shareholders' equity (UShs in M)	333	703	1,201	1,820	2,316	2,777	3,661	4,844	32%
6.	Liabilities(Ushs M)	433	1,119	1,336	1,875	2,269	2,692	3,089	3,489	13%
7.	Shares Brought forward	2,425	5,658	5,658	9,780	12,779	14,441	16,444	20,513	25%
8.	Shares carried forward	1,315	2,425	9,780	12,779	1,442	16,444	20,513	25,708	25%
9.	Average shares	1,870	4,042	7,719	11,280	7,111	15,443	18,479	23,111	25%
10.	EPS	-	25,303	10,925	21,901	21,104	23,829	29,668	29,442	-1%
11.	MPS									
12.	Dividend per share	-	10,000	-	-	12,000	12,500	12,499	12,500	0%
13.	Total dividend paid	-	56	-	-	153	180	205	256	25%
14.	Dividend payout ratio	-	55%	-	-	54%	49%	37%	38%	

## Revenues and expenses

Revenue is the increase in the entity's assets and decrease in liabilities or obligations whereas an expense is any cost incurred to generate revenue. Our core business is savings mobilisation and lending therefore, interest on savings is our major business expense and it increased by 22% in the year 2023 yet interest on loans our major income increased by 32%. The Gross income increased by 25%, expenses declined by 2% yet the net surplus grew by 23% and this is attributable to increased loan uptake represented by a 32% increment in interest on loans as presented below:

## CPA SACCO LTD REVENUE AND EXPENSES 2017-2023

NO	INDICATOR	2016/17	2017/18	July-Dec 2018	2019	2020	2021	2022	2023	% change
1.	Gross revenue ( Shs M)	102	201	173	461	570	692	863	1100	27%
2.	Expenses (Shs M)	49	99	89	206	285	327	308	420	36%
3.	Surplus (Shs M)	53	102	84	255	285	365	555	680	23%
4.	Interest on loan (Shs M)	47	101	94	301	331	441	587	774	32%
5.	Interest expense	16	38	40	86	122	127	189	230	22%
	loan loss provisions	5	2	16	24	48	67	-2	31	-1650%
	Net interest income	26	61	38	191	161	247	557	513	-8%



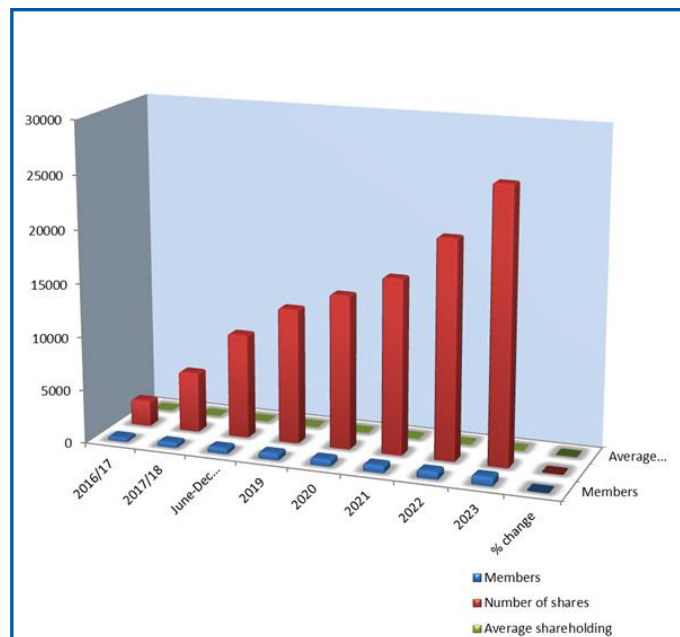
### Share Capital and Membership history

A share is a unit of capital expressed in monetary terms. CPA SACCO LTD has authorised share capital of 20,000 at a par value of UShs 100,000. In the year 2018, CPA SACCO Ltd carried out a share valuation exercise using the net assets method. The valuation returned a premium of UShs 25,000 hence increasing the market share value from UShs 100,000 to UShs 125,000.

The AGM resolved to increase the minimum shareholding from 1 share to 5 shares. As at 31 December 2023, about 61 Members had not upgraded their shareholding to the minimum required. Membership grew by 14%, shareholding grew by 25%, and the average shareholding has been growing every year as represented by 9% due to the continuous share purchase by members as shown by the movements in share capital value;

### CPA SACCO SHAREHOLDING AND MEMBERSHIP TREND 2017-2023

NO.	INDICATOR	2016/17	2017/18	June-Dec 2018	2019	2020	2021	2022	2023	% change
1.	Members	365	465	542	609	638	668	720	818	14%
2.	Number of shares	2,425	5,655	9,799	12,700	14,440	16,445	20,512	25,708	25%
3.	Average shareholding	7	12	18	21	23	25	28	31	9%

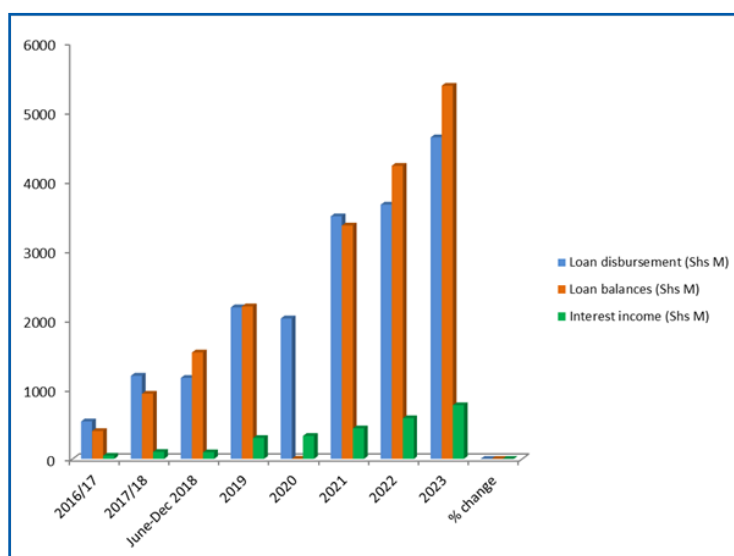




### Loans disbursement, balance and interest income

Lending has continued to be our major income generating activity since it contributes the biggest percentage of SACCO income, the rate of 5% achieved in 2023. The loan balances have increased presenting 27% growth. There were no restrictions on loan disbursement and this evidenced by a decline of only 1% from 33% to a 32% growth in interest revenue as also shown below. We continued to charge 15% interest on all loans on the reducing balance method. Top-ups are allowed after six months of servicing a loan and there are no penalties for early redemption of the loan facilities. The current maximum loan limit as at 31 December 2023 is maintained at Ushs220 million, having increased from Ushs.100million as per the member's resolution to increase in credit limit at our 8% AGM. Below is the trend of our loan business performance;

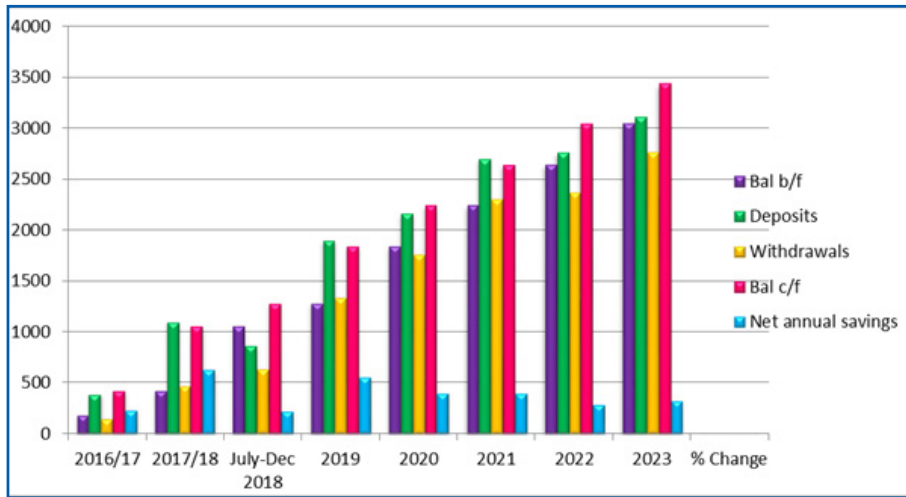
NO.	INDICATOR	2016/17	2017/18	June-Dec 2018	2019	2020	2021	2022	2023	% change
1.	Loan disbursement (Shs M)	540	1,200	1,169	2,186	2,026	3,500	3,668	4,639	26%
2.	Loan balances (Shs M)	402	940	1,536	2,200	2.3	3,366	4,229	5,384	27%
3.	Interest income (Shs M)	46.8	101	94.6	301	331.4	441	587	774	32%



### Savings deposits and balances

Savings are members' deposits contributed regularly to a common pool and it earns monthly interest of 8% per annum. CPA SACCO LTD relaxed the minimum monthly mandatory saving of UShs 50,000 which attracted a penalty of UShs 10,000 after three consecutive months of non-compliance due to Covid-19. The annual deposits increased by 13%, withdrawals increased by 16% which could have been caused by the slow economic activities yet members needed savings to support their operations, and the closing balance increased by 13%. We have no monthly charges and savings are accessed at only UShs 10,000 per transaction to cater for administrative costs and bank charges or transaction costs. The minimum account balance remained at UShs 100,000, despite absence of penalty for members who are below the minimum amount. Below is the trend of our savings balances and deposits over the period.

