



AMFIU



ANNUAL REPORT





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Board President
(Chief Executive Officer ,
UGAFODE Microfinance Ltd (MDI))



Mr. James Onyutta
Board Member
(Managing Director, FINCA Uganda
Limited (MDI))



Mr. Nurul Islam Chowdhury Mafique
Board Member
(Chief Executive Officer, ASA Microfinance
Uganda Ltd)



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Member, MAMIDECOT**



Mr. Dimba David Kenyi, Board Member,
Koboko United SACCO



Mr. Paul Katende, Board Member,
(Chief Executive Officer, Soluti Finance
East Africa Ltd)



Mr. Moris Ngabitho - Board Member
(Managing Director, ENCOT Microfinance
Ltd)



Mrs. Jacqueline Mbabazi - Ex-Officio
(Executive Director, AMFIU)

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EXECUTIVE DIRECTOR



Henry Mpindi
FINANCE & ADMINISTRATION
MANAGER



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PROGRAMME MANAGER -
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INCLUSION



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INFORMATION & MARKETING



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- RESEARCH, ADVOCACY AND
COMPLAINTS HANDLING



Rose Ritah Tusabe
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- MEMBERSHIP & FINANCIAL
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AMFIU MANAGEMENT AND STAFF



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**Kiyangi Ssekadde
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**Brenda Acheng
JANITOR**



**John Balikudembe
SECURITY GUARD**



PRESIDENT'S MESSAGE

I wish to take this opportunity on behalf of the Board and Management of the Association of Microfinance Institutions of Uganda (AMFIU) to congratulate you upon completing the year and on the milestones achieved already during this year.

I welcome you all to this year's Annual General Meeting and thank you for your presence. It is with pleasure that I present to you this year's annual report that gives highlights on the initiatives that AMFIU has implemented during the year. I will however highlight a few sector issues for your noting.

The microfinance sector in Uganda has continued to rise above the Covid-19 set-backs, which is an indication that the application of deep-rooted

sound practices that stress a double bottom line which emphasises not just the profitability of the financial institutions but also the economic and social transformation of their customers is critical in ensuring sustainable growth. By December 2022, AMFIU members had reached over 2,741,233 savers, 1,081,036 borrowers with a loan portfolio of over UGX.1,952,986,253,587. This is no minor contribution to the Ugandan economy and I would like to applaud the members for this.

The provision of inclusive financial services is critical in enabling various segments of the population achieve their dreams. This year saw increased interest in environmental, social, governance (ESG) and digital issues within the financial services sector. These issues, coupled with support for vulnerable populations like the youth, refugees, people with disabilities and women are forming the pillars of the new National Financial Inclusion Strategy, whose drafting is being spearheaded by the Bank of Uganda in collaboration with several stakeholders including AMFIU. We therefore envisage that this is the direction the sector will take for probably another five years.

As directed by the Annual General Meeting (AGM) that sat in June 2022, the AMFIU Board and Management met with the State Minister for Microfinance Hon. Haruna Kyeyune Kasolo to have a further discussion on the issues that were raised by members to him during the AGM. The meeting was also attended by the Commissioner for the Financial Services Department under the Ministry of Finance and the major issues discussed included;

- i. Insufficient loan fund capital among the Tier4 Microfinance Institutions
- ii. Double licensing from the Regulator and the Local Governments when opening branches
- iii. The MDI Amendment Bill
- iv. The amendment of the income tax to include microfinance institutions and SACCOs as financial institutions in order for them to benefit from tax deductible items like the other financial institutions regulated by Bank of Uganda
- v. Conflicting compliance requirements arising from various laws
- vi. The re-instatement of the Microfinance Forum

The above issues were also presented to the Finance Committee of Parliament and I wish to extend my sincere appreciation to Government for the passing of the MDI Amendment Bill and the inclusion of MFIs and SACCOs as financial institutions in the income tax amendment bill. The other issues presented are still work in progress and we hope to come to a fruitful conclusion with them too.

In addition, AMFIU participated actively in lobbying government to increase the maximum limit on

single mobile money transactions. This was mainly raised by our Non-Deposit taking members whose concern was that the maximum limit for a single transaction of UGX.3,000,000 as stipulated by the National Payments System regulation of 2021 was affecting their digital loan disbursements. AMFIU engaged the Department of Financial Services at the Ministry of Finance and this was revised to UGX.5,000,000.

There was also an issue where the PS/ST issued a directive halting all non-statutory deductions from salaries of public servants. This directive affected our members that are payroll lenders. Engagements were made with the department of Financial Services at the Ministry of Finance and the State Minister for Microfinance to request the PS/ST to stay the directive and give the concerned parties some time to rectify the challenges with the code system.

It would not be prudent for me to end my message without highlighting the challenge of AMFIU's sustainability. While we have seen a growth in the partnership with Donors and Development Partners, it is important for us to work towards a self-sustaining Association that is not heavily dependent on donor support. This is going to be a major focus for Board and Management through ensuring that the AMFIU Business Consult (ABC) is able to achieve its targets. The ABC strategic Plan (2023 – 2026) was concluded and will be monitored to ensure progress. On this note, I would like to appreciate the following members that have so far supported ABC by contracting them to deliver consultancy assignments during the year;

- I. Bugande SACCO
- II. Vision Fund Uganda
- III. Mushanga SACCO

- IV. Muhame Financial Services
- V. MCDT SACCO

I encourage the rest of us to support our Association become sustainable through this Business Wing.

As I conclude, I wish to extend my heartfelt appreciation to the members, without your support, AMFIU cannot exist. I want to congratulate you all for making 25 years of existence. My full message on this matter is in the magazine. Otherwise my appreciation also goes to my fellow Board members that have shown profound commitment in providing oversight to AMFIU throughout the year and to Management that has ensured the day-to-day running of the organisation.

Last but certainly not least, I extend my appreciation to the following development partners that have supported AMFIU's activities throughout this year:

- i. aBi Finance
- ii. The Norwegian Association for the Disabled
- iii. Water.org
- iv. Financial Sector Deepening Uganda
- v. German Sparkassenstiftung (DSIK)
- vi. International Finance Corporation (IFC)
- vii. USAID/Feed the Future

I wish you all a fruitful year. For God and my country.



Shaffi Nambobi
Board President



EXECUTIVE DIRECTOR'S MESSAGE

I wish to begin by thanking the Almighty God for the Grace and favour He has bestowed upon us during this year and to express my sincere gratitude to the Members, the Board of Directors and my colleagues at the secretariat for the commitment and effort everyone has shown in steering AMFIU forward.

It is with gratitude that I present to you the highlights of the year 2022. While the report gives a level of detail of the initiatives carried out throughout the year, allow me to give a few highlights for your information:

New Members

It is with pleasure that we welcome an additional 20 members to our network that joined the

Association in the year 2022. These included two Associate members and eighteen (18) ordinary members. We look forward to a fruitful collaboration and mutual benefit with the rest of the AMFIU network.

Member Capacity Building

The core of AMFIU's existence is promoting professionalism in the microfinance sector and to do this, capacity is required. During this year, AMFIU was able to train and provide technical assistance to selected members based on interest expressed in the following areas;

- i. Governance
- ii. Credit and default management
- iii. Strategic planning
- iv. Performance Monitoring
- v. Basic accounting and Ratio Analysis
- vi. Business Skills Development using simulation models
- vii. Farm enterprise management using simulation models
- viii. Digital literacy for consumers
- ix. Water credit product development
- x. Risk management
- xi. Consumer Protection

Details of the members that received the above trainings are within this report

Performance Monitoring

A systems audit was carried out for the Performance Monitoring Tool (PMT) and the Performance Monitoring System (PMS). The findings of this audit have led to an upgrade of the PMT/PMS to remove the manual elements in the tool by introducing an open API that will enable PMT users to interface their core banking systems with the PMT and therefore eliminate manual data entry and upgrade the PMT to a cloud based tool to make accessibility easier.

In terms of member performance, the aggregated records from the PMS show a progressive improvement in several indicators since 2020. For instance, the industry average of portfolio at risk has improved from 37% in December 2020 to 8% by December 2022. Please refer to the section on performance monitoring in this report to see some of the highlighted indicators.

Information Exchange Meetings

AMFIU continued to bring together microfinance stakeholders to discuss pertinent issues of importance to the sector through the information exchange (IIE) meetings. During the year, virtual meetings were held to majorly address the liquidity challenges that the members are facing.

Similarly, a regional IIE was organized for SACCO members in the western region to be updated on the recently gazetted Credit Reference Bureau (CRB) regulations and expectations from Tier IV institutions. The presentation was made by Bank of Uganda. In the same meeting, the Financial Intelligence Authority (FIA) made a presentation

on money laundering and requirements for SACCOs.

National Microfinance and Savings Group Conference

AMFIU held a national microfinance and savings groups conference on 29th – 30th November, 2022 at Hotel Africana, Kampala, Uganda. The conference was organized in partnership with the Ministry of Finance, Planning and Economic Development, Care International Uganda and Makerere University Business School (MUBS).

The theme of conference was “Drivers for sustainable microfinance and savings groups”. The discussions revolved around the emerging issues on Environment, Social and Governance (ESG) and how digitalization can help the microfinance sector and saving groups become more sustainable. The conference was attended by 250 participants that included officials from government, regulators, development partners, civil society and academia.

Hosting of Tanzania Microfinance Network (TAMFI) and Staff of Water.org from Kenya and Tanzania

During the year, AMFIU hosted staff of the Tanzania microfinance network (TAMFI) and staff of Water.org (Tanzania, Kenya and Uganda) for an exchange learning visit on the Water Credit Adoption program (WCAD). The major aim of the exchange visit was to learn from AMFIU’s first-hand experience in managing the WCAD program particularly on awareness Creation; Sensitization; Capacity Development, Market Assessment; Product Development; Marketing ; Pilot and Roll-Out; Monitoring &; Evaluation. It was also meant to learn about AMFIU’s history, structure and operations. AMFIU also organized field visits for

the team to AMFIU WCAD partners in order to get an indepth explanation of the success stories, challenges and their mitigation. Institutions visited for the indepth learning were UGAFODE, Vision Fund and MAMIDECOT.

Exchange Visits from the Norwegian Association of the Disabled (NAD) – Zanzibar and The Somalia Microfinance Association

The senior management of the NAD Zanzibar office were hosted at AMFIU with the major intention of their visit being learning more about the financial inclusion of people with disabilities program at AMFIU while the Somalia Microfinance Association's intention for the visit was to learn how to establish a viable microfinance association in their country and seek for technical support from AMFIU to support them in this endeavor.

New Partnerships

An MOU was signed with 'The Innovation Village' to support digitization of AMFIU members under the MasterCard Inc programme aimed at digitally profiling smallholder farmers and other micro-entrepreneurs to enable more convenient access to financial services and using the card system to enable digital transactions.

Capacity Building Agreement was signed with USAID/Feed the Future to build AMFIU's capacity in the following areas;

- i. Establishment of a Client Relationship Management system to enhance member engagement and communication
- ii. Build AMFIU's capacity in Research and advocacy
- iii. Gender mainstreaming

As we continue with yet another progressive year, the sector continues to evolve. While we can no longer doubt the importance of technology in ensuring growth of the sector, we also continue to see a shift in focusing on social and environmental aspects as key performance considerations by regulators, investors and development partners. We intend to support our members to develop capacities to implement these initiatives in order to increase partnership opportunities and compliance.

I thank you all once again and look forward to another great year.



