

## **AUDITOR GENERAL'S REPORT**

In accordance with Article 163 (3) of the Constitution, I am required to audit the accounts of the Uganda Investment Authority (UIA) after the end of each financial year to which they relate and report to the Speaker of Parliament.

### **REPORT:**

1. The Financial Statements set out on pages 1 to 8 have been audited. I obtained all the information and explanations which to the best of my knowledge and belief were considered necessary for the purposes of the audit. Proper books of account were kept and the financial statements are in agreement therewith.

2. **Responsibilities of directors and Auditors:**

The Directors of the Authority are responsible for the preparation of the financial statements which give a true and fair view of the Authority's state of affairs and of its profit or loss. My responsibility is to express an independent opinion on the financial statements based on the audit.

3. **Basis of Opinion:**

The audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit be planned and performed in order to obtain reasonable assurance that the accounts are free from material mis-statement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the

accounting policies used and significant estimates made by the Directors, as well as an evaluation of the overall presentation of the financial statements.

**OPINION:**

In my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the authority's financial affairs as at 30<sup>th</sup> June 2002 and of the deficit and cash-flows for the year then ended in accordance with International Accounting Standards and comply with the Uganda Investment Code.

John F. S. Muwanga  
**AUDITOR GENERAL**

**KAMPALA**

27<sup>th</sup> May, 2003

# UGANDA INVESTMENT AUTHORITY

## BALANCE SHEET AS AT 30 JUNE 2002

	Notes	2002 000'UShs	2001 00'UShs
<b>NON CURRENT ASSETS</b>			
Land & Building	1	710,016	727,301
Land Development	1	2,313,070	2,322,033
Other Fixed Assets	1	62,724	74,051
Investment in Associates	2	8,575	0
<b>Total Non Current Assets</b>		<b>3,094,385</b>	<b>3,123,386</b>
<b>CURRENT ASSETS</b>			
Inventories		2,777	2,776
Debtors		18,515	33,035
Cash at Bank	3	92,192	125,850
Cash in transit	3	140,000	123,543
<b>Total Current Assets</b>		<b>253,484</b>	<b>285,204</b>
<b>TOTAL ASSETS</b>		<b><u>3,347,869</u></b>	<b><u>3,408,589</u></b>
<b>FUNDED BY:</b>			
Capital Fund		3,094,385	3,123,386
General Fund	6	(249,305)	(248,398)
<b>Total Funds</b>		<b>2,845,080</b>	<b>2,874,988</b>
<b>CURRENT LIABILITIES</b>			
Creditors	4	502,785	533,602
Bank Overdraft		4	0
<b>Total Current Liabilities</b>		<b>502,789</b>	<b>533,602</b>
<b>TOTAL LIABILITIES</b>		<b><u>3,347,869</u></b>	<b><u>3,408,589</u></b>

The Financial statements on pages 1 to 8 were approved by the members of the Board on 30<sup>th</sup> April 2003 for issue and signed on its behalf by:

.....  
**Mr. Joel Byaruhanga**  
**Director Finance & Administration**

.....  
**Dr. Maggie Kigozi**  
**Executive Director/Board member**

.....  
**Dr. William Kalema**  
**Chairman Board of Directors**

UGANDA INVESTMENT AUTHORITY  
**INCOME AND EXPENDITURE STATEMENT FOR  
 THE YEAR ENDED 30 JUNE 2002**

	<b>Notes</b>	<b>2002</b>	<b>2001</b>
<b>GRANTS INCOME</b>		<b>000'UShs</b>	<b>000'UShs</b>
Grants from GOU	6	2,335,809	2,489,378
Grants from Donors		422,471	773,779
Other income		149,930	147,478
<b>TOTAL INCOME</b>		<b>2,908,211</b>	<b>3,410,634</b>
Staff & Admin. Exp Inc. Depreciation	5	1,468,140	1,509,865
Investment Facilitation & Promotion		699,458	826,069
Land and Industrial Devpt		763,428	45,065
Board Expenditure		7,091	9,345
<b>TOTAL EXPENDITURE</b>		<b>2,938,118</b>	<b>2,390,344</b>
<b>SURPLUS/DEFICIT</b>		<b><u>(29,907)</u></b>	<b><u>1,020,290</u></b>