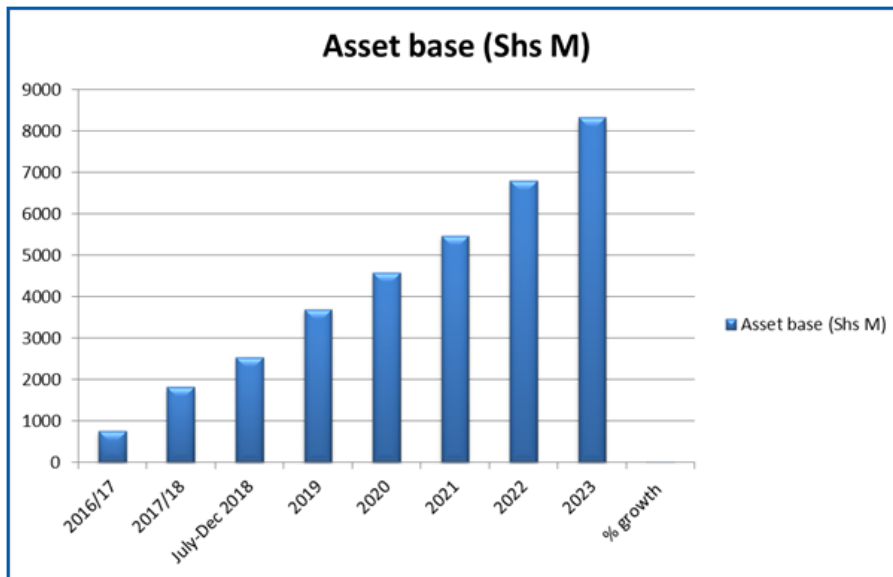
No.	Indicator	2016/17	2017/18	July-Dec 2018	2019	2020	2021	2022	2023	% Change
1.	Bal b/f	190	430	1,060	1,286	1,844	2,244	2,643	3,049	15%
2.	Deposits	391	1,102	869	1,900	2,162	2,701	2,757	3,112	13%
3.	Withdrawals	151	472	643	1,342	1,762	2,298	2,370	2,757	16%
4.	Bal c/f	430	1,060	1,286	1,844	2,244	2,643	3,049	3,437	13%
	Net annual savings	240	630	226	558	400	399	292	325	11%



**Asset base**

This is the total amount of money an entity holds in assets. Our Assets are comprised the Loans, Financial instruments, cash and cash equivalent and other receivables as presented in the statement of financial position. Our asset base has been growing over time and in the year 2023 we registered a 23% growth in our Asset base as demonstrated below;

No.	Indicator	2016/17	2017/18	July-Dec 2018	2019	2020	2021	2022	2023	% growth
1.	Asset base (Shs M)	767	1,821	2,537	3,702	4,589	5,471	6,793	8,333	23%





## 8.0. THE MANAGEMENT REPORT

It is my sincere pleasure to extend a warm welcome to you all to our 10th Annual General Meeting of CPA SACCO Ltd. We are deeply grateful for the ongoing support you have shown to CPA SACCO, on behalf of the secretariat; I convey heartfelt greetings and appreciation. We mourn the loss of one of our member who passed away. Our thoughts are with their families during this difficult time, May his soul rest in peace. We would also like to express our gratitude to the members who actively participated in CPA at 10 share campaign, as well as those who joined us for the CPA SACCO at 10 celebrations held at Katubwe Country Farm in Wakiso district and to our host member. Your involvement has contributed significantly to our collective journey, and we thank you for your continued dedication and support.

### Governance

The current Board has successfully completed their third year in office since they assumed office in May 2021 and they are actively delivering on the third strategic plan with well constituted committees. The current leaders will serve a term of four years according to the provisions of the Cooperative Societies Act(amended in 2022) . They will be eligible for re-election subject to their willingness to serve.

### Our products

CPA SACCO Ltd is a financial services entity which offers savings, credit and investment management. We have several products and members benefit according to their level of investment; the higher the investment the higher the benefits.

On the savings menu, we have the optional savings and the minimum mandatory savings which earn a fixed interest rate of 8% per annum. The minimum mandatory savings was relaxed since the second quarter of 2020 due to the effect of Covid-19 on our members' income. This is one of the ways in which the SACCO showed care to its members during tough times of Covid-19. The loans are basically the secured and the unsecured loans, with the maximum loan amount being determined by the members' share capital (times 3) and the savings (times 2) at the application time, other criteria is upon fulfilment of this minimum requirement and other terms as stated in the SACCOs credit policy.

### The new products

In the year 2023, our bereavement fund continued to impact on our members and about 14 cases were registered and handled accordingly. It is a mandatory fund to all members established for bereavement purposes at equal terms and each member contributes US\$ 50,000 per year.

*The special loan category termed as staff salary loan* for staff of both ICPAU and CPA SACCO Ltd, performed so well and has increased staff salary deduction standing orders. This product is based on the fact that we have an understanding with the Institute to deduct loan instalment at source. This arrangement increased the number of loans' uptake by Institute staff but also motivated them increase awareness about SACCO benefits to members voluntarily. The same was being proposed to the credit committee to



determine how to extend to other organisations where we have at least five members and their employers are willing to give an undertaking as the banks do this criteria was circulated to members

*The Medical insurance*, though it is yet to fully take off when we register the required minimum number of the 50 members (lives) as had been discussed in our negotiations and communicated to members during the training/awareness Webinar. We continue to encourage members to come and register for this product to enrich our service menu as we continue to add value to our members.

#### **Uganda clays & Uganda BAATI products**

The SACCO entered into an arrangement with Uganda clays and Uganda BAATI to offer their products to CPA SACCO LTD members at an agreed discounted price which ordinarily the member would not enjoy outside CPA SACCO. This arrangement is now available and we call upon members to notify us of any need for such products and we shall be in position to engage the service provider to provide. These products can be accessed inform of Cash payments through the SACCO or Loans at a lower interest. In 2023, 8 members benefited from the MOUs products.

#### **The SACCO Results for 2023**

We realised total income (interest revenue and other incomes) of US\$ 1.1 billion as compared to US\$ 863 million for 2022, representing a 27% growth, with a surplus of US\$ 680 million as compared to US\$ 548 million registered last year representing a 23% increase. Interest income remained our major source of income, as justified by its 70% contribution to total income (2022: 64%). Our asset base increased to US\$ 8.33 billion from US\$ 6.7 billion reported in 2022 representing 23% growth. More details are contained in the business review section. Other Key performance indicators are examined at a later stage.

#### **Strategic Plan**

The final year of implementation of the second strategic plan was in 2021. A thorough review was done and business environment studies guided in shaping the formulation of the new strategic plan for the next 5 years. The Board is committed to delivering US\$ 11 billion asset-based fund as detailed in the business review analysis. The strategic plan for 2019-2021 was implemented almost throughout the Covid-19 period and it's the main reason why the overall achieved performance was 19% as presented in the business review section.

#### **Information Management System**

CPA SACCO Ltd has a functioning information management system from PEARL Accounting Solutions. It is a menu-driven

system, tailor-made and upgrades have been taking place to match the growing business needs but it has become difficult to continue with it due to failure to integrate with other systems. The Board approved procurement of a new system which will be installed in the coming months, the version will be able to integrate with other systems and enable direct deposits from members' phone to their account.

#### **Accomplishments in the FY 2023 our key accomplishments were;**

Our key accomplishments were;

- a. Successfully held the 9th Annual General Meeting.
- b. Reviewed the credit policy manual and finance and investment policy yet to be finalised with other manuals updates for implementation.
- c. Reviewed the third strategic plan (2022-2026) performance
- d. Complied with the regulatory framework (Returns were filed with respective authorities in time).
- e. Carried out members satisfaction survey
- f. Carried out members' trainings
- g. Organised CPA SACCO at 10 anniversary celebration.
- h. CPA SACCO participated in FIRE awards and emerged as first runner up in the category of SACCOs

#### **Key challenges:**

Below is a summary of some of the challenges experienced in the year 2023

- a. Continuous default rate beyond the expected average default rate
- b. Limited time by leaders to attend to SACCO committee business.
- c. Low business from members.
- d. Information management systems challenges and limitations on use.
- e. Increased number of unknown deposits from the members.
- f. Inadequate staff numbers and remuneration

#### **Suggested interventions**

The SACCO should consider:

- a) Introduction of small penalty/fine for late payment especially beyond a certain period.
- b) Replace members who do not have time to attend committee meetings with active people who are willing and available to attend committee business.
- c) Enhancing staff benefits to match with growing cost of living.
- d) Fastening the acquisition and implementation of the new system.

- e) Rewarding members who exceedingly participate in SACCO activities.

### Recognition

Without your support we would not have achieved this milestone. Therefore the Board agreed to recognize individuals who exceedingly supported our business in the financial year 2023. These members have been classified as below:

No.	Name	Category
1.	CPA Nicholus Mushabenta	Excellent share purchase
2.	CPA Grace Nanungi	Outstanding Loan performance
3.	CPA Resty Kabasaigi	Excellent new member
4.	CPA David Opiokello	Outstanding Consistent membership performance
5.	CPA Derick Nkajja	Outstanding Consistent member
6.	Mr.Paul Lungande Nabugyere	Outstanding consistent member
7.	CPA David Timothy Ediomu	Outstanding Revival member

These members have consistently and uniquely demonstrated the qualities of Cooperators and have fulfilled their member responsibilities as SACCO members to levels worth recognition.

- These qualities include among others;
- Consistent monthly savings culture
- Consistent and regular share purchase
- Self-motivated drive to recruit more members and encourage others to join the SACCO.
- Revival from inconsistent savings culture to good savings.

The Board believes, that these awards be attached more value beyond recognition and certificates but they be used in other forms as proposed by the Board.

### CONCLUSION

2023 was yet another challenging year which required some level of resilience, creativity and innovativeness. I thank my team for the level of commitment exhibited to deliver the CPA SACCO Ltd's overall strategic goal amidst the uncertain times. Thanks to the Board members both current and past leaders for availing themselves to serve CPA SACCO Ltd with a high level of commitment in growing CPA SACCO Ltd. Great appreciation to; the Institute of Certified Public Accountants of Uganda for the continued support, our service providers and the members who have continued to trust us with the valuable investments. I wish you nice deliberations and God's blessings upon all your financial plans.

**For God and my country.**

**"CPA SACCO LTD, Together we can"**



**CPA EUGENIO OMBAGO**  
MANAGER

## 9.0. CPA SACCO SUPERVISORY COMMITTEE REPORT TO MEMBERS YEAR ENDED 31 DECEMBER 2023

### Fellow Cooperators

Congratulations on a successful year ended 31 December 2023.

Thanks to you members, the SACCO grew in a number of aspects, as has been reported in the financial statements. Appreciation goes to the Board for their efforts and sacrifices while serving the SACCO, and to management, who have worked day to day, to serve and grow our SACCO. Appreciation also goes to SUPCO colleagues, for all their efforts and sacrifices in meeting the SUPCO mandate.

The role of SUPCO as stipulated in the Cooperatives Act is summarized as follows: "Save for the board of a cooperative society provided for in section 18A of this Act, the annual general meeting shall be responsible for electing a supervisory board of three persons which shall make, or cause to be made, regular examination of the accounts, records, and affairs of the

society and review the action of the officers, board, and credit committee for conformity with the law, regulations, bye laws, and policies of the society and is answerable to the annual general assembly".