Jacqueline Mbabazi
Executive Director

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ACRONYMS

ABC	AMFIU Business Consult
AGM	Annual General Meeting
AMFIU	Association of Microfinance Institutions of Uganda
CDFs	Community based facilitators
CRB	Credit Reference Bureau
DFS	Digital Financial Services
FI	Financial Institution
MDI	Microfinance Deposit-taking Institution
MFI	Microfinance Institution
MoFPED	Uganda Ministry of Finance Planning and Economic Development
NAD	Norwegian Association of Disabled
NGO	Non-Governmental Organization
NUDIPU	National Union of Disabled Persons of Uganda
PMS	Performance Monitoring System
PMT	Performance Monitoring Tool
SACCO	Savings and Credit Co-operative
SPM	Social Performance Management
TOFI	Together for inclusion Program
TOT	Training of trainers
VSLAs	Village Savings and Loan Associations
WSS	Water, Sanitation Services
WCAD	Water Credit Adoption Program

1. INSTITUTIONAL BACKGROUND

1.1 Legal Status and Mandate

The Association of Microfinance Institutions of Uganda (AMFIU) is an umbrella organisation of microfinance institutions (MFIs) in Uganda. AMFIU was founded in November 1996, through the collaboration of several organisations with interest in microfinance. The main reasons for its establishment were the needs for MFIs to have a common voice; to lobby government for favourable policies; to share information and experiences; and to link up and network with both local and international actors.

By end of December 2022, AMFIU had a membership of 157 institutions, comprising of both the ordinary and associate members. Ordinary membership is for institutions that are engaged in direct delivery of microfinance services as core or significant activity, and associate membership for other microfinance stakeholders and service providers that support the microfinance industry in different ways such as donors, consultants, Universities and MIS providers who may either be organizations or individuals.

1.2 Vision Statement

The vision of AMFIU is to be a strong, sustainable, and professional network of microfinance stakeholders in Uganda.

1.3 Mission Statement

The mission of AMFIU is “To provide demand driven and inclusive services that enhance the sustainability, growth and development of the microfinance sector”.

1.4 Core Values

AMFIU's activities are driven by 6 core organization values listed below:

- Team work
- Reliability
- Accountability
- Member focus
- Professionalism

1.5 Governance

- i. The General Assembly comprising all members – Ordinary and Associate - is the supreme decision making body and meets annually at the Annual General Meeting (AGM).
- ii. The Board of Directors comprising seven members, elected by the General Assembly after every two years carries out policy and programme oversight. Members of the board are elected from both Associate and Ordinary Members. The Board approves the business plan, annual plan and budget, provides policy guidance and supervises the Secretariat staff. The Board meets on a quarterly basis. The board operates through three technical committees: Membership and Strategy, Human resource and finance committees.
- iii. The Secretariat is headed by the Executive Director and operates through three key departments;
 - Membership and financial inclusion department
 - Research, Information and marketing department
 - Finance and Administration
 - Business Development department which hosts the AMFIU Business Consult (AMFIU's commercial wing)

The Secretariat is responsible for the day-to-day administration and implementation of policies and activities.

1.6 Strategic Objectives (2022 – 2026)

	Item	Key Strategic Aspirations
1	Flagship Services	<ul style="list-style-type: none"> i. Digital financial literacy to improve usage of DFS among customers of MFIs ii. Training and providing technical assistance to microfinance institutions/ SACCOs and their clients in financial literacy, business skills development, iii. Capacity building in green microfinance, water credit iv. Microfinance sector performance monitoring v. Financial inclusion (enhancing access to financial services for vulnerable groups, promoting socially oriented financial products) vi. Entrepreneurship skills development for refugees using simulation models vii. Training and capacity building (governance, business skills, financial literacy, risk management, Digital Financial Services, product development, strategic planning, farm record keeping etc) viii. Social Performance management and consumer protection ix. Information dissemination to and about the sector x. Lobby and advocacy on behalf of the sector xi. Research on topical issues
2	Key target group	<ul style="list-style-type: none"> i. AMFIU ordinary members (MFIs and SACCOs) ii. Wholesale lenders iii. Government iv. Development partners v. Other financial services providers in the microfinance sector vi. Customers of MFIs/SACCOs vii. Vulnerable groups (refugees, person with disabilities, youth, women)
3	Delivery channels	<ul style="list-style-type: none"> i. Physical ii. Virtual
4	Competitive Advantages	<ul style="list-style-type: none"> i. Recognized industry association ii. Sound institutional governance iii. Professionalism iv. Skilled personnel

1.7 Membership

AMFIU is a member owned and member governed organization with a core mandate to promote professional standards of practice in microfinance. Membership development forms a core focus of programme implementation. AMFIU has defined its membership to attract all institutions that are involved in microfinance as a professional business and are committed to upholding the sound practices in their operations. Membership is therefore by choice and qualification and a specific criterion is in place to screen all potential members. Members are bound by the code of conduct which is enforced by the secretariat.

2. PROGRAMME IMPLEMENTATION AND KEY ACHIEVEMENTS FOR 2022

2.1 Membership Development

2.1.1 Member Recruitment and Retention

The core mandate of AMFIU rotates around membership and membership growth. This is done by ensuring retention of already existing members and recruitment of new ones to join the Association. Throughout the year, the Association continued to promote professional microfinance sound practice through the services and activities rendered to members and the sector at large. Through these initiatives, new members expressed interest to join the association thus increasing the Membership from 137 members at the end of 2021 to 157 at the end of 2022. Below are the Twenty (20) new members that joined AMFIU:

Institution		
Buyanja SACCO	1.	Kasaana SACCO
OYA Credit Ltd	2.	Justa Microcredit LTD
Bondford Microfinance	3.	Flow Uganda Ltd
Radicos Finance Limited	4.	Heritage Credit Company
Goldmine Finance Ltd	5.	Maranatha Financial Services
Igara Buhweju Tea Farmers SACCO	6.	Mivule Financing Ltd
Sao Ziobwe SACCO	7.	Unifi Loans SMC Ltd
Kampala Development SACCO	8.	Koboko Trinity SACCO
Karibu Microfinance Ltd	9.	West Nile Private Sector
Wakiso Self Help SACCO	10.	YUDESCO

2.1.2 New Members Orientation

AMFIU held an interactive online orientation meeting for all the new members admitted in 2022. The meeting was held in December 2022 and the purpose was to share details about AMFIU and to take new members through the member code of conduct.

A presentation about AMFIU was done which included AMFIU's mandate, programs, services, and future events. The new members were also taken through the AMFIU member Code of Conduct which created a better understanding of what is required of them as members. A presentation on AMFIU Business Consult (ABC) was also done. The meeting was attended by 19 new members each with two participants.

2.1.3 Participating in the SACCO AGMs

The cooperative Act requires that SACCOs hold annual general meeting once every year. During the year, AMFIU joined some SACCO Member institutions during their Annual General Meetings. AMFIU joined twelve (12) member SACCOs in central, western and Eastern Uganda to celebrate their Annual General Meetings. These SACCOs are as below;

- Ruhira Millenium SACCO
- Kyamuhunga Peoples SACCO
- Nyakayoojo Peoples SACCO
- Lyamujungu SACCO
- MAMIDECOT
- Kashongi Farmers SACCO
- Rukiga SACCO
- Shuuku SACCO
- Bagezza SACCO
- Bugadde SACCO
- Butuuro SACCO
- Mushanga SACCO

High default rate was a key concern among the SACCOs. AMFIU applauds SACCOs that held their AGMs amidst the Covid-19 challenges.

2.2 Capacity Building

Capacity building of members is a key initiative at AMFIU as it enables member institutions to develop the people, products and processes which are critical in helping to increase client outreach and business performance. During the year, a number of capacity building initiatives were implemented and below is an overview of the capacity building activities conducted. Annex 1 has the list of the institutions that were trained during the period.

2.2.1 Training in Farmers Business Simulation

Training in Farmers business simulation was conducted for Farmers of Advance Smart Microfinance, Mityana Branch. The three day Farmers game training was meant to raise business literacy of small farmers and agricultural entrepreneurs and equip them with skills of managing their farm enterprises "learning by doing experience". The training was held in Mityana town and a total of 22 Farmers and Farmer entrepreneurs attended.

2.2.2 Training in Risk Management

Training in risk management for SACCOs was conducted in western Uganda. The training was met to equip SACCO Board and management with knowledge and skills on the risks associated in their day-to-day financial activities and how such risks can be managed. SACCOs that attended the training included; MAMIDECOT, Ruhira Millenium SACCO, Kyamuhunga Peoples SACCO, Rukiga SACCO and Rwanyamahembe SACCO. The three day training was held in Mbarara and a total of 25 participants from five SACCOs attended the training.



Participants during a risk management training in Mbarara

2.2.3 Training in SACCO Governance

A SACCO governance training was conducted for Iryaruvumba SACCO located in Kisoro district. The training was attended by all the Board members, Board committees and Management staff. The objective of the training was to increase participants' knowledge and understanding of the concept of governance and how this understanding will help them direct, monitor, evaluate and control the SACCO efficiently and effectively. The training was held in Iryaruvumba town council Kisoro district and a total of 15 participants attended.

2.2.4 Training in Digital Financial Services

During the year, a total of 333 staff of AMFIU members were trained in digital financial services under the IFC/AMFIU partnership. These were virtual trainings and also included our members (Vision Fund and UGAFODE) sharing the experience of their digital journeys.

2.2.5 Financial education in schools

Online follow-up engagements were conducted with 12 MFIs and 34 schools on the program to get updates and devise means of support even with limited budgets.

In addition, two refresher training courses were done for teachers and staff of MFIs and SACCOs that are participating in the financial education programme in schools. The training was conducted in Lira drawing 30 participants from both the schools and the financial institutions.

Under the same activity, there was a monitoring visit conducted in West Nile to ascertain the status quo of the programme since the interruption by COVID 19. It was discovered that despite the COVID outbreak and eventual closure of schools, many

schools continued with the savings programme especially after reopening of the schools.

2.2.6 Water Credit Adoption Program (WCAD) Introducing the Water Credit Adoption Program (WCAD) to New Partners

The program of water credit began in 2018 with 24 institutions that expressed interest. In 2022 an additional 11 Institutions expressed interest to join the program and these were added. They included the following: FINCA Uganda, EBO Financial Services, Mubuga SACCO, Mwizi SACCO, Rushere SACCO, MADFA SACCO, Mt Otce Metu SACCO, Nile Microfinance, Offaka SACCO,

ISSIA SACCO and Mushanga SACCO. An initial online meeting to introduce the program was held with the new partners and this was followed with physical visits to each institution to share more details of the program with the Board and management



WCAD program initial meeting with Board and management of Mwizi SACCO



WCAD program initial meeting with management of Nile Microfinance

2.2.7 Building the Capacity of new WCAD Partners through trainings

Trainings in developing a Water Supply and Sanitation loan product were conducted for five new partners under the WCAD Program.

The training looked at the key areas in developing a new product such as steps in product development and the 8Ps. In the same training participants were taken through other important sessions of Process mapping and Credit Management.

The training for each partner Institution was attended by both Board members, General Managers, Head of Departments, Managers and Credit officers. A total of 157 participants from five SACCO attended the training as indicated below:

Institution	Number of Participants
Mushanga SACCO	37
EBO Financial Services	36
MADFA SACCO	34
Mwizi SACCO	25
ISSIA SACCO	25



Participants of MWIZI SACCO at Pinnacle Hotel in Mbarara



Mushanga SACCO Board and Staff after the training in WSS product Development.



Participants of MADFA SACCO at Kabalega Resort in Masindi District



EBO Financial services in a group Discussion



WSS loan product development training for EBO Financial Services



WSS loan product development training for ISSIA SACCO in Ibanda Town



ADVANCE SMART MICRO FINANCE PATH TO A SUCCESSFUL WASH PROGRAMME

Advance Smart Micro Finance Limited (ASMF), formerly Advance Uganda, founded in 2004, is a micro-finance institution established by the Adventist Development and Relief Agency (ADRA) Uganda to render micro finance services to the economically active communities in underserved areas. The founders of ASMF include ADRA Uganda, who founded it in collaboration with ADRA Sweden who funded her establishment. The company is being headed by Mrs. Luboyera Annet as the CEO.

The WASH product was introduced by ASMF in 2019 with support from AMFUI who took us through several trainings to build capacity of staff to be able to develop a WASH product and integrate it in the Institutions already existing products. The trainings also educated the staff about the product and its benefits to both the community and ASMF.

We started off with a small number of customers in Nansana branch numbering 6 with a total portfolio of 24,251,763/= and currently we have covered the entire network of 6 branches with a total of Active clients with loans totaling to 101 clients with a total portfolio turnover of 432M having being disbursed to them so far.

We cover customers in Wakiso, Luwero Kampala, Mityana, Kiboga, and Mukono districts including the islands of Busi.