UGANDA INVESTMENT AUTHORITY  
**CASH FLOW STATEMENT YEAR ENDED 30 JUNE 2002**

	Notes	'2002 000' U.Shs	'2001 000' UShs
<b>1. Surplus/(Deficit) from ordinary activities</b>		(29,907)	1,020,290
Depreciation		69,421	66,007
Increase/decrease in stock		0	15,592
Decrease/(Surplus) in debtors & pre-payments		14,519	126,287
Decrease/(Surplus) in creditors & accrued charges		(30,817)	(539,070)
Exchange Gain/Loss			(4,058)
<b>Net Cash (outflow)/inflow from operating activities</b>		<b>23,216</b>	<b>685,048</b>
<b>2. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investment		(8,575)	0
Proceeds from sale Plant & equip		0	9,220
Purchase of Plant & equip		(31,845)	(575,110)
<b>Net cash flow from Investing Activity</b>		<b>(40,420)</b>	<b>(565,890)</b>
<b>3. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of Overdraft		0	(5,163)
<b>Net cash flow from Financing Activities</b>		<b>0</b>	<b>(5,163)</b>
<b>4. Net increase/(decrease) in cash &amp; cash equivalent</b>	3	(17,204)	113,996
Cash & cash equivalent at beginning of period	3	249,393	135,397
<b>Cash and cash equivalent at end of period</b>	3	<b><u>232,189</u></b>	<b><u>249,393</u></b>

## STATEMENT OF CHANGES IN FUNDS ACCOUNT

	Notes	CAPITAL FUND 000' UShs	GENERAL FUND 000'UShs
Balance brought forward 01/07/2000		3,123,386	(371,941)
<b>Add:</b> Capitalization/Deferred Grant		40,420	0
Prior year adjustment	6	0	123,543
Surplus/Deficit		0	(29,907)
		<b><u>3,163,806</u></b>	<b><u>(278,305)</u></b>
<b>Less:</b> Accumulated Depreciation		(69,421)	0
<b>Add: Income from capitalized grants</b>		0	69,421
<b>Less:</b> Capitalization/Deferred Grant		0	(40,420)
		<b><u>3,094,385</u></b>	<b><u>(249,305)</u></b>

## ACCOUNTING POLICIES:

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**a) Basis of preparation:**

The financial statements are prepared in accordance with international accounting standards. They are presented in Uganda shillings have been prepared under the historical cost convention.

**b) Revenue recognition:**

Government grants and donor grants whether monetary or non monetary are only recognised when there is reasonable assurance that the grants or donations will be received and the Authority will be able to comply with the conditions attaching to them.

Rental income is recognised on an accrual basis. Contributions from Corporate well-wishers/ sponsors and sales of publications are only recognised when received.

**c) Capitalization/deferring of Grants relating to purchase of Property, plant and equipment:**

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and credited to income on a straight-line basis over the expected useful lives of the related assets.

**d) Fixed assets:**

Fixed assets are stated at cost less depreciation.

Depreciation is calculated on a straight-line basis at rates estimated to write off the asset over its expected useful lives. The rates are used as follows:

▪ Leasehold assets Land and Building	-Over the un-expired lease period
▪ Computers and Accessories	- 33.3%
▪ Vehicles	-
25%	
▪ Furniture and Fittings	- 12.5%

Gains and losses on disposal of fixed assets are determined by reference to their carrying amounts and are taken into account in determining the Surplus/(deficit) of income over expenditure.

**e) Translation of foreign currencies:**

Transactions during the year are converted into Ugandan shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet dates, which are expressed in foreign currencies, are translated into Uganda shillings at rates ruling at the closing rate. The resulting difference from conversions and translation are dealt with in the income and expenditure statement in the year in which they arise.

**f) Post Employment benefits:**

The organisation operates two post employment benefit schemes i.e. the state controlled NSSF (National Social security Fund) and an in house gratuity scheme. The contributions to the schemes are charged to the income and expenditure account in the period to which they relate as staff costs.

**NSSF:** This is a statutory scheme under which the employee contributes 5% and the employer contributes 10% of the employee's gross income.

**Gratuity:** Uganda Investment Authority contributes 11.4% towards staff gratuity. This stated amount is currently not funded and the figure is subsequently accumulating and payable when an employee retires or resigns.

**g) Cash & cash equivalents:**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement cash and cash equivalents comprise of balances in the bank/overdrafts and cash in transit. Cash in transit relates to the government of Uganda allocation prepared for the month of June but received in July.

**h) Investments in associates:**

These are recorded at cost.