During the year, SUPCO conducted reviews of the SACCO operations and issued four quarterly reports to the Board. Besides the scheduled quarterly SUPCO reviews, SUPCO kept in touch with the Board and management, raising queries and sharing insights and recommendations as was deemed necessary. SUPCO met at least once every quarter and shared minutes of the SUPCO discussions with the Board and management. In February 2023, SUPCO attended a SACCO-sponsored webinar on Cooperatives organized by ICPAU. A summary of the learning points from the webinar was shared with the Board and management.

Below are the key unresolved issues that SUPCO considers necessary to bring to the attention of the members at this general meeting: (The full details of SUPCO findings and recommendations during the year are available on request).

Summary of Issue raised	Summary of Management update as of March 2024
Whereas the members approved several amendments to the SACCO's bye-laws during the AGM held in March 2023, by mid December 2023 there was no copy of the duly authorized amended version of SACCO's bye-laws at the office.	Byelaws were taken to the Registrar of Cooperatives to edit/approve amendments. We are currently following up to ensure that the process is completed.
Credit policy not yet updated to take account of approved changes	Management is in the process of compiling all approved policies and have them updated.
Registration with Bank of Uganda	A number of appropriate plans are underway, e.g. additional staff resource. Registration and compliance, to be completed by the due date of June 2024
Uncertainty about CPA SACCOs Membership with UCSCU as accrued membership fees were not paid	The said liability was fully accrued and this is scheduled for payment. Courtesy response to UCSCU letter will be made before the end of June 2024
The % of loans > 2 months in arrears to total loan book as at 31 December 2023 was 8%. These were 38 loans with outstanding amount totaling to Ushs 442.7 million	The amount is high due to one loan of Ushs 100,000,000/= which has been in arrears, since 2021. We currently receive instalment of Ushs 3,500,000/= per which is used to clear outstanding interest in arrears
Zero income on some budgeted revenue heads notably income land for resale to members	The search for appropriate land for investment is on-going
Inconsistencies noted in the reported figures of some accounts as per the trial balance and management's monthly reports	This was noted and measures are being put in place to avoid future occurrence
Unknown deposits had grown by shs.10,290,000 during the first seven months of the financial year	Management routinely sends messages advising members to ensure that they put proper narration while making their deposits
Staff performance target setting and performance appraisal not timely done	These were done and await finalization by the Board HR committee

May God bless our SACCO, and may God bless us all.



**CAROL KYOMUHENDO LUTALO**  
CHAIRPERSON, SUPERVISORY COMMITTEE



## 10.0. 9<sup>TH</sup> AGM RESOLUTIONS AND ACTION REPORT

At the 9<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> March 2023, CPA SACCO members resolved on a number of issues and below is the status of implementation.

NO.	RESOLUTION	EFFECTIVE DATE	IN CHARGE	STATUS
1.	Pay a declared dividend of UShs 12,500 per share to all shares which existed as at 1/1/2022 with immediate effect.	Immediate	Members	Done
2.	Appointment of Augustus Associates (CPAs), the external auditor for 2023.	01 January 2023.	Members	Done
3.	Amendment of the SACCO's current Bye-laws to align with the current Cooperative Societies (Amendment) Act 2020	Immediate	Board	Done
4.	Amendment of the membership requirement to CPA SACCO	Immediate	Board	Done

## 11.0. BOARD PROPOSALS TO THE 10<sup>TH</sup> AGM

NO.	PROPOSAL	OBJECTIVE/RATIONALE	EFFECTIVE DATE
1.	Pay a dividend of Ushs.12,500 for 2023 with a cut off of 31st October 2023. Shares bought in the year of income from which dividends are declared are to be e.g. a member's shares bought in February will earn 75% of the declared dividend per share (i.e. 3 months out of 12 months), and a member's shares bought in August will earn 25% of the dividend per share (i.e. 3 months out of 12 months).	To reward shareholders for their investment	2 April 2024
2.	To issue bonus shares on the basis of 1 for every 5 shares as at 31st December 2023.	To reward shareholders for their investment	2 April 2024
3.	Re-Appointment of Augustus Associates as the external auditor for 2024	To comply with statutory provisions	1 January 2024
4.	To re-appoint/Nominate a vetting Committee for the new leadership term	To constitute a vetting committee for the new leadership term of office	Immediate

## 2024 PROPOSED BUDGET

DETAILS	BUDGET 2023	ACTUAL 2023	VARIANCE	% VARIANCE	BUDGET 2024	% Growth
	Ushs	Ushs	Ushs		Ushs	
<b>INCOMES</b>						
Loan interest income	763,402,000	773,622,967	10,220,967	1%	1,044,391,005	35%
<b>Saving Interest expenses</b>	<b>231,044,012</b>	<b>229,694,261</b>	<b>1,349,751</b>	<b>-1%</b>	<b>298,602,539.30</b>	<b>22%</b>
Provision for Bad debts	42,222,346	31,190,519	11,031,827	26%	34,309,571	10%
<b>Net interest income</b>	<b>490,135,643</b>	<b>512,738,187</b>	<b>22,602,544</b>	<b>5%</b>	<b>711,478,895</b>	<b>39%</b>
<b>Fees and Commissions</b>						
Loan Processing fees	45,285,840	48,097,457	2,811,617	6%	57,716,948	20%
Loan application fees	1,392,000	1,440,000	48,000	3%	1,728,000	20%
Saving withdraw fees	3,993,000	3,860,000	133,000	-3%	4,246,000	10%
Membership fees	11,700,000	11,850,000	150,000	1%	13,627,500	15%
Mandatory Saving penalty		-	-			
<b>Total fees and Commission</b>	<b>62,370,840</b>	<b>65,247,457</b>	<b>2,876,617</b>	<b>5%</b>	<b>77,318,448</b>	<b>19%</b>
<b>Other Incomes</b>						
Bank interest income (Net)	1,165,334	2,528,465	1,363,131	117%	2,781,312	10%
UAP Investment income	230,440,643	237,442,331	7,001,688	3%	261,186,564	10%
Other Incomes( will drastically increase due to 100,000,000 projected to be earned from sale of land)	104,886,921	5,990,145	98,896,776	-94%	6,109,948	2%
Legal Fees	10,185,000	15,300,000	5,115,000	50%	16,065,000	5%
<b>Total other incomes</b>	<b>346,677,899</b>	<b>261,260,941</b>	<b>85,416,958</b>	<b>-25%</b>	<b>286,142,824</b>	<b>10%</b>
<b>Net Total Income</b>	<b>899,184,381</b>	<b>839,246,585</b>	<b>59,937,796</b>	<b>-7%</b>	<b>1,074,940,167</b>	<b>28%</b>
<b>EXPENSES</b>						
Bank of Uganda		-	-		1,500,000	

DETAILS	BUDGET 2023	ACTUAL 2023	VARIANCE	% VARIANCE	BUDGET 2024	% Growth
	Ushs	Ushs	Ushs		Ushs	
Administrative Expenses	35,931,652	46,131,618	10,199,966	-28%	59,971,103	30%
Government statutory expenses	9,980,272	14,564,100	4,583,828	-46%	18,933,330	30%
Employee Expenses	138,194,916	98,152,324	40,042,592	29%	153,220,791	56%
Publicity and Mobilisation	-	-	-		23,212,522	100%
FV Adjustments	-	-	-		-	0%
<b>Total Expenses</b>	<b>184,106,840</b>	<b>158,848,042</b>	<b>25,258,798</b>	<b>14%</b>	<b>256,837,747</b>	<b>62%</b>
<b>SURPLUS/DEFICIT</b>	<b>715,077,541</b>	<b>680,398,543</b>	<b>34,678,998</b>	<b>5%</b>	<b>818,102,420</b>	<b>20%</b>
Dividends 10% of issued share capital	236,382,500	276,747,925	40,365,425	-17%	318,260,114	15%
Capital Expenditure						
Bank of Uganda minimum deposit(2000 currency point)					40,000,000	
<b>Capital Investment</b>	<b>1,000,000,000</b>	<b>-</b>	<b>1,000,000,000</b>	<b>%</b>	<b>1,000,000,000</b>	
Computers (one desk top and one Laptop)	7,000,000	-	7,000,000		7,000,000	
Acquiring Accounting System	15,000,000	-	15,000,000		15,000,000	
Data Migration	10,000,000	-	10,000,000		10,000,000	
Printer	3,500,000	-	3,500,000		3,500,000	
Office desk					1,500,000	
office chairs					700,000	
<b>TOTAL</b>	<b>1,035,500,000</b>	<b>-</b>	<b>1,035,500,000</b>	<b>0%</b>	<b>1,077,700,000</b>	

**NOTE: The Current CPA SACCO loan portfolio stands at Shs 5,383,670,195**

# AUDITED FINANCIAL STATEMENTS

For The Year Ended 31 December 2023



**CPA COOPERATIVE  
SOCIETY**



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## ACRONYMS

<b>AGM</b>	Annual General Meeting
<b>BOD</b>	Board of Directors
<b>BOU</b>	Bank of Uganda
<b>CPA</b>	Certified Public Accountant
<b>EPS</b>	Earnings per share
<b>FY</b>	Financial Year
<b>ICPAU</b>	Institute of Certified Public Accountants of Uganda
<b>IESBA</b>	International Ethics Standards Board of Accountants
<b>ITA</b>	Income Tax Act
<b>MIS</b>	Management information system
<b>MPS</b>	Market price per share
<b>MSC</b>	Member Services Committee
<b>NSSF</b>	National Social Security Fund
<b>PAYE</b>	Pay As You Earn
<b>SACCO</b>	Savings and Credit Co-operative
<b>UCSCU</b>	Uganda Co-operative Savings and Credit Union
<b>URA</b>	Uganda Revenue Authority
<b>UShs</b>	Uganda Shillings

## SOCIETY INFORMATION

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### Principal Place of Business

Plot 46, Bukoto Street, Kololo  
P.O. Box 12464  
Kampala, Uganda  
**Tel:** +256 312 262 333;  
**Mobile:** +256 752 151 408  
**E-mail:** [cpasacco@gmail.com](mailto:cpasacco@gmail.com)  
**Web:** [www.cpasacco.com](http://www.cpasacco.com)

### Bankers

**Housing Finance Bank Limited**  
Kampala Road Branch  
Kampala

**Centenary Bank Limited**  
Forest Mall Branch  
Kampala

### Auditor

**Augustus Associates**  
**Certified Public Accountants**  
P.O. Box 40210  
Kampala – Uganda  
**Tel:** +256(0)414 666 562  
**Mobile:** + 0772 664385  
**Email:** [ajalliance2@gmail.com](mailto:ajalliance2@gmail.com)

### Insurers

**CIC Africa (U) Limited**  
Kampala

### Investment Partner

**UAP Financial Services**  
Nakawa, Kampala







## REPORT OF THE BOARD

### 1. Introduction

The Board submit their report together with the audited financial statements of CPA Cooperative Society Limited ("the SACCO" or "the Society") for the year ended 31 December 2023 which disclose the state of affairs of the Society for the year then ended.