We deal with both individuals and institutions like schools, medical centers, Landlords etc and so far having financed projects ranging from water tank installations, VIP latrine construction, and shallow water points, mainly in Luwero district, NWSC national grid connections, septic tanks etc.

The WASH product has led to:

- Improved sanitation and health standards at households and institutional levels
- It has also contributed to our portfolio growth, hence an increase in the institutional income base

So far to reach where we are now, we are grateful to AMFUI for the great support in terms of trainings, Promotional materials and stakeholder engagements offered to us which has built capacity in our teams to be able to handle such a product that has directly benefited the communities we serve.

Other partners like the hard warehouses who have been able to work with us in supplying good quality materials like the water tanks to our customers with no complains of poor quality so far registered.

2.2.8 Refresher trainings in Lending for Water and Sanitation

Refresher training were conducted for nine (9) WCAD Program partner institutions focusing on successful approaches to WSS Client acquisition and understanding clients needs and dealing with objections. The objective of the trainings was to re-equip staff with skills in marketing for water and sanitation loans, build capacity of the new staff that joined the institution and to sustain the momentum and focus of the program in the

institutions. Each institution was trained for one day and the target group were mainly credit officers, Front desk staff and marketing officers. Nine (9) Institutions benefited from this training with a total of 220 staff trained as indicated below.

Institution	Number of Participants
Nyakayojo Peoples SACCO	15
Muhambe Financial Services	37
Vision Fund Uganda	15
UGAFODE Microfinance (MDI) Ltd	24
ASA Microfinance	27
ENCOT Microfinance	30
Advance Smart Microfinance	21
Omipa SACCO	16
Kyamuhunga Peoples SACCO	35



Refresher Training in WSS lending for Omipa SACCO



Refresher Training in WSS lending for Kyamuhunga Peoples SACCO



WSS refresher training for Advance Smart Microfinance



WSS refresher training for Vision Fund Uganda



WSS refresher training for Muhame Financial Services

2.2.9 Client Protection

Consumer protection continues to be integral in building customer trust and supports in building a stable financial system. During the period, AMFIU organized online trainings for institutions to be able to appreciate client protection as a component in their operations. These were conducted as follows:

In first quarter, a client protection training was held for EBO Financial Services, Kashongi SACCO, Rukiga SACCO, Mushanga SACCO, Mwizi SACCO, Nyakayojo SACCO, Rushere SACCO, Kigarama farmers SACCO, Rubabo SACCO, Busiu SACCO, Ruhiira Millennium SACCO, Omipa SACCO, ISSIA SACCO, Rwanyamahembe SACCO and RUFU.

In the Second quarter, a client protection training was successfully conducted for the following institutions; Hakashenyi SACCO, Kihanga Mparo, Oleba SACCO, Nzuri Trust, Bond Ford Microfinance, Goldmine Financial Services, Igara Buhweju SACCO, Radicos Finance and Kasaana, Busiu SACCO, Ruhiira Millennium, Omipa SACCO, ISSIA SACCO, Nzuri Trust, Rolem Finance, Nazigo SACCO, Rwanyamahembe SACCO and RUFU.

In third quarter, a virtual client protection training was held on 24th August 2022 to the following Institutions Bugadde SACCO, CBS Pewosa SACCO, Development Microfinance, Five talents, Glory savings and credit cooperative SACCO, Mubuga SACCO, Ikwera SACCO.

Client protection training was also given to 20 Microfinance Support Centre management staff on 14th March 2022 and the session also handled issues of Social Performance Management.

Similarly, during the year, several complaints were received on behalf of Institutions which included, Platinum credit, UGAFODE, Letshego, Kyamuhunga peoples SACCO, Loro Oyam, Eleglance Finance, Uganda Microcredit foundation, Bay port financial services, Ishaka peoples SACCO, Kakuto Microfinance and one of the Emyoga SACCOs. These complaints were handled together with the respective Institutions to ensure that they are resolved.

In addition, Bank of Uganda held a benchmarking meeting with AMFIU to take them through the complaints handling system and discuss ways on how they can improve or incorporate some of things captured in the system.

2.2.10 iSAVE Inclusive Economic Empowerment Program

In continued partnership with National Union for Disabled persons of Uganda, (NUDIPU), and support from Norwegian Association of Disabled, (NAD) AMFIU continued with the financial inclusion initiative of promotion of equal opportunities for persons with disabilities to access financial services. Among the activities implemented included:

Sign language training was conducted for institutions implementing the disability program. This was a 3-day training aimed at equipping the staff with basic knowledge to interact with persons with disabilities.



During the year, 8 new partner institutions joined the iSAVE program under NFA and these included; Igara Buhweju SACCO, Lyamujungu SACCO, Rukiga SACCO, SAO Zirowbe, Kiboga food farmers SACCO, Kijomoro, Oleba SACCO, and Trinity. This was followed by Baseline disability inclusive assessments to provide baseline level data and come up with actions towards providing disability inclusive financial services.

Linkage meetings were conducted in Mpigi district , Luuka , Mayuge ,Jinja, and Buikwe during the year. The meeting involved the district unions, financial institutions, sub county commercial officers as well as group leaders. The major aim of these meetings was to link isave groups to financial institutions for the safety of funds for groups.





Financial Literacy Training

Refresher financial literacy trainings were conducted for Mayuge where teams from the implementing partners, the district union and African Evangelistic enterprise participated.

4,358 beneficiaries with disabilities received training in Financial Literacy

Unlike the past where the covid-19 restrictions had limited groups gathering and hence their trainings, the year registered a tremendous comeback whereby among other things the females were the majority (2,614) among the financial literacy training beneficiaries. By ranking,

Adjumani district accounted for 1,278, Buikwe 1,260, Jinja 722, Oyam 882 and Arua 216 beneficiaries with disabilities. It should be noted that the ignorance, low self-esteem and limited knowledge on financial matters have been among the leading impediments to persons with disabilities in occupying the financial sector space. Under auspices of AMFIU, systematic knowledge transfer is enhanced among the program groups mobilized by NUDIPU to guide the beneficiaries in sound and participatory individual and household budgeting, confidence building, undertaking strategic investment decision taking all aimed at creating resilience for steady growth and development.



A TOT training beneficiary in financial literacy using the trainers' chart



Increased access to financial services for both individual persons and iSAVE groups

Formal financial services providers registered 887 new clients with disabilities who accessed financial services through relating with the institutions directly and/or individually thereby securing up to UGX 645,226,722/= in savings and contracting loans worth UGX 993,056,140/=

Up to 192 new staffs of partners got trained in disability inclusion.

To cement the inclusion agenda, AMFIU trained 192 staff and Board of Directors of partner institutions.



iSAVE Inclusive Economic Empowerment Program success story from Alut Kot SACCO

This success Story is about Mr. Oyena Bonny, a member of Alutkot SACCO. He is one of the persons with disabilities that the SACCO has been mobilizing under the partnership with the iSAVE inclusive economic Empowerment program.

Mr. Oyena Bonny is a member of Alutkot SACCO and he is both blind and lame especially on the left leg. He joined Alutkot SACCO in 20014 and since then he has been a very active client of the SACCO. From the time he started saving with Alutkot SACCO, he gained confidence in managing finance and eventually started a stationary shop at Corner Loro through a loan that he acquired from the SACCO. The business continued to do well and it enabled him to pay his children in school including two that already completed their degree courses from Makerere University Kampala.



As the business continued to grow, he eventually relocated from Corner Loro to Kampala where now he has one of the biggest commercial printery along Nasser Road called Brisk Enterprises for T/ Shirts, books, and other scholastic materials. He has created a positive impact in the lives of many youths through employment in which he employs approximately 10 youths in the different sections of the printery. Through the support from ALutkot SACCO, Bonny owns a number of buildings both in Loro and Kampala. He has equally managed to plant over 5000 eucalyptus trees that are nearing harvest.

2.2.11 iSAVE, TOFI / NFA program Up to 4045 beneficiaries with disabilities received financial literacy training and awareness in the use of digital financial services.

The training in financial literacy reached 3,865 beneficiaries with disabilities. The beneficiaries are reached through combined efforts of AMFIU direct training to the iSAVE groups while coaching the Training of Trainers (ToTs) who are mainly the community-based facilitators and village agents as well as training conducted by these ToTs during their routine visits to the groups.

In terms of gender more females were reached i.e 2396. By distribution among districts of operation, Moyo reached 1188, followed by yumbe that trained 846, luuka 823 Mayuge 588 and mpigi with 420. The training in financial literacy enables beneficiaries acquire and improve knowledge on how to handle money; Making wise investment decisions, getting Tips on how to save while meaning other day today needs, managing loans via vie personal financial management, how and when to approach formal

financial service providers for maximum benefit out of the financial products offered and how to prepare for ones' old age.

Relatedly digital awareness training reached 180 group leaders, 87 in yumbe and 93 in moyo. This awareness aims to expose beneficiaries to knowledge on how to utilize the various digital solutions to banking to curb the mobility challenge as well as cost of physically travelling to financial institutions to transact. Avenues line use of mobile phones and existing bank agents in communities are shown as alternatives. It should be noted that despite the availability digital options in communities the uptake has been low due to less knowledge on how they operate and less trust in them. Digital awareness aims to bridge this information gap.

Entrepreneurship and business management skills training received by 3335 beneficiaries.

The training in business skills was conducted across the districts of operation in the year 2022 and reached 3335 beneficiaries with disabilities, majority of whom were women ie,2068.

This number was contributed by districts as; moyo 1034, luuka 647, yumbe 617, Mayuge 578 and Mpigi 469. The training boosts knowledge and ability of beneficiaries to start and manage income generating enterprises and focusses on key business management area of personal awareness's and what enterprise can one run, generating business ideas, marketing branding, how to sale, customer care all of which lead to successful enterprises. The successful business is directly linked beneficiaries having routine incomes for saving and access loans for increasing capital for their enterprises.

Widening partnerships with financial service providers.

In the year 2022 4 microfinance institutions signed MOUs to partner with the program, these are Kijomoro SACCO, Oleba SACCO, Koboko Trinity SACCO and UGAFODE microfinance all having branches in the districts of operation. As new partners, these were given awareness training sessions and base line disability inclusive assessments were conducted to inform and guide taking actions towards becoming more disability inclusive.

Additionally, 3 Financial institutions of Ofaka SACCO, Koboko United SACCO and Mt. Otche Metu SACCO took it upon themselves with support from AMFIU do develop disability inclusive policies. These were added to a range of other policies that are used to govern and for the smooth running of the institutions. Some of the key highlights in the policies included Person with disability representation on the boards, including a disability awareness session in orientation programs of their new staffs and clear statement of non-discrimination with specific mention of persons with disabilities.

99 members of staff of financial institutions received Disability awareness training in 2022.

Staff awareness continued to be an important activity as 99 employees of financial institutions were taken through disability awareness sessions covering modules of meaning and causes of disability, what works and what doesn't work in financial inclusion for persons with disabilities exposing barriers to access of finance that financial institutions must work to reduce to make their services more inclusive and attractive to

persons with disabilities. The sessions target Top management and board members of financial institutions as well as operational staff that are tasked to implement agreed actions. Of these employees 54 were women while 45 were male.

Increased access to formal financial services for both individual persons and iSAVE groups

Direct reports from formal financial institutions and records in the performance monitoring tool registered 2621 new clients with disabilities who accessed financial services.

Of these 1835 were female. Partner institutions report and provide updates on new customers with disabilities. To complement reports numbers are also picked from the performance monitoring tool, PMT, an industry tool that where all AMFIU member institutions report on a quarterly basis.

Relatedly 105 iSAVE groups were linked to formal financial institutions as evidenced by the group saving accounts opened with the various partner financial institutions. The opening of these accounts is key for safety of funds. In addition, the exposure of persons with disabilities to formal banking services boosts their confidence allowing them to get fully integrated into the mainstream financial services henceforth a key pointer to sustainability of the intervention.



Stakeholders in Mpigi pause for a photo after a linkage meeting with iSAVE group leaders



Luuka stakeholders after a linkage meeting

2.2.12 Analysis of capacity building programs in 2022

An analysis of the capacity building during the year was done and below is the summary of the beneficiaries and key observations.