**NOTES TO THE FINANCIAL STATEMENTS:**

**1 Fixed assets:**

FIXED ASSETS	Land & Buildings	Leasehold Land	Freehold Land	Computers & Access	Office Eqpt	Total
COST	'000.Ushs.	'000.Ushs	'000.Ushs	'000.Ushs	'000.Ushs	'000.Ushs
<b>As at July 2001</b>	864,262	423,084	1,930,336	306,753	82,258	<b>3,606,692</b>
<b>Additions</b>	0	0	0	31,845	0	<b>31,845</b>
<b>Disposal/Write off</b>	0	0	0	(239,829)	0	<b>(239,828)</b>
<b>As at June 2002</b>	<b>864,262</b>	<b>423,084</b>	<b>1,930,336</b>	<b>98,770</b>	<b>82,258</b>	<b>3,398,710</b>
<b>DEPRECIATION</b>						
<b>As at July 2001</b>	136,960	31,387	0	262,115	52,845	483,307
<b>Charge for the Year</b>	17,285	8,963	0	32,890	10,282	69,421
<b>Write off/Disposal</b>	0	0	0	(239,829)	0	(239,828)
<b>As at 30 June 2002</b>	154,246	40,350	0	55,176	63,127	312,899
<b>NET BOOK VALUE</b>						
<b>As at June 2002</b>	<b>710,016</b>	<b>382,734</b>	<b>1,930,336</b>	<b>43,594</b>	<b>19,130</b>	<b>3,085,810</b>
<b>As at June 2001</b>	<b>727,301</b>	<b>391,697</b>	<b>1,930,336</b>	<b>44,639</b>	<b>29,413</b>	<b>3,123,386</b>

Two vehicles (original cost Ushs. 194 million), a generator (original cost Ushs. 29 million) and fixtures & fitting(original cost Ushs.123 Million), which are still in use, have been fully depreciated. It is not possible to estimate their gross carrying amounts, as they have not been revalued.

**2 Investments in Associates:**

We contributed US\$ 5,000.00 (Ushs. 8,575,000.00) to the equity of Ubinnet.com formed under UNIDO private sector development initiatives. The company is intended to assist private sector access to integrated business information from support agencies like Uganda Manufacturers Association, Private Sector Foundation, and Ministry of trade Tourism & Industry.

### 3 Cash & cash equivalents:

This comprised of the following amounts:

Description	June 2002 '000.Ushs.	June 2001 '000.Ushs.	Net change '000.Ushs.
Cash at bank	92,192	125,850	(33,657)
Cash in transit	140,000	123,543	16,457
Bank overdraft	(4)	0	(4)
<b>Total</b>	<b>232,189</b>	<b>249,393</b>	<b>(17,204)</b>

### 4 Creditors:

NSSF

Ushs. 140 million

PAYE/URA

Ushs.157 million

Staff gratuity

205 million.

Ushs.

During the years 1997-1999, the USAID and Government of Uganda were co-funding salaries for U.I.A staff. However, due to the restructuring exercise in 1997, USAID did not fulfil its obligation and this resulted into salary arrears of US\$ 140,418,791 and 157,316,538 for N.S.S.F and PAYE respectively.

### 5 Staff costs and post employment benefits:

The staff costs are indicated here below:

Item in '000 Ushs.	Yr 2001/02	Yr 2000/01
Salary & wages	636,919	527,241
NSSF Contributions	128,347	123,489
PAYE	218,755	217,592
Gratuity	100,836	126,935
Retirement benefits	0	101,394
<b>Totals</b>	<b>1,084,857</b>	<b>1,096,651</b>

The institution had three staff resignations during the year reducing total staff from 33 to 30. The staff that resigned were paid gratuity amounting to Ushs. 23 million.

The movement in the post employment benefits was as follows:

▪ Opening balances	Ushs.127 million.
▪ Increase for the year	Ushs.101 million.
▪ <b>Less: Payments</b>	Ushs.23 million.
▪ Closing balance	Ushs.205 million.

**6 Prior year adjustments:**

The cash in transit at year-end 2000/2001 had not been taken account of. It represented the Government of Uganda grant allocation for June 2001 prepared by the Ministry of Finance, Planning & Economic Development but received in July 2001.

**7 Taxes:**

It is the opinion of the Board that the Authority is exempt from payment of income tax as it is a not-for-profit government funded statutory agency. Therefore no provision is made for income tax in the accounts.