### 2. Establishment and Legal status

CPA Co-operative Society Limited (CPA SACCO Ltd) was initiated by the Accountants through the Member Services Committee of the Council of the Institute of Certified Public Accountants of Uganda (ICPAU) at a promoters' meeting held on 31 July 2013. Initially registered as an ordinary SACCO on 4 October 2013, it was then transformed into a Multi-purpose SACCO under registration number 10417/RCS on 21 March 2018.

### 3. Principal activity

CPA Co-operative Society Limited (CPA SACCO Ltd) is engaged in the mobilization of various forms of deposits, sale of shares to its members, lending money to its members and managing investments. With the change to Multi-purpose Co-operative, the mandate of the Society also includes undertaking investments other than lending business.

### 4. Strategic Direction

#### i. Vision

To become a benchmark of Accountants' business investments globally.

#### ii. Mission statement

To be our members' partner of choice in providing quality financial services to meet their business and personal financial needs.

#### iii. Core values

- Integrity
- Professionalism
- Teamwork
- Members focus
- Excellency

### 5. Board members

The Board members who held office during the financial year up to the date of this report are shown below:

No.	Name	Position
1.	CPA Nicholus Mushabenta	Chairperson
2.	CPA Michael Wanyama Opiema	Vice Chairperson
3.	CPA Robert Kamoga Tebasuulwa	Treasurer
4.	CPA Alice Nyangoma	General Secretary
5.	CPA Richard Asiimwe	Board Member
6.	CPA Dr. Ssalongo Joseph Lubega	Board Member
7.	CPA Alex Tekakwo	Board Member (Effective December 2023)

### 6. Supervisory Committee (SUPCO)

No.	Name	Position
1.	CPA Carol Kyomuhendo Lutalo	Chairperson
2.	CPA Canon Moses Bwire Nambale	Member
3.	CPA Rose Namuddu	Secretary

### 7. Staff

No.	Name	Position
1.	CPA Eugenio Ombago	Manager
2.	Mr. Stephen Okiria	Finance and Administration officer
3.	Ms. Sarah Nabukwasi	Loans officer

### 8. Results

The SACCO made a surplus of Ushs 680.3 million as set out in the statement of profit or loss and other comprehensive income on page 13, and as summarized below;

	2023 (Ushs)	2022 (Ushs)
Surplus before dividends	680,398,543	548,208,953
Proposed dividends	(276,747,925)	(205,550,000)
Surplus after dividends but before appropriation	403,650,618	342,658,953
Surplus after appropriation	260,766,925	227,535,072

### 9. Proposed Dividend

The Board has proposed a dividend of Ushs 12,500 per share, equivalent to 10% of the share price for the paid-up capital and as the maximum amount per share based on the Cooperatives Regulations. This is payable to all shares which existed as at 31st October 2023, effective for the current financial year ended 31 December 2023. Shares bought by 31 December 2022 earned 100% of the dividend per share unlike the dividend amount for shares bought in 2023 by the cut-off month October 2023 which was prorated on monthly basis. A gestation period of two (2) months for a share to start earning is considered, which is believed that such shares will have contributed to the earnings made during the financial year in which dividends have been declared.

## 10. Performance Highlights

In the financial year January to December 2023, CPA Cooperative Society Limited continued to maintain its good financial performance, with an increase in total income by 29% to Ushs 870 million in 2023 which is consistent with prior year's increase of 19% to Ushs 675 million in 2022. Below is the SACCO's performance as shown by the Key Performance Indicators (KPIs):

### i. Membership

Membership increased by 79 members from 739 to 818 by 31 December 2023. The 818 members held 20,570 fully paid-up shares as at 31 December 2023 compared to 739 members who held 20,512 fully paid up shares by end of December 2022.

### ii. Savings and share capital

Members' savings balances increased to UShs 3.4 billion in the financial year ended 31 December 2023 from UShs 3.05 billion in the financial year ended 31 December 2022. Similarly, the Society's share capital increased to Ushs 2.570 billion in the financial year ended 31 December 2023 from UShs. 2.051 billion in the financial year ended 31 December 2022. This represents a percentage increase in savings and share capital of 13% (2022: 15%) and 28 (2022: 28%) respectively.

### iii. Loans

The loan balance (Loans and advances) increased by 27% (2022: 23%) to UShs 5.4 billion as at 31 December 2023 from UShs 4.2 billion as at 31 December 2022. During the financial year ended 31 December 2023, the total disbursements were UShs 4.6 billion representing 27% increase compared to UShs 3.7 billion in the year ended 31 December 2022.

## 11. Independent Auditors

Augustus Associates (Certified Public Accountant of Uganda) were appointed as the Society's independent auditor for the period ending 31 December 2023 at the Annual General Meeting (AGM) held on 30Th March 2022. This is their first year of service as external auditor of the CPA SACCO Limited. According to the Co-operatives Societies (Amendment) Act 2020, they are eligible for re-appointment.



**CHAIRPERSON**

22 March 2024



## STATEMENT OF RESPONSIBILITIES OF THE SOCIETY'S BOARD

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The Cooperatives Societies (Amendment) Act 2020 requires the Board to prepare financial statements which give a true and fair view of the state of affairs of the SACCO as at the end of the financial year and of the operating results for that year. It also requires the Board to ensure that the SACCO maintains proper accounting records which disclose with reasonable accuracy the financial position of the SACCO. The Board is also responsible for safeguarding the assets of the SACCO. The Board is ultimately responsible for the internal control of the SACCO. The Board delegate responsibility for internal control to management. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the SACCO's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates are applied consistently using the going concern basis. These systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The Board accepts the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, and in conformity with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the SACCO's regulations. The Board is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the SACCO as at 31 December 2023 and of its operating results for the year then ended. The Board confirms the accuracy and completeness of the accounting records maintained by the SACCO which has been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls. Nothing has come to the attention of the Board to indicate that the SACCO will not remain a going concern for at least the next twelve months from the date of this statement.

The Financial Statements were approved by the Board on 26 March 2024 and were signed on its behalf by:

**CHAIRPERSON**

**TREASURER**





**AUGUSTUS ASSOCIATES**

*Certified Public Accountant*

**Firm Reg No. AF 0079**

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E-mail: ajalliance2@gmail.com

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## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CPA CO-OPERATIVE SOCIETY LIMITED**

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### **To the Members of CPA Cooperative Society Limited**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of CPA Cooperative Society Limited, which comprise the statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the accompanying financial statements give a true and fair view of the financial position of CPA Cooperative Society Limited as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the requirements of the Cooperative Societies Act 2020 (as amended) and the Cooperative Societies Regulations 1992, Cap 112.

##### **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Guidelines issued by the Institute of Certified Public Accountants of Uganda. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Key Audit Matters (KAMs)**

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the financial statements of the current period. Those matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There are no significant matters to report on as Key Audit Matters.

##### **Other Information**

The Board is responsible for the other information. The other information comprises the information included in the directors' report and the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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*Practitioner: CPA Augustine Lule, (P0169)*

*Licensed and regulated by the Institute of Certified Public Accountants of Uganda (ICPAU).*

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# AUGUSTUS ASSOCIATES

*Certified Public Accountant*

**Firm Reg No. AF 0079**

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Plot 1904 Ntinda, Kisaasi Road  
P.O. Box 40210 Nakawa - Kampala, Uganda  
Tel: 039-2000334  
Mob: +256(0) 772 664 385, 0702 894 931  
E-mail: ajalliance2@gmail.com

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Society's Board for the Financial Statements**

The Society's Board is responsible for the preparation of financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

*Practitioner: CPA Augustine Lule, (P0169)*

*Licensed and regulated by the Institute of Certified Public Accountants of Uganda (ICPAU)*

- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### Auditor's Responsibilities for the Audit of the financial Statements (continued)

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

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

#### Report on Other Legal and Regulatory Requirements

As required by the Cooperative Societies Act 2020 (as amended) and the Cooperative Societies Regulations, 1992 Cap 112, we report to you based on our audit that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
- ii) In our opinion proper books of account have been kept by the Society, so far as appears from our examination of these books; and
- iii) The Society's statement of financial position and statement of comprehensive income are in agreement with the books of account
- iv) In our opinion the business administration of the Society has been conducted efficiently, in accordance with cooperative principles and the auditing and accounting provisions of the Cooperative Societies Act; and in accordance with its objectives, byelaws and any other decisions made by the Annual General Meeting.

The engagement partner on the audit resulting in this independent auditor's report is CPA Augustine Lule – P0169.

*Augustine Lule*  
 .....  
 CPA Augustine Lule

*AUGUSTUS ASSOCIATES*  
 .....  
 Certified Public Accountant  
 Kampala

*26<sup>th</sup>*  
 ...../...../ 2024







## STATEMENT OF FINANCIAL POSITION

### For the ended 31 December 2023

	Note	Year End 31.12.2023	Year End 31.12.2022
		Shs	Shs
<b>ASSETS</b>			
Cash and cash equivalents	3.0 a	412,814,670	192,675,012
Investments in UAP Unit Trust	3.0 b	2,527,482,088	2,360,039,757
Loans and advances	4.0	5,383,670,195	4,229,052,595
Trade and other receivables	6.0	5,697,651	6,417,830
Investments in shares	7.0	2,673,000	2,673,000
Inventory	5.0 b	535,000	535,000
Property and equipment	8a.	-	2,129,788
Total Assets		8,332,872,604	6,793,522,982
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9.0	51,867,436	45,720,213
Members' savings	10.0	3,436,751,773	3,049,947,919
Total Current Liabilities		3,488,619,209	3,095,668,132
<b>Equity</b>			
Share capital	12.0	2,570,800,000	2,051,200,000
Share premium		398,125,000	268,225,000
Retained earnings		1,024,153,158	763,386,233
Proposed dividends		276,747,925	205,550,000
Un-distributable reserves	13.0	509,127,312	366,243,617
Bereavement fund	11.0	65,300,000	43,250,000
Total Equity		4,844,253,395	3,697,854,850
Total Equity and Liabilities		8,332,872,604	6,793,522,982

The notes on pages 65 to 79 form an integral part of these Financial Statements, and the report of the independent auditor is on pages 58 to 60.