Key Observations

- At least 78 members, 63.4 % were reached in terms of training and technical training in the use of PMT. Members are required to report quarterly using the tool and are constantly supported to be able to report.
- Technical assistance in WSS and support in disability Inclusion each reached 31 members, 25.2% . These are projects that have some support from development partners which makes it much easier to reach out to members.
- Marketing skills and financial literacy reached 13, 10.5% and 12, 9.7% members respectively. The financial literacy involved members with the programs of schools supported by DSIK and skills by the NAD iSAVE program.
- 11, 8.9% members were reached with technical assistance in Risk management. These are members who are aBi partners and the support from aBi was utilized to reach out to them as there was a common objective with AMFIU.
- The rest of the capacity building areas reached less than ten members as these were dependent on members' willingness to cost share.
- It can be noted that where there is some external support members take on the capacity building initiatives in bigger numbers as opposed to where they have to cost share.

2.5 Research and Information

Research and information is a vital initiative at AMFIU. It continues to help in identifying issues that affect the sector and appropriate interventions are developed. The key activities implemented under this programme included the following:

2.5.1 Information Exchange Meetings

AMFIU continued to bring together microfinance stakeholders to discuss pertinent issues of importance to the sector through the information exchange (IIE) meetings. During the year a virtual IIE was organized where Soluti Finance made a presentation on the available wholesale lending opportunities and how institutions can access these services. This was meant to address the liquidity challenges that the institutions are facing. Similarly, a regional IIE was organized for SACCO members in Mbarara to be updated on the recently gazetted CRB regulations and expectations from Tier IV institutions. The presentation was made by Bank of Uganda. In the same meeting, the financial intelligence authority made a presentation on money laundering and requirements for SACCOs. The meeting was attended by 60 participants drawn from SACCOs within the Mbarara region



Participants at the IIE in Mbarara

A virtual IIE was also organized where FSDU made presentations on the findings from the study on the Resilience of Tier 4 financial institutions and the Covid-19 recovery fund for microfinance institutions.

In addition, members were mobilized and supported to access funds to on-lend to Micro and Small Enterprises (MSEs) to facilitate their recovery from the effects of the COVID-19 pandemic. The Recovery Fund is a US\$20 M targeting Tier 4 Financial Institutions and it's an initiative under the Young Africa Works program, established in partnership with the Mastercard Foundation and Financial Sector Deepening (FSD) Uganda with an aim to jumpstart the economic livelihoods of entrepreneurs to secure and create job opportunities for young women and men in Uganda. The expression of interest was followed by an online information exchange meeting to disseminate further information about the grant and application process.

2.5.2 Stress Testing for the Microfinance Sector

During the year, a stress testing exercise for the Uganda microfinance industry was conducted with support from IFC to establish stress levels of the sector due to the impact of the covid pandemic.

The major findings were that while Tier 3 could survive about 8months after the shock, Tier 4 institutions could only survive two months on average and while the sector remained fairly profitable, the liquidity position of Tier4 had massively deteriorated. This was made worse by the fact that majority of the Tier4 institutions do not have liquidity reserves. The report recommended an injection of UGX.45B for the Tier4 institutions

in a one-year period to improve their liquidity position. Data for this exercise was obtained from the PMT reports.

2.5.3 Financial Performance Monitoring

The financial performance of financial institutions is monitored and evaluated through the usage of the Performance Monitoring Tool.

The year saw the perception of usage move from just a reporting tool to a management tool used for decision making by the financial institution BOD and management team. A report on the state of Microfinance in Uganda was compiled to understand the performance of these financial Institutions

This analysis was based on financial institutions that were able to submit data to AMFIU through the Performance Monitoring Tool. This data is uploaded and analysed by the Performance Monitoring System hosted at AMFIU which aggregates it into Key performance ratios of profitability, efficiency, capital and liquidity as well as the portfolio at risk.

The key highlights from the report are as follows:

2.5.3.1 Operating Self Sufficiency Ratio

Self-sufficiency can also mean sustainability and an institution can only achieve this if it scores an OSS of 100% and above below which it may be hard to survive. From the graph below in 2021 all the three categories of financial institutions managed to score OSS slightly above 100% rest for 2020 where only MDIs were able to score 118%, and this is highly attributed to the country lockdown due to the Covid 19 outbreak that left many financial institutions at the verge of collapse.

Operating Self Sufficiency



2.5.3.2 Portfolio Yield (PY)

MFIs and SACCOs on a higher end have been able to generate interest and fees from their portfolio by 65.97% and 50.17% than MDIs who scored 44.02%.

Portfolio Yield

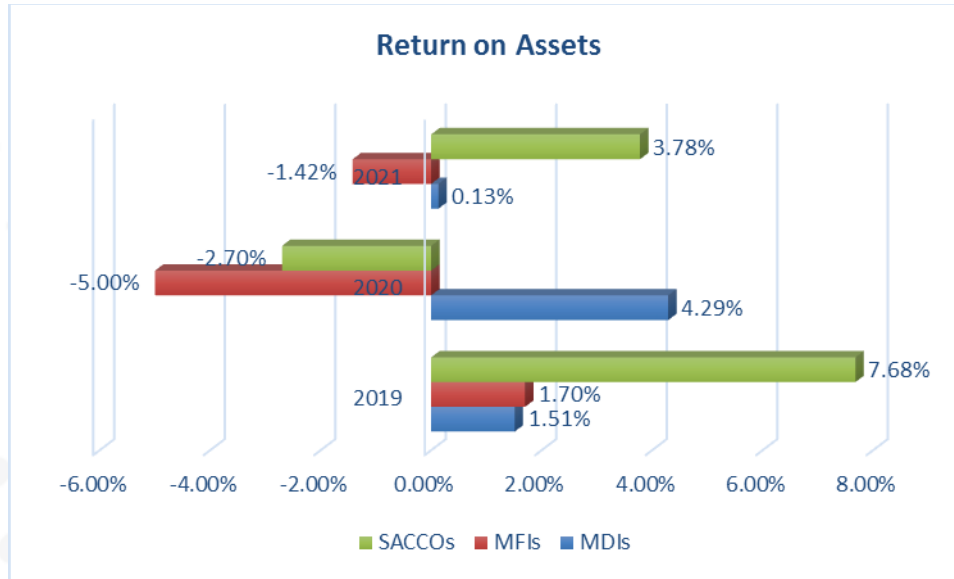


2.5.3.3 Return On Assets

The ROA ratio measures the income generated by the assets of an institution and its ability to utilize its assets in a profitable manner. SACCOs were able to register a 3.78% return on assets compared to MDIs and MFIs who scored 0.13% and -1.42% respectively.

These were quite low scores compared to the industry benchmark of >5% for MDIs and 15% for MFIs and SACCOs.

Return on Assets



2.5.3.4 Return on Equity

In 2021 it is only SACCOs that managed to score a better percentage of 9.15% Return on equity compared to MDIs and MFIs who scored quite low by 0.39% and -4.67% respectively.

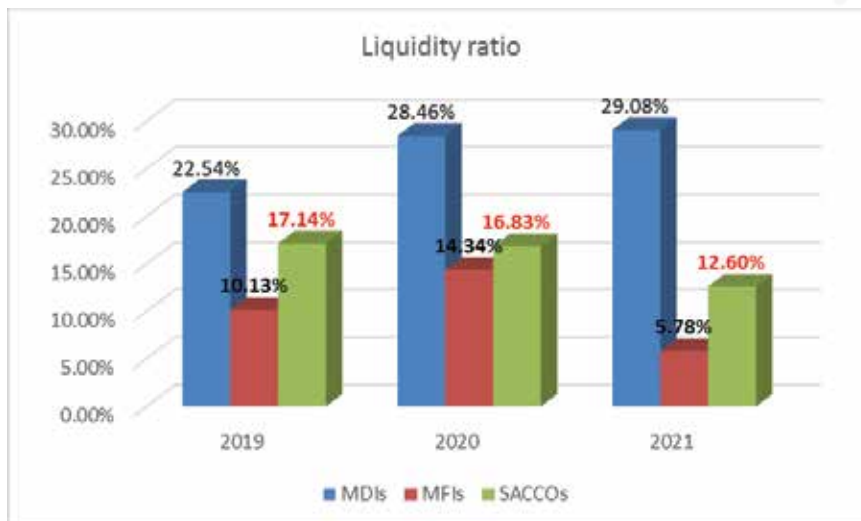
Return on Equity



2.5.3.5 Liquidity Ratio

The institution's ability to meet near term demands for cash is determined by this ratio. MDIs had the highest liquidity with 29.08%, followed by SACCOs with 12.95% and then by MFIs with 5.78% as indicated in the graph below. Apart from MDIs, SACCOs' and MFIs' liquidity has relatively dropped compared to previous years.

Liquidity

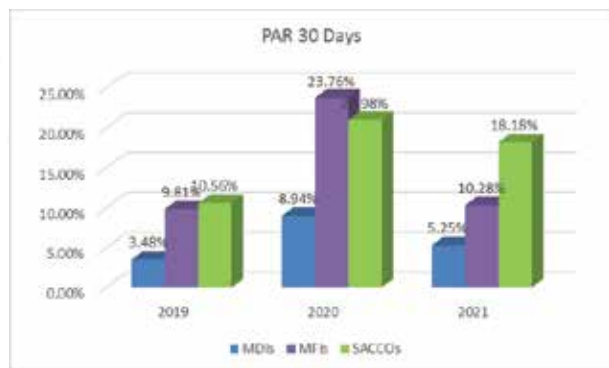


2.5.3.6 Portfolio at Risk 30days.

This indicates the balance of loans outstanding that have a payment past due of 30 days as a percentage of Gross Loan Portfolio. The graph below indicates SACCOs with a higher PAR 30 days of 18.18%, followed by MFIs with 10.28% and MDIs with 5.25%.

For the 3 categories of financial institutions, the recommended PAR 30days should be $\geq 5\%$

Portfolio at Risk 30 Days



2.5.4 Performance Monitoring Tool (PMT)

Training and Technical Assistance

Several trainings and Technical Assistance in the use of PMT were offered to institutions to support in reporting. The TA included re installation of PMT and training of new staff that were using the tool for the first time following resignation or change of staff who were reporting previously.

All institutions that submitted reports and were consistent in reporting received feedback reports. It is noted that for the Performance Monitoring System to generate a feedback report, the institution has to be consistent in reporting both quarterly and annually.

2.5.5 Up-grade the PMS/ PMT

Through partnerships, a service provider was identified to upgrade both the PMT and the PMS. The main objective is to ease reporting, increase usage and enable meaningful adjustments that suit the current technology trends. Part of the activities under the upgrade will include;

- i. Direct integration of PMT and PMS so that as institutions compile the reports they are also able to send data directly to PMS without a staff of AMFIU having to download the data.
- ii. Enabling PMT to operate online, this will reduce the physical visits to institutions for re installations as well as making its access easy.
- iii. Include new Indicators that have come up to match the current needs in the industry. These include among other Environment, Social and Governance indicators that were not in place by the time PMT was introduced



Our Journey using with the Performance Monitoring Tool at ASA Microfinance Uganda



It is now 3 years when ASA Microfinance Uganda Ltd started using the Performance Monitoring Tool. The tool captures the Income statement, Balance sheet as well as Portfolio & outreach using an input form. With these statements the Tool is able to analyze the results in relation to the key important ratios of profitability, liquidity, portfolio quality, efficiency and capital.

The tool is user friendly which makes understanding and interpretation of results easy coupled with the user manual attached that acts as a guiding document where reference is made in case required.

The analysis done by PMT has really helped ASA management to come up with practical ways to improve in areas of poor performance and also do better where performance is good. The benefits of the tool are magnified by the Performance monitoring Tool hosted at AMFIU that does a further analysis of color coding our institution results in comparison with the industry standards in relating to the key performance ratios earlier mentioned.

This feedback report from AMFIU is instant which keeps our energies high to always submit our quarterly report to AMFIU.