#### Approval of the Financial Statements:

These financial statements were approved by the Board on the 22 day of March 2024 and were signed on its behalf by:

**CHAIRPERSON**

**TREASURER**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the ended 31 December 2023

	Note	Year ended 31.12.2023 Shs	Year ended 31.12.2022 Shs
<b>Income</b>			
Interest income	14.0	773,622,967	587,232,308
Interest expense	15.0	(229,694,261)	(189,380,338)
<b>Net interest income</b>		<b>543,928,706</b>	<b>397,851,970</b>
Interest from Unit Trust Fund	3(b)	237,442,331	209,491,494
Fees and commission income	16.0	65,247,457	50,328,200
Other income	17.0	23,818,610	17,736,763
Total income before impairment charge		870,437,104	675,408,427
(Increase) /decrease in impairment provision for credit losses	18.0	(31,190,519)	2,632,222
<b>Total income after impairment charge</b>		<b>839,246,585</b>	<b>678,040,649</b>
<b>Expenditure</b>			
Employee expenses	19.0	(98,152,324)	(79,988,506)
Administrative expenses	20.0	(46,131,618)	(35,227,110)
Governance expenses	21.0	(14,564,100)	(14,616,080)
Total expenditure		(158,848,042)	(129,831,696)
<b>Surplus for the year</b>		<b>680,398,543</b>	<b>548,208,953</b>
<i>Other comprehensive income</i>			
Fair value loss on investment in CIC shares		-	-
<b>Total comprehensive income for the year</b>		<b>680,398,543</b>	<b>548,208,953</b>
Proposed dividends		(276,747,925)	(205,550,000)
<b>Total comprehensive income after dividends</b>		<b><u>403,650,618</u></b>	<b><u>342,658,953</u></b>

The notes on pages 65 to 79 form an integral part of these Financial Statements, and the report of the independent auditor is on pages 58 to 60.

**Approval of the Financial Statements:**

These financial statements were approved by the Board on the 22 day of March 2024 and were signed on its behalf by:


**CHAIRPERSON**

**TREASURER**

## STATEMENT OF CHANGES IN EQUITY

### For the Year Ended 31 December 2023

Particulars	Share Capital	Share Premium	Share Transfer Fund	Statutory Reserve Fund	Development Revolving Reserve	Education Fund	Proposed Dividends	Retained Earnings	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>Year 2023</b>									
<b>As at 1.01.2023</b>	<b>2,051,200,000</b>	<b>268,225,000</b>	<b>86,249,233</b>	<b>168,804,653</b>	<b>86,249,233</b>	<b>24,940,498</b>	<b>205,550,000</b>	<b>763,386,233</b>	<b>3,654,604,850</b>
New shares issued and paid up	519,600,000								519,600,000
Share premium		129,900,000							129,900,000
Surplus before dividends								680,398,543	680,398,543
Proposed dividends							276,747,925	(276,747,925)	-
Education fund						6,803,985		(6,803,985)	-
Share transfer fund			34,019,927					(34,019,927)	-
Statutory reserve fund				68,039,854				(68,039,854)	-
Development revolving fund					34,019,927			(34,019,927)	-
Dividends paid							(205,550,000)		(205,550,000)
<b>As at 31.12.2023</b>	<b>2,570,800,000</b>	<b>398,125,000</b>	<b>120,269,160</b>	<b>236,844,507</b>	<b>120,269,160</b>	<b>31,744,483</b>	<b>276,747,925</b>	<b>1,024,153,158</b>	<b>4,778,953,393</b>
<b>Year 2022</b>									
As at 1.01.2022	1,644,400,000	166,525,000	58,838,785	113,983,758	58,838,785	19,458,408	180,512,500	535,851,161	2,778,408,397
CPA SACCO shares	-								-
New shares issued and paid up	406,800,000								406,800,000
Share premium		101,700,000							101,700,000
Surplus before dividends								548,208,953	548,208,953
Proposed dividends							205,550,000	(205,550,000)	-
Education fund						5,482,090		(5,482,090)	-
Share transfer fund			27,410,448					(27,410,448)	-
Statutory reserve fund				54,820,895				(54,820,895)	-
Development revolving fund					27,410,448			(27,410,448)	-
Dividends paid							(180,512,500)		(180,512,500)
<b>As at 31.12.2022</b>	<b>2,051,200,000</b>	<b>268,225,000</b>	<b>86,249,233</b>	<b>168,804,653</b>	<b>86,249,233</b>	<b>24,940,498</b>	<b>205,550,000</b>	<b>763,386,233</b>	<b>3,654,604,850</b>

The notes on pages 65 to 79 form an integral part of these Financial Statements, and the report of the independent auditor is on pages 58 to 60.



## STATEMENT OF CASH FLOWS

	Note	Year ended 31.12.2023 Shs	Year ended 31.12.2022 Shs
<b><u>Operating Activities</u></b>			
<b>Surplus for the year</b>		680,398,543	548,208,953
<i>Adjustment for non-cash items:</i>			
Depreciation	8.0	2,129,788	4,394,500
Interest accrued on loans	4.0	(10,973,196)	(23,478,973)
Impairment charge for credit losses	4.0	31,190,519	(2,632,222)
<b>Operating surplus before working capital changes</b>		<b><u>702,745,654</u></b>	<b><u>526,492,258</u></b>
<b><u>Working capital changes</u></b>			
Net movement in loans and advances	4.0	(1,174,834,921)	(760,949,898)
Movement in other receivables	6.0	720,179	(624,063)
Movement in inventory	5.0	-	(375,000)
Net movement in members' savings	10.0	386,803,854	406,555,562
Movement in accounts payable	9.0	<b><u>6,147,223</u></b>	<b><u>15,744,255</u></b>
<b>Cash (used in) / generated from operations</b>		<b><u>(78,418,011)</u></b>	<b><u>186,843,114</u></b>
<b>Net cash flow (used in) / generated from operating activities</b>		<b><u>(78,418,011)</u></b>	<b><u>186,843,114</u></b>
<b><u>Financing Activities</u></b>			
Issued and paid-up share capital	12.0	519,600,000	406,800,000
Share premium	2.0	129,900,000	101,700,000
Dividends paid		(205,550,000)	(180,512,500)
Net bereavement contributions for the year		22,050,000	23,050,000
<b>Net cash flow from financing activities</b>		<b><u>466,000,000</u></b>	<b><u>351,037,500</u></b>
<b>Net increase in cash flows</b>		<b><u>387,581,989</u></b>	<b><u>537,880,614</u></b>
Cash and cash equivalents at start of the year		2,552,714,769	2,014,834,155
<b>Cash and cash equivalents at end of the year</b>	3.0a &b	<b><u>2,940,296,758</u></b>	<b><u>2,552,714,769</u></b>
<b>Actual cash and cash equivalents at</b>		<b><u>2,940,296,758</u></b>	<b><u>2,552,714,769</u></b>

The notes on pages 65 to 79 form an integral part of these Financial Statements, and the report of the independent auditor is on pages 58 to 60.



## NOTES TO THE FINANCIAL STATEMENTS

### 1.0 The reporting entity

CPA Co-operative Society Limited ("the Society") is a Multi-purpose Cooperative society for Accountants registered with the Registrar of Co-operative Society under registration number 10417/RCS. It is in its 10th year of operation since initial registration which occurred on 4 October 2013.

### 2.0 Material accounting policies

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

#### a). Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards include International Accounting Standards (IASs), International Financial Reporting Standards, IFRS pronouncements, and Interpretations issued by the International Accounting Standard Board (IASB). The requirements of the Cooperative Societies Act 2020 (as amended) and the Cooperative Societies Regulation have also been observed.

The financial statements are presented in Uganda shillings (Ushs) which is the functional as well as reporting currency and are prepared under the historical cost convention.

#### Statement of Compliance

The Society's financial statements have been prepared in conformity with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Cooperatives Societies Act 2020 (as amended). The applied Accounting Principles require the use of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, results may ultimately differ from these estimates.

#### b). Application of new and revised IFRS Accounting Standards

##### i. Standards, Amendments to published Standards and Interpretations, effective in the reporting period.

The following amendments are the applicable standards, amendments, and interpretations, effective for the first time for periods beginning on or after 1 January 2023, and have been adopted by the SACCO as at their effective date, despite having no impact on the SACCO's financial statements;

Standard / Amendment	Effective date	Executive summary
Definition of Accounting Estimates (Amendment to IAS 8)	01-Jan-23	The amendment has added the definition of Accounting Estimates. Amendment has also clarified that the effects on an accounting estimate of change in input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors. Since the SACCO has low risk or less-complex accounting estimates, there will not be a significant impact on the SACCO's financial statements.
Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2)	01-Jan-23	In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'Material accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2. No anticipated significant impact on the SACCO's financial statements based on its current disclosed accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

### ii. Standards, Amendments to published Standards and Interpretations, issued but not yet effective

At the date of authorization of the SACCO's financial statements for the year ended 31 December 2023, the following standards are ONLY applicable to the SACCO and were in issue but not yet effective;

Standard / Amendment	Effective date	Executive summary
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024	The amendment clarifies that an entity's right to defer settlement must exist 'at the end of the reporting period'. Classification of current/non-current requires an assessment of whether an entity has the right to defer settlement of a liability and not whether the entity will exercise that right. In addition, if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Same principal has always been applied by the SACCO and thus, no expected significant impact on its financial statements.
IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)	1 January 2024	Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current. Same principal has always been applied by the SACCO in the disclosures for maturity analysis purposes. Thus, no expected significant impact on its financial statements.
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2 Climate-related Disclosures.	1 January 2024, but subject to Jurisdictional pronouncement	IFRS S1 and IFRS S2 were issued in June 2023. IFRS S1 and S2 set out general requirements; for the disclosure of material information about sustainability-related financial risks, opportunities & other broad reporting requirements; and that are specific to climate-related matters respectively. IFRS S1 and IFRS S2 require an entity to disclose information about its climate-related risks & opportunities useful to users of general-purpose financials in entity's decision making relating to providing resources. Given the fact that the Society has always been producing an integrated (annual) report, there will be less impact on the Society's financial statements except for the need to disclose more information about climate-related risks and opportunities that could reasonably be expected to affect the Society's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects'). These will be considered at the effective date of the standards.





## NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

### c). Going concern

Nothing has come to the attention of the Board to indicate that the Society will not remain a going concern for at least the next twelve months from the date of this report. Therefore, the financial statements have been prepared on a going concern basis.

### d). Critical Accounting estimates and judgment

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

### e). Critical accounting estimates and assumptions

In the process of applying the SACCO's material accounting policies, the SACCO's management makes certain estimates and assumptions about future events. In practice, the estimated and assumed results would differ from the actual results. Such estimates and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

### f.) Revenue recognition

#### i). Interest Income

*Interest Income is recognized in the statement of comprehensive income for all interest-bearing instruments measured at amortized cost or fair value through equity using effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts carrying amount of financial asset or financial liability.*

*When loans and advances become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognized based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.*

#### ii). Fees and Commission Income

*Fees and Commissions are generally recognized on an accrual basis when the service has been provided. Loan arrangement fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan.*

### g). Expenditure recognition

Expenditure is recognized when it is incurred.

### h). Accounts payable

Accounts other payables and accruals are recognized at present values.

### i). Accounts receivable

Accounts receivable are recognized at net realizable value less bad debts and subsequently measured at amortized cost using the effective interest rate method, less impairment. Impairment of other receivables is recognized in the statement of profit or loss and other comprehensive income under administrative expenses when there is objective evidence that the SACCO will not be able to collect all amounts due per the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default in payments are considered indicators that the receivable is impaired. The provision is based on the difference between the carrying amount and the present fair value of the expected cash flows, discounted at the effective interest rate.

Other Receivables not collectible are written off against the impairment. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income under other operating income in the year of their recovery.

### j). Property and equipment

All property and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the SACCO and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. Depreciation is calculated on a straight-line basis for all property, plant and equipment to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

Particulars	Rates
Furniture and fittings	20.0%
Computers	33.3%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

## NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

### k). Intangible Assets

The intangible asset refers to the Society's accounting package, which is amortized at a rate of 33.3% per annum on straight line basis.

### l). Cash and cash equivalents

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

### m). Retirement Benefit

The SACCO contributes to the statutory National Social Security Fund (NSSF). This is a defined statutory contribution scheme registered under the National Social Security Act (1985). The SACCO's obligations under this scheme are limited to specific contributions regulated from time to time and currently stated at 10% of the employee's gross pay. The contributions are charged to the statement of comprehensive income in the year to which they relate.

### n). Financial Assets

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

#### i). Recognition and measurement

*Financial assets for CPA SACCO are classified at initial recognition, and they are subsequently measured; at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. However, none of the Society's financial assets during the year ended 31 December 2023 and prior years, meets the criteria of fair value through OCI.*

*The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Society's business model for managing them.*

### Classification

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Society's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows

will result from collecting contractual cash flows, selling the financial assets, or both.

The Society has the following financial assets, with the respective classifications;

Financial Assets	Classification in line with IFRS 9
Cash and cash equivalents	Amortized cost
Investments in UAP Unit Trust	Amortized cost
Loans and advances	Amortized cost
Other receivables	Amortized cost
Other investments (Equity instruments)	Fair Value through profit or loss (FVTPL)

The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

### De recognizing financial assets other than for substantial modification.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- (i) *The rights to receive cash flows from the asset have expired; The Society retains the right to receive cash flows from the assets but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement;*

Or

- (ii) *The Society has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and the rewards of the assets, or (b) has neither transferred or retained substantially all the risks and rewards of the asset, but has transferred control of the asset;*

Where the Society has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Society's continuing involvement in the asset.

The continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the amount of the asset and the maximum amount of consideration that the Society could be required to repay.



## NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

Where continuing involvement takes the form of a written and/ or purchased option (including cash settled option or similar provision) on the transferred asset, the extent of the Society's continuing involvement is the amount of the transferred asset that the Society may re purchase, except in the case of a put option (including a cash settled option or a similar provision) on an asset measured at fair value, the extent of the Society's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

### **Derecognition due to substantial modification of terms and conditions.**

The Society derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognized as a derecognition gain or loss. In the case of debt instruments at amortized cost, the newly recognized loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognize an instrument, amongst others, the Society considers the following factors:

- i. *Change in currency of the debt instrument*
- ii. *(Introduction of an equity feature*
- iii. *Change in counterparty*
- iv. *If the modification is such that the instrument would no longer meet the SPPI criterion*

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Society records a modification gain or loss.

### **Impairment of financial assets**

The Society recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at the appropriate effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Society's debt instruments comprise mainly of loans and advances, other receivables, cash and cash equivalents. It is the Society's policy to measure ECLs on such instruments on a quarterly basis with more emphasis on final quarter. Where the credit risk of any debt instrument deteriorates, the Society will recognize an allowance for lifetime expected credit losses (ECLs).

There were no ECLs on cash and bank balances, including investments in UAP Unit Trust in form of "Call Account", as these are readily available without any restrictions to its accessibility.

The Society has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The calculation of Expected Credit Losses (ECLs) The Society bases its ECL computation on the key risk parameters of Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD"). When estimating the ECLs the Society considers the following model;

### **ECL Model = EAD \* PD \* LGD**

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information. The Society believes inflation is a primary economic factor in Uganda and thus, used to adjust PD with forward looking economic factor.
- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Society would expect to receive. It is usually expressed as a percentage of the EAD. For secured loans, we consider LGD as the EAD less Forced Sale Value (FSV) or Present Value (PV) for the Market Value (MV) / EAD.

The Society applies a number of assumptions in determination of ECL provisions and below are the key summarized assumptions;



## NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

- PDs are based on the statistical experience aligned with SACCO's policy. Accordingly, credit risk is low when days past due are less than 30 days, resulting into 12 months ECLs. Therefore, Stage 1 covers all current loans or with less than 30 days past due.
- Significant increase in credit risk (SICR) occurs from 30 days and above, as presumed by IFRSs and resulting into Life-time ECLs. As such, Stage 2 is aligned with SICR level from 30 days past due and above but less than 90 days past due when default occurs.
- Default occurs from 90 days and above, as presumed by IFRSs and this results into life-time ECLs. As such, Stage 3 is aligned with default level from 90 days past due and above.
- The SACCO believes that the majority of the members are affective by the country's general economic environment largely driven by changes in the gross domestic product (GDP). Macro-economic factors were evaluated to be having a positive impact on PDs for the current year. For prudence purpose, the statistically determined PDs were maintained instead of being reduced due to positive impact of macro-economic factors.
- For collateralized loans, present values of collateral securities are used in comparison with exposure at default (EAD) to determine loss given default (LGD) for each loan. Due to nature of SACCO's loan portfolio involving some collaterals not subjected to independent valuation, their estimated market values have been capped at 50%. Given the fact that loan collaterals are titled land and such land appreciates, cost values were applied have been maintained at 100%.

The Society allocates its assets subject to ELC calculations into one of the following categories (stages), showing adjusted PD with forward looking economic factors:

### Reconciliation with the Society's Accounting and Finance Manual

Classification/grouping as per days in arrears (statistically)	Provision as per		IFRS 9
	Society's Policy	Stage	ECL Classification
	Stage	ECL	Life time ECL
Below 30 days	0%	Stage 1	12 months' ECL
30 to 89 days	10%	Stage 2	Life-time ECL
90 to 359 days	50%	Stage 3	Life-time ECL
360 days & above	100%	Stage 3	Life-time ECL

### Classification by Stage and Performance, as determined by Management

Stage	Description	EAD (Ushs)	FYE 2023 ECL Provision (Ushs)	FYE 2022 ECL Provision (Ushs)
Stage 3	Default	658,647,963	184,800,467	57,552,745
Stage 2	Significant increase in credit risk	152,413,228	9,380,672	6,526,834
Stage 1	Current	4,766,790,144	-	-
	<b>Total</b>	<b>5,577,851,335</b>	<b>194,181,139</b>	

### Impairment charge (expected credit losses) for the year (2023) on financial assets;

Financial Assets	Classification in line with IFRS 9	Amount (Ushs)	ECL (Ushs)	Net of ECL (Ushs)
Cash and cash equivalents*	Amortized cost	412,814,670	-	412,814,670
Investments in UAP Unit Trust*	Amortized cost	2,527,482,088	-	2,527,482,088
Loans and advances	Amortized cost	5,577,851,335	194,181,140	5,383,670,195
Other receivables*	Amortized cost	245,250	-	245,250
<b>Total</b>		<b>8,518,393,343</b>	<b>194,181,140</b>	<b>8,324,212,203</b>



## NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

### Impairment charge (expected credit losses) during the prior year (2022) on financial assets;

Financial Assets	Classification in line with IFRS 9	Amount (Ushs)	ECL (Ushs)	Net of ECL (Ushs)
Cash and cash equivalents*	Amortized cost	192,675,012	-	192,675,012
Investments in UAP Unit Trust*	Amortized cost	2,360,039,757	-	2,360,039,757
Loans and advances	Amortized cost	4,392,043,216	162,990,621	4,229,052,595
Other receivables*	Amortized cost	269,750	-	269,750
<b>Total</b>		<b>6,945,027,735</b>	<b>162,990,621</b>	<b>6,782,037,114</b>

\*Based on the highly liquidity nature of the amounts, the Board believes that there are no significant credit risk exposures. For instance, investments in Unit Trust are readily available on call and all cash and cash equivalents have no restrictions attached to them. As such, there are no provisions for expected credit losses. Not all other receivables as presented in the statement of financial position are financial assets.

#### Write offs

Financial assets are written off either partially or in their entirety only when the Society has stopped pursuing the recovery. Any subsequent recoveries are credited to the profit and loss statement.

##### ii) Financial Liabilities

##### Initial recognition and measurement

Financial liabilities are measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs.

#### Subsequent measurement

The financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

#### De recognizing financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Comprehensive Income.

##### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Society.

#### o). Investment in shares

Investment in shares represent shares held in Uganda Co-operative Savings and Credit Union (UCSCU) totaling 1 share at a nominal share price of US\$ 300,000 and CIC Africa (U) Limited totaling 1,000 shares at a nominal share price of US\$ 10,000.

It's the SACCO's policy based on its business model, to classify its investment in shares as financial assets in equity instruments as measured at fair value through profit or loss (FVTPL).

#### p). Refund dues to non-members

These relate to funds from applicants who did not fulfill the requirements for admission as full members of CPA Co-operative Society Limited. These are individuals who failed to purchase at least the nominal share of US\$ 100,000 as required by Article 3(a) of the Society's Bye-laws. After increasing the number of minimum shares from 1 to 5 shares some other members are yet to be added on this list after failing to upgrade their shareholding.