**Prepared by: Samalie Nawoova
ASA Microfinance Uganda Ltd**



ADVANCE SMART MICRO FINANCE LTD PMT SUCCESS STORY



Audrey Kyomugisha

Advance Smart Micro Finance Limited (ASMF), formerly Advance Uganda, founded in 2004, is a micro-finance institution established by the Adventist Development and Relief Agency (ADRA) Uganda to render micro finance services to the economically active communities. The founders of ASMF include ADRA Uganda, who founded it in collaboration with ADRA Sweden who funded her establishment.

With an objective of improving financial reporting, AMFIU did provide a Performance Management Tool (PMT) system to Advance Smart Microfinance Ltd to be used for reporting purposes on a quarterly basis. The PMT consists of five reporting

areas in the Income statement, Balance sheet, Portfolio & outreach, Cash flow statement and Key Performance Indicators. A number of benefits have accrued to the institution overtime in the five reporting areas as noted below;

Income Statement

This has been used to ascertain the profitability of the company by monitoring the trend in revenues and expenses on a monthly, quarterly and annual basis. It has also been used to track the effectiveness of strategies set by management at the start of every financial year.

Balance Sheet

This has been used to track the company assets upon which returns are expected. It has also been used to ascertain the company's ability to meet financial obligations as they arise.

Portfolio and Outreach

The PMT has been used overtime to monitor the growth in loans in terms of amounts disbursed, number of clients, age groups, gender and loan products among other parameters. The tool has also been used to analyze aging of the portfolio at Risk.

Cash flow Statement

This has been used to track how cash is generated, how well it is managed and how the cash requirements of the company are met.

Key Performance Indicators

This has been a useful management tool that helps improve understanding of financial results and trends over time as well as provide key indicators of organizational performance. Ratio analysis has helped pinpoint strengths and weaknesses from which strategies and initiatives can be formed.

The PMT tool has led to greater accuracy since some fields in the template are interlinked and automated. This has led to reduction of errors and easy accessibility to financial information. It has also brought about improved regulatory compliance and better strategic planning

2.6 Lobby and Advocacy

Two major lobby issues arose during year that included;

- a. The need to increase the maximum limit on single mobile money transactions. This was mainly raised by our Non-Deposit taking members whose concern was that the maximum limit for a single transaction of UGX.3,000,000 as stipulated by the National Payments System regulation of 2021 was affecting their digital loan disbursements. AMFIU engaged the Department of Financial Services at the Ministry of Finance and this was revised to UGX.5,000,000
- b. Deleting all non-statutory deductions for Public Servants. The PS/ST issued a directive halting all non-statutory deductions from salaries of public servants.

This directive affected our members that are payroll lenders. Engagements are still on-going with the department of Financial Services at the Ministry of Finance and the State Minister for Microfinance to request the PS/ST to stay the directive and give the concerned parties some time to rectify the challenges with the code system.

2.7 Networking Events and Engagements

AMFIU joined the Ministry of Water and environment and other partners in water and sanitation space to commemorate the Water week. AMFIU and other financial Institutions presented and showcased what has been done to increase access and improve water conditions in different communities

A webinar organized by World Wide Fund on renewable energy for Microfinance Institutions in East Africa where AMFIU fully where AMFIU presented and the objective of this webinar was raising awareness about the importance of Mf in scaling access to energy consumption.

We participated in the final review of the Business diagnostic tool for the ECOS project for SME's organized by GIZ. AMFIU fully participated and gave contribution towards the tool for dissemination.

Dialogue meetings with Equity Bank, Centenary Bank and GIZ under their project water for millions. In these engagements, Centenary Bank and Equity bank confirmed that they have funds allocated for WASH as a project and they were willing to work with us in the near future by organizing a forum where they can discuss with AMFIU members on the

possible ways they can partner with them in-terms of extending credit facilities at relatively low interest rates.

AMFIU also hosted the following delegations that came to learn about the microfinance sector in Uganda;

- o A delegation from Malawi comprising of financial regulators, financial institutions associations and the ministry of finance and trade of Malawi were hosted on 12th May 2022 at the AMFIU offices
- o During the year AMFIU hosted staff of Tanzania microfinance network (TAMFI) and staff of Water.org from Tanzania, Kenya and Uganda for a learning visit on successful implementation of the Water Credit Adoption program (WCAD). The five days learning visit included activities such as Learning from AMFIU's first-hand experience on successfully implement of the WCAD program, learning about AMFIU's history, structure and operations, field visits to three AMFIU WCAD partners (Vision Fund, UGAFODE and MAMIDECOT) and attending a physical training in marketing of a water supply and sanitation loan product facilitated by AMFIU staff.



TAMFI and Water.org team at Vision Fund Uganda Head office



TAMFI and WCAD team at MAMIDECOT Offices in Masaka

2.8 Northern Uganda Office

AMFIU established an office in Northern Uganda to coordinate activities in the region. The Office is currently located on Plot 11 B, Ayer Rd, Lira City East Division, Lira City. It is run by a Senior Programme Officer and a Programme Officer.

2.8.1 Membership

There are 17 institutions under the supervision and guidance of this office.

No	Name of Institution	Location
1.	Nile Microfinance Ltd	Arua
2.	Ikwera SACCO	Kwania
3.	Alutkot SACCO	Oyam
4.	Loro Oyam SACCO	Oyam
5.	Mt Otce Metu SACCO	Moyo
6.	Koboko United SACCO	Koboko
7.	Koboko Trinity Church Multipurpose SACCO	Koboko
8.	Nyaravur Farmers SACCO	Nebbi
9.	Offaka SACCO	Madiololo
10.	Oleba SACCO	Maracha
11.	Kijommoro Farmers SACCO	Maracha
12.	Adjumani Town Council SACCO	Adjumani
13.	Moyo SACCO	Moyo
14.	Kitgum SACCO	Kitgum
15.	Kati Youth Venture Ltd	Lira
16.	RUFI Microfinance Ltd	Koboko
17.	WENIPS	Nebbi
18.	Lokitelaebu SACCO	Kotido

Table 1: MEMBERS IN THE REGION

2.8.2 Members Recruitment

During the year 2022, membership applications were shared with many financial institutions and three new members were recruited in to AMFIU membership and these were:

- i. Lokitelaebu SACCO in Kotido,
- ii. Koboko Trinity Church Multipurpose SACCO a
- iii. West Nile Private Sector Development (WENIPS)

2.8.3 Annual General Meetings

As an Apex for microfinance in the country, one of our key mandates is to participate in the members Annual general meetings to support and encourage members. During the year, the office participated in a number of Annual general meetings including Nyaravur Farmers SACCO, Koboko United SACCO, Offaka SACCO, Alutkot SACCO, Loro Oyam SACCO among others.



Offaka SACCO AGM in Madiokolo

2.8.4 Technical Support and Capacity Building

A number of capacity building and technical support were undertaken in the areas of Performance management (PMT) in Oleba, Kijommoro, Koboko Trinity and Offaka SACCO, Alutkot, Adjumani Town Council SACCO and Loro- Oyam SACCO. Another area of capacity building was in financial management and record keeping that was provided to Oleba SACCO, Koboko Trinity and Ikwera SACCO



Financial literacy training at group level in Yumbe and Moyo Districts

i. Together for Inclusion Economic empowerment programme (TOFI EEP)

The TOFI EEP is implemented in Yumbe and Moyo districts of West Nile. It targets Village agents, focal persons and Community Based facilitators from the district unions of Moyo/ Yumbe and the staff of CEFORD through training of trainers in Financial Literacy, Business skills and entrepreneurship development, Digital financial services and linkage of the iSAVE groups to formal financial services. The trainings were done to equip the trainees with more techniques and knowledge to enable them deliver effective trainings to the end users. Under the same programme, Financial literacy TOT was conducted to 40 participants who are the Village agents, Focal persons and Community based facilitators in the two districts. At group level, 20 groups were trained in Yumbe and Moyo accompanied with technical backstopping by the AMFIU team



Digital Awareness and Linkage meeting workshop in Moyo and Yumbe Districts

ii. iSAVE / NFA

This programme is being implemented in Oyam, Arua and Adjumani districts in collaboration with the district Unions of these districts. Under the iSAVE programme, Three Training of trainers each have been conducted in Financial literacy, Entrepreneurships and business skills development to Field promoters and focal persons. Trainings and technical support to groups have been conducted in the districts of Adjumani, Arua and Oyam.

Digital finance awareness training and linkage meetings have been conducted to over one hundred people drawn from the members of the iSAVE groups, the local government, District Union staff and the executive, the CEFORD staff, financial service providers and the media in each of the districts.



Financial literacy training of trainers in Arua concluded with issuing of certificates



TOT in Entrepreneurship and business skills development training in Adjumani

2.8.5 Financial education in schools

Two refresher trainings were done for teachers and staff of MFIs and SACCOs that are participating in the financial education programme in schools.

The training was conducted in Lira drawing 30 participants from both the schools and the financial institutions. There was a monitoring visit conducted in West Nile to ascertain the status quo of the programme since the interruption by COVID 19. It was discovered that despite the COVID outbreak and eventual closure of schools, many schools continued with the savings programme especially after reopening of the schools. Savings totaling to approximately 11,000,000 were saved and distributed to the savers by the close of financial year 2021.



Savers Ombaci Satellite Primary School in Arua and Adibu Primary School in Madiokolo

2.9 AMFIU Business Consult (ABC)

ABC was established to provide quality services at affordable prices, with the ultimate goal of enhancing the provision of responsible financial services by microfinance institutions (MFIs)/SACCOs to their customers and deepen financial inclusion.

During the year, several activities were undertaken by the business wing as highlighted.

2.9.1 Contractual Assignments executed.

ABC was contracted by different members financial institutions and other stakeholders in the microfinance sector. Below are the assignments accomplished.

- i. Bugadde SACCO Training in Governance
Training in Credit and Branch Management
Development of the Governance Manual
- ii. Muhame Financial Services Ltd
Training in Governance
- iii. Muhame Financial Services Ltd
Training in Branch and Credit Management
- iv. Micro-Credit for Development and Transformation (MCDT)
Development of the Five Years Strategic Plan

2.9.2 Mystery shopping.

Mystery shopping is a worldwide proven method used by organisations to assess among others customer service quality, processes and procedures, client protection among others. During the period, a mystery shopping training was held for the western region member Institutions on 12th April 2022 and the purpose was to create awareness and information sharing about the importance of Mystery shopping missions and to market it on behalf of ABC. The Institutions that were trained were; Muhame Financial Services, Mwizi SACCO, Shuuku SACCO, Rwanyamahembe SACCO, Rushere SACCO, Nyakayojo peoples SACCO, Ebo SACCO, Mushanga SACCO, Kashongi SACCO, Kigarama farmers SACCO, Rushere SACCO, ISSIA SACCO.

3. KEY EVENTS

AMFIU held a national microfinance and saving groups conference on 29th – 30th November, 2022 at Hotel Africana, Kampala, Uganda. The conference was organized in partnership with the Ministry of Finance, Planning and Economic Development, Care International Uganda and Makerere University Business School (MUBS).

The theme of conference was “Drivers for sustainable microfinance and saving groups”. The discussions revolved around the emerging issues on Environment, Social and Governance (ESG) and how digitalization can help the microfinance sector and saving groups become more sustainable.



The conference was attended by 250 participants that included officials from government, regulators, development partners, civil society and academia. The program involved ceremonial sessions on opening and closing, key note addresses, paper presentations, deliberations and action planning.



A competitive
for National Dev



**Hotel
Africana**





4. JUBILEE CELEBRATIONS OF AMFIU

2.10 The History of AMFIU

The year 2022 marked 25 years of existence of the association of microfinance institutions of Uganda (AMFIU). This is a key milestone in the microfinance sector in Uganda. Having been established in 1997, AMFIU has grown into one of the most significant and vibrant Microfinance apexes of Africa.

In 1996 several stakeholders of microfinance industry came to realize that an association to coordinate the provision of microfinance in the country had become necessary. The then well advanced microfinance providers namely FINCA Uganda Ltd (MDI) and Cooperative Bank microfinance agencies saw the need for an industry association that would coordinate them and promote best practices. This view was keenly shared by donors who had experiences with more mature microfinance industries of Latin America and South East Asia.