#### q). Members' savings

Members' savings are recognized and accounted for on receipt basis as liabilities. Interest expense is accrued on these deposits at an interest rate of 0.007% per month or 8% p.a.

#### r). Tax

##### i). Current tax assets and liabilities

Current tax for the current and prior periods is, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds that amount due for those periods, the excess is recognized as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

## NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

### ii). *Deferred tax*

*Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding bases (known as temporary differences).*

*Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future.*

*Deferred tax assets are recognized for all temporary differences that are expected to increase taxable profit in the future and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.*

*The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in the statement of Comprehensive Income.*

### iii). *Tax expense*

*Income tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on the taxable profit for the year. The rate of income tax that will be applied in measuring the current tax shall be the statutory 30% in accordance with the Income Tax Act (ITA) (1997). The amendments to the ITA passed by the Government of Uganda in the FY 2017/18 granted*

*SACCOS across the country a tax holiday of 10 years (exempted income of a Savings and Credit Cooperative Society up to 30th June 2027). Therefore, on the basis of this current income tax provision, the Society has not provided for income tax expense against the surplus earned during the year.*

### s). **Provision for loan loss and write-offs**

The loan loss provision is made according to the provisions of IFRS 9, the credit policy provision and Regulatory requirements. Loans have been categorized according to the requirements of this standard and provisions have been made according to the expected credit loss model. All loans have been categorized according to the risk levels associated with each client as provided for in the Standard. Bad debts are written off when all the reasonable steps to recover them have been taken without success. No bad debts were written off in the current year.

### t). **Share Capital**

Ordinary shares are classified as equity. The value of the amount paid over and above the nominal price of the ordinary shares is classified as share premium.

### u). **Reserve Fund (Statutory reserve)**

The Society maintains a reserve fund in which it pays at the end of each financial year 10% of the net gain or surplus resulting from the operations of the Society during the financial year. This is done in accordance with Section 34 and 35 of the Cooperative Societies Regulations. The reserve funds are to be utilized in case of the Society's dissolution, in which they will be applied to discharging the liabilities of the Society and to the repayment of the share capital. Any portion of the reserve fund that may remain after discharging the liabilities of the society and the repayment of its share capital, shall be distributed or otherwise disposed of in such manner as the members may, in general meeting, decide.

### v). **Share Transfer Fund**

The Society maintains a share transfer fund, in which 5% of the net surplus is transferred to the fund. Despite of the fact that the SACCO is expected to maintain the share transfer fund up to an amount not exceeding 5% of the registered Society's share capital, the SACCO's practice is to continue transferring annually 5% of the net surplus for prudence purposes, as one of the risk management strategies to create adequate reserves, and given the fact the same account is used to repay a member on his or her ceasing to be a member in respect of his or her shares (share redemption). This is done in accordance with Section 9 and Section 43 of the Cooperative Societies Regulations, and SACCO's byelaws. These funds are to be used in line with Section 38 of the Cooperatives Societies (Amendment) Act 2020, for share redemption at the time when the Society needs to pay the nominee or legal personal representative of the deceased member, a sum representing the value of the member's share as determined in accordance with the Society's Byelaws. Similarly, this will act as a share redemption fund for the purpose of enabling members who would like to easily and quickly liquidate their shares to exit the SACCO but unable to identify a buyer.

### w). **Education Fund**

Section 49 of the Cooperative Societies Act Cap 112 (as amended) requires every Society to provide for 1% per year of its net surplus to an education fund. The Society computes the education fund at year end, based on the Society's net surplus. The education fund in addition to at least 5% of the net surplus as provided-for in the budget as the funds for cooperative member education, is supposed to be used to provide cooperative member education to the Society's Members.

### x). **Cooperative Development / Revolving Fund**

Regulation 36 of the Cooperative Societies Regulation requires every registered Society to allocate 5% of its surplus into the Cooperative Development/Revolving Fund





## NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

annually. The Society's funds relating to revolving funds are invested in the Unit Trust and are monitored by the Society's Finance and Investment Committee. The same funds which have been reserved for over three (3) years are maintained in the reserves to cater for Society's business risks other than those safeguarded by other specialized funds/reserves. It's the Board's discretion to withdraw contributed funds from the revolving fund after 5 years for the Society's primary business activities.

### y). Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined by the first in, first out (FIFO) method. Net realizable value is the estimate of the selling value in the ordinary course of business, less the costs of completion and selling expenses. The Society's inventory comprises of printed T-shirts, branded Bags, and branded Mugs held for sale to its members and well-wishers.

### z). Bereavement fund

This is a member's welfare fund which was introduced in 2021. It is compulsory to all members who meet the minimum membership criteria. Each member contributes Uganda Shillings Fifty Thousand (UShs 50,000) per year and the benefits accrue upon the death of a member or to the bereaved family of the member's, spouse, biological children and biological parents.

### aa). Comparatives

Comparatives have been shown for comparison purposes with previous year's audited financial statements. Where necessary comparatives have been adjusted to conform to the current period classification.

		Year ended 31.12.2023 Shs	Year ended 31.12.2022 Shs
<b>3.0 a</b>	<b>Cash and cash equivalents</b>		
	Centenary Bank - Savings A/c	150,715,859	88,280,306
	Centenary Bank - Current A/c	1,690,239	2,117,639
	Housing Finance Bank	94,297,634	76,801,010
	Collection account - Airtel	7,601,751	4,143,751
	Collection account - MTN	157,278,887	20,793,006
	Cash at hand	1,230,300	539,300
		<b>412,814,670</b>	<b>192,675,012</b>
<b>3.0 b</b>	<b>Investment in UAP Unit Trust</b>		
	As at 1 January	2,360,039,757	1,839,548,263
	Additions during the year	679,999,980	1,411,000,000
	Redemption (withdrawal)	(750,000,000)	(1,100,000,000)
	Interest earned during the year	237,442,331	209,491,494
	<b>As at 31 December</b>	<b>2,527,482,088</b>	<b>2,360,039,757</b>
<b>4.0</b>	<b>Loans and advances</b>		
	As at 1st January	4,291,544,720	3,530,594,822
	Total disbursements	4,638,998,005	3,665,105,293
	Total repayments	(3,464,163,084)	(2,909,013,406)
		<b>5,466,379,641</b>	<b>4,291,544,720</b>
	Add: Interest accrued on loans	111,471,694	100,498,496
	<b>Total gross carrying amount</b>	<b>5,577,851,335</b>	<b>4,392,043,216</b>
	Less: Provision for expected credit losses (Note 18)	(194,181,140)	(162,990,621)
	<b>Total net carrying amount</b>	<b>5,383,670,195</b>	<b>4,229,052,595</b>

NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

	Year ended 31.12.2023 Shs	Year ended 31.12.2022 Shs
<b>5(a). Inventory (T-Shirts)</b>		
Opening/Closing inventory of T-Shirts	100,000	100,000
<b>5(b). Inventory (Bags)</b>		
Opening/Closing inventory of Bags	<u>60,000</u>	<u>60,000</u>
<b>Total for Bags &amp; T-Shirts</b>	<u>160,000</u>	<u>160,000</u>
<b>5(c). Inventory (Mugs)</b>		
Opening balance B/F	375,000	-
Purchases: 66 @Ugx 25,000		1,650,000
Cost of sales: 51 @Ugx 25,000	-	(1,275,000)
<b>Closing inventory 15 @Ugx 25,000</b>	<b>375,000</b>	<b>375,000</b>
<b>Grand total inventory</b>	<b><u>535,000</u></b>	<b><u>535,000</u></b>
<b>6.0 Trade and other receivables</b>		
Advance	-	40,000
Other receivables	5,697,651	6,377,830
	<u>5,697,651</u>	<u>6,417,830</u>
<b>7.0 Investments in shares *</b>		
Investment in CIC insurance	2,373,000	2,373,000
Fair value loss / (gain)	-	-
<b>Net holding at CIC</b>	<b>2,373,000</b>	<b>2,373,000</b>
Investments (UCSCU)	300,000	300,000
	<u>2,673,000</u>	<u>2,673,000</u>

\*Investment represent Shares held in UCSCU and CIC Africa Assurance Ltd

	Computers	Furniture and equipment	Total
	Shs	Shs	Shs
<b>8a. Property, plant and equipment</b>			
<b>Cost/Valuation</b>			
As at 1 January 2023	10,550,000	5,570,000	16,120,000
As at 31 December 2023	10,550,000	5,570,000	16,120,000
<b>Depreciation</b>			
As at 1 January 2023	8,420,212	5,570,000	13,990,212
Charge for the period (1)	2,129,788	-	2,129,788
<b>As at 31 December 2023</b>	<b>10,550,000</b>	<b>5,570,000</b>	<b>16,120,000</b>
<b>Net Book Value</b>			
As at 31 December 2023	-	-	-
As at 31 December 2022	2,129,788	-	2,129,788



## NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

	Year ended 31.12.2023 Shs	Year ended 31.12.2022 Shs
<b>9.0 Trade and other payables</b>		
Audit fees payable	3,000,000	2,360,000
Taxes and statutory obligations	39,058,836	30,920,613
UCSCU subscription	1,000,000	1,000,000
Legal fees	-	5,120,000
Webhosting and accounting system subscription	-	1,100,000
Corporate social Responsibility	1,000,000	1,000,000
Members' education & awareness	-	3,662,000
Other payables and accruals	7,808,600	557,600
	<b><u>51,867,436</u></b>	<b><u>45,720,213</u></b>
<b>10.0 Members' savings</b>		
As at beginning of period	3,049,947,919	2,643,392,357
Savings during the period	3,112,650,378	2,761,977,313
Withdrawals during the period	(2,756,842,524)	(2,371,017,751)
Unknown fund deposits	30,996,000	15,596,000
<b>As at end of period</b>	<b><u>3,436,751,773</u></b>	<b><u>3,049,947,919</u></b>
<b>11.0 Bereavement fund</b>		
As at 1 January	43,250,000	20,200,000
Annual contribution charged	29,550,000	27,050,000
Payout	(7,500,000)	(4,000,000)
<b>As at 31 December</b>	<b><u>65,300,000</u></b>	<b><u>43,250,000</u></b>
<b>12.1 Members' share capital</b>		
As at 1 January	2,051,200,000	1,644,400,000
Reclassification	-	-
Additions during the period	519,600,000	406,800,000
<b>As at 31 December</b>	<b><u>2,570,800,000</u></b>	<b><u>2,051,200,000</u></b>
<b>12.2 Share premium</b>		
As at 1 January	268,225,000	166,525,000
Additions during the period	129,900,000	101,700,000
<b>As at 31 December</b>	<b><u>398,125,000</u></b>	<b><u>268,225,000</u></b>
<b>12.3 Retained earnings</b>		
As at 1 January	763,386,233	535,851,161
Additions during the period	260,766,925	227,535,072
<b>As at 31 December</b>	<b><u>1,024,153,158</u></b>	<b><u>763,386,233</u></b>
<b>13.0 Un-distributable funds</b>		
Share transfer fund	120,269,160	86,249,233
Statutory reserve	236,844,507	168,804,653
Development revolving fund	120,269,160	86,249,233
Education fund	31,744,483	24,940,498