During that time, the government developed the Poverty Eradication Action Plan (PEAP). Studies for establishment of PEAP had identified lack of financial services for the poor people as a key

challenge in national economic development. Internationally this was the time when micro credit was gloried as the all effective cure of poverty. So the idea of an industry network captured keen interest from all stakeholders

Among the first institutions that promoted the establishment of AMFIU were FINCA Uganda, PRIDE Africa (Now microfinance Ltd (MDI), the cooperative Bank Microfinance Agencies, the Private Sector Development Programme (PSDP) that was financed by UNDP, UGAFODE, Uganda Women's Finance Trust (Now Finance Trust Bank), FOCCAS and Private Alleviation Credit Trust (PACT- Masindi that later closed).

Whereas the indigenous MFIs appreciated and actively sought to set up a network for the coordination, the donors and internationally coordinated MFIs who had experiences with best practices elsewhere in the world saw the association as an opportunity to disseminate best practices.

To move the concept of coordination and cooperation forward, the then head of cooperative Bank Agencies Mr. Lascheles Chen worked with the Government to develop a concept paper for the national strategy for microfinance. The concept pointed out the need for an institutionalized network with a coordination unit.

From a series of informal meetings, AMFIU was born and the first office bearers were elected. The first directors were Mwalimu Musheshe, Eve Mukasa (President), Michael McCord (Vice President), Alex Kakuru (Treasurer)

Regular meetings were subsequently held at Uganda Women's Finance Trust in the then



president's office board room. These meetings resulted into the development of the first constitutions focusing on coordination, service delivery and outreach

The government then boosted microfinance activities through the Poverty Alleviation Project (PAP) that was funded by the African Development Bank. PAP was an apex for capacity building and wholesale loans to MFIs. In 1997 PAP joined AMFIU and paid membership fees for all its member MFIs till 1998 that were totaling to 40. This boosted the activities of AMFIU. PAP was then succeeded by the Rural Microfinance Support Project. Then the Presidency was moved from Mrs Eva Mukasa (UWFT) to Mr. Mwalimu Musheshe (URDT).

In late 1997 another project USAID/PRESTO was established. This started on a methodical infusion of best practices within plans and operations of MFIs. PRESTO developed different courses all based on best practice principles and delivered them to all types of institutions that had responded to their request for partners. AMFIU was readiest collaborator with PRESTO in advancing the best practice agenda.

In 2000 AMFIU had another extra ordinary general meeting in which the board was asked to step down and a new board was elected headed by Mrs. Clare Wavamuno. In the first two years this board worked effectively to establish a full time secretariat, recruit the first ever AMFIU executive Director (Mr. Suleiman Namara) and developed a strategic plan with programmes that have since grown from glory to glory.

It was this vivid progress that AMFIU members wanted to see when they replaced the board. The board worked with the Executive Director to develop work plans, institutional review and evaluation criteria. This increased member's interest in AMFIU and the numbers went up.

AMFIU's programmes revolved around advocacy, lobby and sound practices. It has continued to build on these foundations and today AMFIU's services are geared towards building a professional microfinance industry with strong and sustainable institutions. AMFIU focuses on member development activities to enhance the quality of service delivery by the members to their target market – the poor and small income earners. This is achieved through the following key areas;

- Provision of capacity building and technical assistance services to MFIs and SACCOs in key areas of, governance, sound practices, product development, savings and resource mobilization, strategic planning and management, risk management, financial reporting and management and performance monitoring
- Promotion of financial inclusion through capacity building and technical assistance in financial literacy, client protection and social performance management
- Training and technical assistance to financial institutions in financial reporting and analysis using the Performance Monitoring Tool (PMT) and the Performance Monitoring System (PMS)
- Spearheading lobby efforts in the sector to create a favourable operating environment,
- Conducting relevant researches, information collection and dissemination,
- Development and enforcement of industry standards and sound practices

The Association has continued to grow and in 2008 the association acquired its own permanent premises located at Plot 679 Wamala Road, Najjanankumbi. This was made possible through contributions from members who agreed to contribute an equivalent of 3 times their annual subscription.

2.11 Jubilee Celebration Messages from Past Presidents



Wilson Twamuhabwa

Today gives me a lot of pride and happiness as I see AMFIU celebrating 25 years of its existence. It's a special day in the history of AMFIU, I therefore would like to join the rest of members by extending my heartfelt congratulations to AMFIU upon achieving this milestone.

As part of the team then, for 25 years I have seen it consistently upholding its principle of promoting sound microfinance practices, promoting financial inclusion in order to transform lives and livelihoods of our people.

AMFIU through its strong leadership has spearheaded innovativeness in the microfinance

industry among those are; championed the enactment of the Microfinance Deposit Taking Institution's Law and its subsequent revision to suit the current situation, establishment of the Microfinance Regulatory Authority whose first Board Chairperson was our current Executive Director, Ms Jacqueline Mbabazi.

AMFIU helped and supported MFIs to standardize their reporting mechanism through introduction of PMT which was also adopted by some East African countries.

AMFIU was instrumental in providing capacity building to MFIs in order to uphold the best practices.

Dear members, the achievement of 25 years in existence must be sustained by continuing to be innovative if we are to remain relevant and celebrate 50 years considering that the financial sector is continuously evolving.

I would like to thank management and Staff who have been with AMFIU for these 25 years ; you stood with AMFIU in good and difficult situations. "I saw you work so hard everyday to transform lives and livelihoods of our people. Cheers to you all for a job well done".

God Bless you all, God Bless AMFIU

Wilson Twamuhabwa
Board President Emeritus.

**Eva Mukasa**

There was need for the sector to be organized and have one voice in order to get facilities from international donors. But in most cases the donors didn't know who to deal with. So there was need to create credible institutions and also facilitate exchange of information. At that time it was important for AMFIU to build a name at practitioner and donor level. So we had to look for information on how to deal with self regulation from countries that had moved a step ahead of us.

Government was a big stakeholder especially Ministry of Finance because there were some masquerading institutions. At that time the focus then was on clients and we had institutions focusing on youth and women. With time sustainability became an issue.

AMFIU then stopped being a centre for just collection of information to capacity building and became a champion for self regulation.

The relevancy of AMFIU is still enormous. AMFIU needs to position itself to fight within the regulatory framework and continue its advocacy and capacity building role. AMFIU should develop innovative ways of getting resources for capacity building and continue advocacy activities to ensure full financial inclusion.



Dr. Mwalimu Musheshe

During my time, AMFIU was at formative stage. The government was trying to understand the sector as distinct from the main stream financial system. The players in this new sector were enthusiastic and were vigilant. This enabled the government to legislate a new act that gave recognition and space to MFIs.

The international partners were very helpful. I remember capacity building by PRESTO and the language really changed: from banking with the poor to “the active poor” The World Bank, UNDP were helpful as they perceived the role of the state and traditional financial systems not well equipped to reach the people at the lower rung of the economic ladder-hence the expression, “receding role of the state and emerging role of the non-state actors”

Started by the government to build capacity in micro finance especially PAP arrangement, other institutions emerged to offer similar services. Many MFIs decided to look at other examples like Grameen, BRAC in Bangladesh and some in Latin America. It was a time of positioning and many MFIs that did, are thriving today.

The future should be a continuation of the good work being done: lobbying and advocacy and of course capacity building. The linkage with financial institutions to enable them provide prudent service for the betterment of the sector. I see development of materials to inform curricular in institutions of higher learning. Some are offering micro finance courses. Really, AMFIU should be the authority in this area; establish a facility like micro finance resource center as a one stop point for integrated capacity building of MFIs including financial support.

Let me congratulate you and your colleagues and the fraternity for standing the test of time.

Clare Wavamunno

This was a great initiative by the institutions then. I pray that the seeds planted will continue to bear fruit, much fruit, that will last for generations to come. Congratulations AMFIU!

**Veronica Gladys Namagembe**

I take this opportunity to congratulate AMFIU for this great achievement and milestone. AMFIU has contributed tremendously to the transformation and regulation of the microfinance sector in Uganda.

Their connection to the microfinance institutions that operate at the grass root through social performance has uplifted and improved the standards of living of the majority of the Ugandans that are served by these institutions. However, AMFIU needs to be more aggressive in the area of advocacy and lobbying to ensure that economic structures and policies relating to the microfinance sector enhance efficiency and effectiveness in service delivery to the people at the base of the pyramid.



**Fabian Kasi**

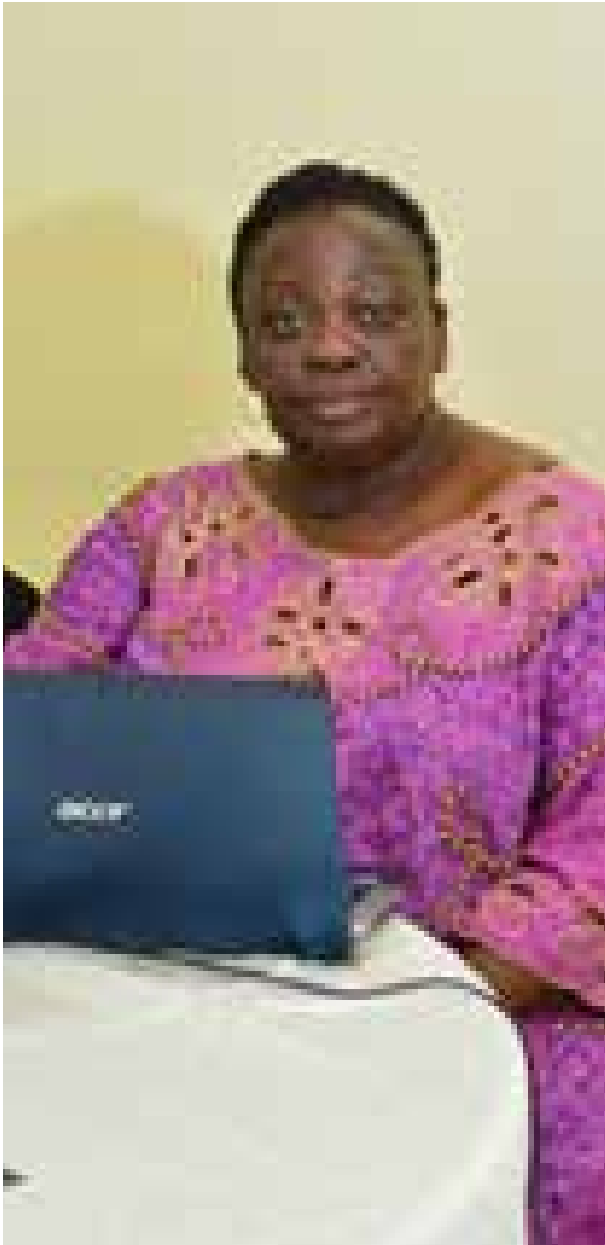
It is with great pleasure that we witness this day where AMFIU is celebrating its Silver Jubilee. A warm congratulations to the entire AMFIU family for this great milestone. Not many associations are able to make it that far but you have done it.

You have maintained the professionalism you stand for and no wonder, the microfinance sector in Uganda is thriving because you provided guidance in the very early years when the entire microfinance concept was a grey area. Am proud to be associated with you always. Microfinance built the backbone of my career and for that, am truly grateful. I look forward to more great years working with you and congratulations once again.

**Edward Nkangi**

I have been associated with AMFIU for more than a decade and am glad to have served as the AMFIU Board President recently. It was a very enriching experience that gave me the opportunity to view microfinance in a wider context than simply savings and credit.

The one thing you are always sure to benefit from AMFIU is connections to great networks and am sure its because of their professionalism that they are able to attract and retain great networks. It is therefore with great pride that I congratulate the entire AMFIU fraternity upon reaching this great milestone. Looking forward to the golden jubilee

**Bbosa Dorothy Katantazi.**

As one of the founding members and Past President of this great organization; As we celebrate 25 years of life and success of AMFIU, I thank God for His grace that has made this possible! I also thank the present Board of Directors, Leadership and Management of AMFIU for continuing to run with this vision! Thanks to our Government that has provided an enabling environment for business to thrive.