**NOTES TO THE FINANCIAL STATEMENTS** *Cont'd*

	Year ended 31.12.2023 Shs	Year ended 31.12.2022 Shs
	<b><u>509,127,310</u></b>	<b><u>366,243,617</u></b>
<b>14.0 Interest income</b>		
Interest on loan advances	773,622,967	587,232,308
	-	-
	<b><u>773,622,967</u></b>	<b><u>587,232,308</u></b>
<b>15.0 Interest expense</b>		
Interest expense on members' savings	229,694,261	189,380,338
	-	-
	<b><u>229,694,261</u></b>	<b><u>189,380,338</u></b>
<b>16.0 Fees and commission income</b>		
Membership fees	11,850,000	7,800,000
Loan processing fees	48,097,457	37,738,200
Loan application fees	1,440,000	1,160,000
Saving withdrawal fees	3,860,000	3,630,000
	<b><u>65,247,457</u></b>	<b><u>50,328,200</u></b>
<b>17.0 Other income</b>		
Bank interest (net)	2,528,465	1,109,842
Sale of Mugs	80,000	2,040,000
Legal fees	15,300,000	9,700,000
Other incomes	5,910,145	4,886,921
	<b><u>23,818,610</u></b>	<b><u>17,736,763</u></b>
<b>18.0 Impairment charge for credit losses</b>		
As at 1 January	162,990,621	165,622,843
Increase / (decrease) in impairment losses	31,190,519	(2,632,222)
<b>As at 31 December</b>	<b><u>194,181,140</u></b>	<b><u>162,990,621</u></b>
<b>19.0 Employee expenses</b>		
Salaries	81,628,535	66,134,998
Staff training	240,000	1,150,000
NSSF employer contribution	8,163,000	6,613,500
Medical insurance	7,620,789	5,590,008
Payment to professional bodies	500,000	500,000
	<b><u>98,152,324</u></b>	<b><u>79,988,506</u></b>
<b>20.0 Administrative expenses</b>		
Stationery and printing	300,000	233,000
Subscription to UCSCU	-	500,000
ICPAU service fees	6,000,000	6,000,000
External audit services	3,000,000	2,360,000
Transport and travelling	6,113,000	3,967,000
Depreciation charge for the period	2,129,788	4,394,500
Webhosting and Pearl Accounting System Subscription	720,000	800,000





## NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

	Year ended 31.12.2023 Shs	Year ended 31.12.2022 Shs
Capacity building and training in information management systems	=	750,000
Legal fees	13,120,000	3,920,000
Bank charges	5,691,330	4,551,610
Repair and maintenance	130,000	470,000
Office expenses	7,927,500	1,095,000
Corporate Social responsibility	1,000,000	1,000,000
Cost of purchasing inventory (Mugs)	-	1,275,000
Recruitment costs	-	1,000,000
Other expenses	-	2,911,000
	<b><u>46,131,618</u></b>	<b><u>35,227,110</u></b>
<b>21.0 Governance expenses</b>		
Annual/Special General Meeting expenses	5,432,100	4,778,580
Annual report/report for the period	2,608,000	2,150,000
Data refund to Board and Committee members	2,120,000	810,000
Members' education and training	3,515,000	3,662,000
Capacity building and training of Board with Committee members	240,000	60,000
Board recognition	649,000	3,155,500
	<b><u>14,564,100</u></b>	<b><u>14,616,080</u></b>
<b>22.0 Related parties</b>		
<i>a. Loans</i>		
Loans to Board Members	71,984,792	72,548,604
Loans to staff members	23,662,199	14,559,835
<b>Total</b>	<b><u>95,646,991</u></b>	<b><u>87,108,439</u></b>
<i>b. Savings</i>		
Board members savings	30,257,842	26,101,436
Staff members savings	10,844,965	988,292
<b>Total</b>	<b><u>41,102,807</u></b>	<b><u>27,089,728</u></b>
<i>c. Share capital</i>		
Board members	105,100,000	71,500,000
Staff members	1,200,000	1,000,000
<b>Total</b>	<b><u>106,300,000</u></b>	<b><u>72,500,000</u></b>
<b>23.0 Price per share (Net Assets Method)</b>		
Total assets	8,333,872,604	6,793,522,982
<b>Less: Liabilities</b>		
Payables	(51,867,436)	(45,720,213)
Members' savings	(3,436,751,773)	(3,049,947,919)
<b>Net assets</b>	<b><u>4,845,253,395</u></b>	<b><u>3,697,854,850</u></b>
Number of shares	25,708	20,512
<b>Price per share</b>	<b><u>188,473</u></b>	<b><u>180,278</u></b>

## NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

	Year ended 31.12.2023 Shs	Year ended 31.12.2022 Shs
<b>24.0. Earnings per share</b>		
Surplus for the year	680,398,543	548,208,953
Number of shares held at year end	25,708	20,512
Number of shares as at 1 January	20,512	16,444
	<b>46,220</b>	<b>36,956</b>
Average number of shares held during the year	23,110	18,478
<b>EPS</b>	<b>29,442</b>	<b>29,668</b>

### 25.0 Financial risk management and policies

The SACCO's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The SACCO's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the SACCO's financial performance.

Risk management is carried out by the management under policies approved by the Management Committee. Management identifies, evaluates and hedges financial risks in close cooperation with various departmental heads. The Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as, interest rate risk and credit risk.

#### Credit risk

CPA SACCO takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss for the SACCO by failing to discharge an obligation in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration of SACCO's portfolio, could result in losses that are different from those provided for the balance sheet date. Management therefore carefully manages its exposure to credit risk. CPA SACCO structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of credit risk by product and industry are approved by the Committee. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure of risk is also managed in part by obtaining collateral and personal guarantees.

#### Collateral

The SACCO employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced worth more than Ushs 50 million, which is common practice. The SACCO implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The current principal collateral types for loans and advances are: titled land, and building if it is on the land being collateralised. Collaterals in form of land for loans above Ushs 100 million are subjected to an independent valuer to determine both the market value and the forced sale value. The Society ensures that the loan amount advanced to the customer is fully (100%) covered by the forced sale value of the collateral.

#### Impaired loans and advances

Individually impaired loans and securities are loans and advances for which the SACCO determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loan agreement.

#### Allowance for impairment

The SACCO establishes an allowance for impairment losses on financial assets carried at amortised cost or classified or classified at fair value through other comprehensive income, using a 3-stage (general) expected credit loss (ECL) model. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans that are considered individually insignificant as well as individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired. Assets carried at fair value through profit or loss are not subject to impairment testing as the



## NOTES TO THE FINANCIAL STATEMENTS *Cont'd*

measure of fair value reflects the credit quality of each asset. Management objectively assesses client portfolio for specific clients with significant increase or reduction in credit risk, and objectively classifies such clients to their appropriate stages of 1, 2 and 3. The SACCO's ECL model considers the country's current and forecast gross domestic product (GDP), to adjust the probabilities of default and for purposes of incorporating macro-economic forward-looking information in the determination of ECL provisions as at report date.

### 26.0. Fair value measurement

For the year ended 31 December 2023, investment in shares represent;

- *Shares held in Uganda Co-operative Savings and Credit Union (UCSCU) totaling 1 share at a nominal share price of US\$ 300,000, and*
- *CIC Africa (U) Limited totaling 1,000 shares at a nominal share price of US\$ 10,000.*

All the above shares are unquoted based on the nature of investees. The SACCO accounts for its unquoted shares using fair value whose changes are recognized in the profit or loss. The fair value of the SACCO's unquoted shares are based on their respective closing prices as at 31 December based on "Net Assets" valuation approach using the most recent (available) investee's available (prior year) audited financial statements. Accordingly, Level 3 inputs as unobservable inputs were used in determination of fair values at the measurement date. The SACCO's management could not obtain the most recent audited financial statements for CIC by the time of finalizing the audited financial statements. The Board believed that there was an insignificant movement in the investees' net assets and thus, no fair value changes were recognized during the current and prior year ended 31 December 2023 (2022: Nil).

Management's use of unobservable inputs was based on the fact that, neither of the investees' shares are listed on the stock exchange for use of Level 1 observable inputs, nor directly/indirectly observable for use of Level 2 observable inputs, as required by IFRS 13 Fair value measurement.

In relation to the significant unobservable Level 3 inputs used, there is no any other significant effect of the measurements on the SACCO's statement of profit or loss and other comprehensive income (SOI) for the period, other than as

disclosed in the reconciliation in Note 7. As such, there is no impact to require the quantitative disclosure of sensitivity analysis of the prior year and the current year for the fair value changes.

There were no any transfers into or out of Level 3 of the fair value hierarchy, and there no losses/gains for the period for purposes of determining if they were attributable to the change in unrealized losses relating to those financial assets held at the end of the reporting period.

The SACCO usually performs its valuation process (if the investee's recent audited financial statements are obtained/available) based on the net asset valuation technique, which uses the equity components in determination of the investee's net assets. Such net assets are composed of paid-up capital and other reserves. These are largely affected by any increase in issued ordinary paid-up shares, loss or profit for the period, among others - for purposes of sensitivity analysis.

### Sensitivity Analysis

Having not obtained the recent audited financial statements and with the Nil fair value gains/losses, quantification of sensitivity analysis is not applicable. The Directors however believe that there would have been an insignificant impact of fair value gains/losses had the information been available to determine the quantitative likely impact of the SACCO's investment in shares.

### 27. Events after the end of the reporting period

Management and the Board evaluated the SACCO's financial statements as at 31 December 2023, for events after the end of the reporting period through to the date of issue of the financial statements. Management and the Board are not aware of any events after the reporting period that require adjustment of or disclosures or amendment to the Society's financial statements.



# CPA COOPERATIVE SOCIETY

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