Thank you to all our members who continue to water this vision and benefit from its services. As I reflect back, a tiny seed was planted which has now grown into a big tree which bears fruits beneficial to the entire nation of Uganda! Long Live AMFIU – For God and my Country!

**Mathias Katamba**

I would like to congratulate AMFIU on this momentous occasion of celebrating 25 years in service. Looking back, I see how far AMFIU has come in providing a platform where the Microfinance

Industry is represented effectively. I see an organization that has moved from a nascent entity to a formidable institution supporting the transformation of livelihoods of vulnerable communities across our country.

In a special way, I pay tribute to all the leaders of the Association over the last 25 years, for having laid the foundation that has ensured sustainability of AMFIU and to the current Leadership and all stakeholders for ensuring that the Institution continues to deliver on its mandate in an ever-changing environment.

It is the greatest joy of my career to have had the opportunity to serve the Association as Chairman over 10 years ago and I look forward to seeing the continuity of AMFIU's success into the future to the benefit of generations to come.

**ASSOCIATION OF MICROFINANCE INSTITUTIONS
OF UGANDA FINANCIAL AMFIU**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED
31ST DECEMBER 2022**

**ASSOCIATION OF MICROFINANCE INSTITUTIONS
OF UGANDA (AMFIU)**

P. O. BOX 26056
KAMPALA

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2022**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

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CORPORATE INFORMATION

BOARD OF TRUSTEES:	Mr. Shafi Nambobi	National
	Mr. Dimba David Kenyi	President
	Mr. Katende Paul	Member
	Mr. Nurul Islam Chowdhury Mafique	National
	Ms. Kyosimba Immaculate Christine	Treasurer
	Mr. Moris Ngabitho	Member
	Mr. James Onyutta	Member
		Member
		Member

AUDITORS:**ALLIED**

Certified Public Accountant of Uganda
Plot 79, Bukoto Street
Kamwokya
P. O. Box 21199
Kampala
Uganda

REGISTERED OFFICE: AMFIU House
Plot 679, Wamala Road,
P.O. Box 26056,
Kampala-Uganda

BANKERS: Centenary Rural Development Bank Limited
P. O. Box 1892
Kampala, Uganda

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees present the audited Financial Statements for the year ended 31st December 2022.

Activities:

The principal activity of the association is to engage in activities that enhance the sustainable delivery of financial services delivered by all institutions in Uganda. AMFIU is an umbrella organization of microfinance institutions (MFI) in Uganda. It was founded in 1996 and registered in 1999 under the Non-Government Organization ACT as a company limited by guarantee. Here to referred to as the “company”.

Results:

Excess for the year	35,964,544
Less: Income Tax Expenses	0
Net Excess after tax	<u>35,964,544</u>


Board of Trustees:

The Board of Trustees as at 31st December 2022 are set on page 2.

Auditors:

Messers: **ALLIED** Certified Public Accountant of Uganda having expressed their willingness to continue in office in accordance with Section 159(2) of the Companies Act.

.....  **NATIONAL SECRETARY**

.....  **NATIONAL TREASURER**

.....  **NATIONAL PRESIDENT**

STATEMENT OF BOARD OF TRUSTEES' RESPONSIBILITIES

The Accountants Act, 2013 and or Company's Act 2012 require the Board of Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year. It also requires Board of Trustees to ensure that the company keeps proper accounting records, which disclose with reasonable accuracy, the financial position of the company. The Board of Trustees are also responsible for safeguarding the assets of the company.

The Board of Trustees are ultimately responsible for the internal controls. The Board of Trustees 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 company's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates, are applied on a consistent and 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 of Trustees accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable

and prudent judgment and estimates, in conformity with International Financial Reporting Standards. The Board of Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results.

The Board of Trustees further accepts responsibility for the maintenance of the accounting records, which were relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Board of Trustees to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by Board of Trustees on*12th June*..... 2023 and signed on its behalf by:

..........

NATIONAL SECRETARY

..........

NATIONAL TREASURER

.....

NATIONAL PRESIDENT

AMFIU/NGO-011-2023/AUD-2022**REPORT OF INDEPENDENT AUDITOR TO**

The Board of Trustees of
Association of Microfinance Institutions of Uganda ("AMFIU")
P. O. Box 26056
Kampala

Opinion

We have audited the financial statements of the Association of Microfinance Institutions of Uganda ("AMFIU") which comprise the statement of financial position as at December 31, 2022, the statement of financial performance, the statement of changes in accumulated funds and the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association of Microfinance Institutions of Uganda ("AMFIU") as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS') and have been prepared in a manner required by the Accountants' Act, 2013 or Company's Act (2012).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These 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. We have determined that there is no Key Audit Matter to be communicated in our report.

Responsibilities of Management and Those Charged with Governance for the

Financial Statements Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 ISAs will always detect a 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 ISAs, 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Accountant's Act 2013 or Company's Act, 2012, we report to you based on our audit, that:

1. 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;
2. In our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books; and
3. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Ndawula N Martin – P0280.



.....
Ndawula N Martin, ALLIED

ALLIED

Certified Public Accountants of Uganda

Kampala, Uganda

Monday, 5 June 2023

ASSOCIATION OF MICROFINANCE INSTITUTIONS OF UGANDA (AMFIU)

STATEMENT OF EXCESS OR DEFICIT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2022


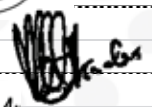

		2022	2021				
	SCH.	U. SHS	U. SHS				
Revenue	A	2,050,359,641	2,132,686,852				
Less: Operating Expenses							
Overhead Costs	B	1,190,081,342	253,956,556				
Activity Costs	C	824,313,755	1,812,384,979				
Total Operating Expenses		2,014,395,097	2,066,341,535				
Net Excess before tax		35,964,544	66,345,317				
Less: Income tax expense		-	-				
Net Excess after tax		35,964,544	66,345,317				
The accounting policies on page 12 - 17 and the notes on pages 18 to 21 form an integral							
part of the financial statements.							

ASSOCIATION OF MICROFINANCE INSTITUTIONS OF UGANDA (AMFIU)

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022

	NOTES	2022	2021
		U. SHS	U. SHS
CURRENT ASSETS			
Cash and Bank Balances	2	245,406,474	155,286,848
Receivables and other receivab	3	326,673,888	248,708,468
		572,080,362	403,995,316
NON CURRENT ASSETS			
Property and equipment	4	633,587,131	700,234,594
Investments	5	2,000,000	2,000,000
		635,587,131	702,234,594
TOTAL ASSETS		1,207,667,493	1,106,229,910
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Payables	6	162,861,851	115,835,364
Deferred revenue grant	7	45,117,659	28,671,107
		207,979,510	144,506,471
NON CURRENT LIABILITIES			
Share Capital Payable		2,000,000	-
		2,000,000	-
EQUITY:			
Capital Fund		104,511,091	104,511,091
Revaluation Reserves		18,127,213	18,127,213
Accumulated Funds	8	875,049,679	839,085,135
		997,687,983	961,723,439
TOTAL LIABILITIES AND EQUITY		1,207,667,493	1,106,229,910

The accounting policies on page 12 - 17 and the notes on pages 18 to 21 form an integral part of the financial statements. The financial statements on pages 8 - 21 were approved by the Directors on 12th June 2023 and are signed on their behalf by:

		NATIONAL SECRETARY
		NATIONAL TREASURER
		NATIONAL PRESIDENT

ASSOCIATION OF MICROFINANCE INSTITUTIONS OF UGANDA (AMFIU)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	CAPITAL	REVALUATION	ACCUMULATED	TOTALS
	FUND	RESERVES	FUND	
	U.SHS	U.SHS	U.SHS	U.SHS.
Balance Brought Forward	104,511,091	18,127,213	839,085,135	961,723,439
Additions for the year	-	-	35,964,544	35,964,544
Balance C/F 31/12/2022	104,511,091	18,127,213	875,049,680	997,687,984
Balance Brought Forward	104,511,091	18,127,213	772,739,818	895,378,122
Additions for the year	-	-	66,345,317	66,345,317
Balance C/F 31/12/2021	104,511,091	18,127,213	839,085,135	961,723,439
The accounting policies on page 12 - 17 and the notes on pages 18 to 21 form an integral part of the financial statements.				

ASSOCIATION OF MICROFINANCE INSTITUTIONS OF UGANDA (AMFIU)

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 ST DECEMBER 2022			
	2022	2021	
	U. SHS	U. SHS	
Excess for the year	35,964,544	66,345,317	
Add: Depreciation	66,647,463	108,960,659	
	102,612,007	175,305,976	
Cash flows from operating activities			
Decrease (increase) in receivables	(77,965,420)	(114,813,505)	
Increase (Decrease) in payables	47,026,487	(62,149,741)	
Net cash from operating activities	(30,938,933)	(176,963,246)	
Cash flows from Investing Activities			
Acquisition of fixed assets	-	(50,288,379)	
Net cash used in investing activities	-	(50,288,379)	
Cash flows from Financing Activities			
Increase (decrease) share capital payable	2,000,000	-	
Increase (decrease) deferred grant	16,446,552	(159,693,010)	
Net cash used in financing activities	18,446,552	(159,693,010)	
Net Increase (decrease) in Cash and Cash Equivalents	90,119,626	(211,638,659)	
Analysis of Cash and Cash Equivalents to date			
Opening cash and cash Equivalents	155,286,848	366,925,507	
Closing cash and cash Equivalents	245,406,474	155,286,848	
Cash and Cash Equivalents	90,119,626	(211,638,659)	
<p>Note: The Previous auditor used the direct method of preparing the statement of cash flows and we as current auditors have used the indirect method. This accounts for the difference in how the analysis of cash and cash equivalents has been presented, when compared with the previous year.</p>			
<p>The accounting policies on page 12 - 17 and the notes on pages 18 to 21 form an integral part of the financial statements.</p>			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**Note 1: Accounting entity**

Association of Microfinance Institutions of Uganda (AMFIU) is incorporated in Uganda under the Companies Act. AMFIU is an umbrella organization of microfinance institutions (MFI) in Uganda. It was founded in 1996 and registered in 1999 under the Non-Government Organization ACT as a company limited by guarantee. Here to referred to as the “company”.

Summary of significant accounting Policies:

The principal accounting policies adopted in the preparation of these statements are set out as below. These policies will consistently apply to all years, unless otherwise stated.

Basis of Preparation:

The financial statements have been prepared under the historical cost convention and are in compliance with International Financial Reporting Standards (IFRS). The accounting policies adopted are consistent with those of the previous year.

The preparation of the financial statements in conformity with International Financial Reporting Standards requires estimates and assumptions that affect the reported amounts 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 period. Although those estimates are based on the Director's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The company meets its day-to-day obligations with its current assets. On this basis, the Directors consider it appropriate to prepare the financial statements on a going concern basis which assumes that the company will be in operational existence for the foreseeable future.

i) New standards, amendments and interpretations issued and now adopted by the company

On 1 January 2022, the Company adopted the new or amended International Financial Reporting Standards (IFRS) that are mandatory for application for the financial year. Changes to the company's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs. Such new or amended standards include

- Definition of Materiality (Amendment to IAS 1 and IAS 8);
- Amendments to references to the Conceptual Framework; and
- COVID-19-Related Rent Concessions (Amendments to IFRS 16).

The adoption of these new or amended IFRSs did not result in substantial changes to the company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

ii) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);

An onerous contract is a contract under which it is unavoidable to meet the obligations under the contract costs (i.e., the costs that the company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. These amendments had no impact on the financial statements of the company as there were no contracts within the scope of these amendments that arose during the period.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the company applies the amendments retrospectively only to items of property, plant and equipment made available for use on or after January 1, 2022.

- Annual Improvements to IFRS Standards 2018-2021 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).
- The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

The following amendments are effective for the period beginning 1 January 2023:

iii) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

- In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose

their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

iv) Definition of Accounting Estimates (Amendments to IAS 8)

- In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

- The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

v) Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

- In May 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

vi) Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

- The amendments to IAS 1 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.
- The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

vii) Revenue recognition

The company's source of revenue is mainly grants. To determine whether to recognize revenue, the company follows a 5-step process:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price. Allocating the transaction price to the performance obligations.
4. Recognizing revenue when/as performance obligation(s) is/are satisfied.

Revenue represents the fair value of consideration received or receivable for the sale of goods and services in the course of the company's activities. Revenue is recognized either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customers. It is stated net of any rebates and discounts where applicable

Sale of goods are recognized upon the delivery of the product and customer acceptance, while sale of services is recognized upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided. Interest income is recognized on a time proportion basis using the effective interest method.

Subscription income

Members' subscriptions including annual membership fees are taken to income in the year in which they relate. Unless receipt is certain, members' fees are not recognized as income in accordance with IFRS 15.

Development fund

All contributions to the development fund are recognized on a cash basis as and when they are received.

Grant Income

Grants are recognized only when there is reasonable assurance that

(a) the company will comply with the conditions attached to the grant and

(b) the grant will be received. The grant is recognized as income over the period necessary to match it with the related costs, for which it is intended to compensate, on a systematic basis. Non-monetary grants such as buildings and other resources are usually accounted for at fair value, although recording both the asset and the grant at a nominal amount is permitted.

A grant received as compensation for costs already incurred or for immediate financial support with no future related costs, is recognized as income in the period in which it is receivable.

Other income

Any other income is recognized when the right to receive the payment is established.

viii) Financial instruments Recognition and DE recognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets are classified into one of the following categories:

- amortized cost,
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorized as FVOCI. Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit and Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and the contractual cash flow characteristics of the financial asset. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold the financial assets to collect contractual cash flows and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Receivables are classified at amortized cost. There were no changes in classification of financial liabilities, as all remained under “other financial liabilities”.

Impairment of financial assets

- IFRS 9's impairment requirements use forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included trade receivables, cash and cash equivalents and receivables from Government.
- Under IFRS 9, loss allowances are measured on either of the following bases;
- 12 month ECLs; these are ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs; these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12 month ECLs:

- Bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Receivables from Government entities for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company uses the simplified approach and records lifetime expected losses on all trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full.
- The financial asset is more than 360 days past due.

Measuring of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. **Credit-Impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Held to collect investment securities.

All investment securities held by the Company are classified as held to collect. Council determines the classification of its investment securities at initial recognition and re-evaluates this at every reporting date.

Held-to-collect financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council has the positive intention and ability to hold to maturity. Marketable securities comprising treasury bills and treasury bonds are classified in this category and initially recognized at cost being the fair value of the consideration given, including transaction costs.

They are subsequently carried at amortized cost using the effective yield method, less any provision for impairment.

ix) Property and equipment

All property and equipment are initially measured at cost and subsequently shown at historical cost or re-valued amounts less accumulated depreciation and any accumulated impairment losses. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use. Freehold and leasehold land are subsequently shown at market value based on subsequent periodic valuations less subsequent depreciation.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined by using fair values at the end of each reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Freehold land is not depreciated.

Other items of property and equipment are depreciated on a straight-line basis over their estimated useful lives using the following annual rates;

Item	Rate%
Land	Nil
Buildings	4%
Computers	33.3%
Furniture and Office equipment	20%
Motor vehicles	25%

x) Prepayments

Prepayments are recognized at fair value.

xi) Payables and accrued expenses

Payables and accrued expenses are recognized at fair value.

xii) Employee benefits

The Company pays salaries and wages to its employees and contributes to the National Social Security Fund (NSSF), pays gratuity to staff employed on contract terms and contributes to a retirement benefits scheme for staff on permanent terms. NSSF is a defined contribution scheme registered under the National Social Security Act (1985). The Company's obligations under this scheme are limited to specific contribution regulated from time to time and currently stated at 10% of the

employee's gross pay. The Company also has a defined contributory Retirement Benefits Scheme for its staff to which it contributes 5% of the employee's monthly basic pay. The Company's contributions are charged to the statement of financial performance in the year to which they relate.

xiii) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of; cash at hand and balance at bank. Investments with a maturity period of less than 3 months from the date of acquisition are also classified as cash and cash equivalents.

xiv) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Ugandan shillings (the functional currency), at the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The resulting differences from conversion and translation are dealt with in the statement of financial performance in the year to which they relate.

xv) Comparatives

Financial statements have been presented with comparative figures for the period ended 31 December, 2021. Whereas every effort has been made to match year on year figures, a few reclassifications have occurred that may affect the precise

comparison of figures with the prior period, this affects all figures that are occurring for the first time and have no comparative figures in the previous period.

xvi) Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions concerning the future. Estimates and judgements 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. The resulting accounting estimates will, by definition, seldom equal the related actual results. The 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 addressed below.

xvii) Contingent liabilities

A contingent liability is defined as a liability which may arise depending on the outcome of a specific event. It is a possible obligation which may or may not arise depending on how a future event unfolds. A contingent liability is recorded when it can be estimated, else it should be disclosed.

xviii) Post - balance sheet events

There was no post - balance sheet events as at 31 December 2022 that required amendment or disclosure in the financial statements as at the date of this report.

xix) Financial risk management

The Company's activities may expose it to financial risks; market risk (interest rate and foreign exchange risk), credit risk and liquidity risk.

Interest rate risk: Interest rate risk is the potential for investment losses that can be triggered by a move upward in the prevailing rates for new debt instruments. If interest rates rise, for instance, the value of a bond or other fixed-income investment in the secondary market will decline. AMFIU has no investment in bonds or other fixed income investment in the secondary market in the current financial year, and thus it's not affected by any interest rate risk.

Foreign exchange risk: The Company mainly transacts in the local currency. In simpler terms, foreign exchange risk is the risk that a business' financial performance or financial position will be impacted by changes in the exchange rates between currencies. At 31 December 2022, there were no borrowings in foreign currency and thus no financial liabilities designated in foreign currency.

Credit risk: Credit risk arises from cash and cash equivalents, held to collect investments and receivables. The Company limits exposure on bank and cash balances by holding its cash in sound financial Institutions.

Receivables that are mainly from members, organizations that employ members and the Government of Uganda are also significantly affected by the provision for

Impairment (Expected Credited Losses) in accordance with IFRS 9 (Financial Instruments) at reporting date.

Liquidity risk: The Company is not exposed to liquidity risk given that it maintains a call account with a commercial bank.

xx) Reporting currency

The financial statements are presented in thousands of Uganda Shillings (Ushs' 000).

xxi) Related party transactions and events

Parties are related if one party has the ability to control the other or exercise significant influence over the other party in making financial and operating decisions. Transactions and events with related parties are disclosed by nature, outstanding balances, terms and conditions and if material, the potential impact on the financial statements. During the year ended 31 December 2022, there were some reportable related party transactions and events.

Advances as at 31st December 2022 include loans to directors and loans to employees as follows:

	2022	2021
	Ushs	Ushs
At start of the year	0	NIL
Loans extended during the year	0	0
Loan repayments during the year	0	0
At end of the year	<u>0</u>	<u>0</u>

Companies affiliated to directors and key management are: none

At 31st December 2022, advances to key management amounted to U.shs 0 (2021: U.shs 0).

Other related party transactions

Key management compensation

	2022	2021
	Ushs	Ushs
Salaries and other short-term employment benefits	333,600,000	333,600,000
Past Employment Benefits	0	0
	333,600,000	333,600,000

Directors Remuneration

	2022	2021
	Ushs	Ushs
Directors Fees	32,467,400	24,339,158
Other emoluments included in manager compensation	0	0
	32,467,400	24,339,158

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2022**NOTE 2: CASH AND CASH**

EQUIVALENTS	2022	2021
	U.SHS	U.SHS
Cash at hand	125,500	500
Centenary bank A/C 001	218,514,390	130,043,196
Centenary bank A/C 002	20,511	264,311
Centenary bank A/C 003	(1,038,176)	6,706,602
Centenary bank A/C 004	16,962,986	143,809
Centenary bank A/C 005	9,156,057	10,882
Centenary bank A/C 006	1,665,206	18,117,548
	245,406,474	155,286,848

NOTE 3:

a) RECEIVABLES	2022	2021
	U.SHS	U.SHS
a) Member's Subscription	17,195,420	18,545,420
Donor receivables	37,195,420	-
	54,390,840	18,545,420

These receivables relate to aBi and Citi bank for the Microfinance Directory and DSIK for Administration

NOTE 3: b) OTHER RECEIVABLES	2022	2021
	U.SHS	U.SHS
Uganda Revenue Authority (Withholding tax)	83,548,305	83,548,305
Prepaid cleaning costs	120,000	-
Rent Income receivable	42,000,000	-
Inter company transaction (AMFIU)	146,614,743	146,614,743
	<u>272,283,048</u>	<u>230,163,048</u>
Total Receivables and Other Receivables	<u>326,673,888</u>	<u>248,708,468</u>

Intercompany transaction (AMFIU), are contributions from AMFIU to ABC at its inception, to enable take off of ABC to the consultancy world.

NOTE 4: SCHEDULE OF NON CURRENT ASSETS FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	LAND	COMPUTER			MOTOR
		BUILDINGS	AND ACCESSORIES	FURNITURE AND EQUIPMENT	
Rate:	NIL	4%	33%	20%	25%
	U. SHS	U. SHS	U. SHS	U. SHS	U. SHS
Cost	204,400,000	653,829,938	336,958,440	56,994,657	218,650,000
Addition	-	-	-	-	-
Disposals	-	-	-	-	-
Total cost	204,400,000	653,829,938	336,958,440	56,994,657	218,650,000
Depreciation:					
Balance brought forward	-	215,285,928	303,416,091	55,171,421	196,725,000
Charge for the year	-	26,153,198	16,746,030	1,823,236	21,925,000
Disposal	-	-	-	-	-
Total Depreciation	-	241,439,126	320,162,121	56,994,657	218,650,000
Net Book Value					
31/12/2022	204,400,000	412,390,812	16,796,319	-	-
31/12/2021	204,400,000	438,544,010	33,542,349	1,823,236	21,925,000

NOTE 5: INVESTMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022
	U.S.HS
Investment in AMFIU Business Consult	2,000,000
The investment referred to above constitutes a contribution to share capital of AMFIU Business Consult Limited	

NOTE 6: PAYABLES

	2022
	U.S.HS
Sundry payables	-
MK Golden Hotel	4,038,200
Pinnacle Hotels & Tour Services Ltd	3,205,040
National Social Security Fund payable	7,987,242
Pay As You Earn	14,504,484
Funds payable to AMFIU Business Consult	133,126,885
Audit fees payable	
Lira Rent Payable	-
	162,861,851
	162,861,851

Funds payable to AMFIU Business Consult Limited, these are transfers from the consulting entity to AMFIU to enable the smooth running of operations at AMFIU payable at zero interest.

NOTE 7: DEFERRED REVENUE GRANT**2022****U.SHS**

At 1st January 2022

28,671,107

At 31st December 2022

45,117,659

The deferred revenue grant above is from two donors. Opportunity international at Ugx 18,754,000 and Water.org at Ugx 26,363,659.40

NOTE 8: STATEMENT OF ACCUMULATED FUNDS FOR THE YEAR ENDED 31ST DECEMBER 2022**2022****U.SHS**

Balance brought forward

839,085,135

Add: Net Excess after tax

35,964,544

Balance Carried Forward

875,049,679

**DETAILED STATEMENT OF EXCESS OR DEFICIT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022**

	SCH	2022	2021
REVENUE	A	U. SHS	U. SHS
Citi Foundation		12,654,000	140,114,750
Leave no One Behind: Equal Rights for Persons With Disabilities		313,225,177	354,046,794
Opportunity International		34,871,800	-
Water ORG		353,881,299	320,320,401
PROFIRA		174,800	-
Sparkassen Foundation for International Cooperation (DSIK)		6,869,060	74,088,159
Together For Inclusion		455,966,627	555,303,797
		1,177,642,763	1,443,873,901
Subscriptions			
Membership fees		79,280,000	46,730,000
Other Income			
Advertisements in directory		60,687,000	20,850,000
AGM sponsorships		9,700,000	-
Consultancy Income		379,921,371	577,502,951
Microfinance Conference Sponsorships		298,308,507	-
Microfinance Magazine		2,820,000	-

Miscellaneous Income	-	500,000
Renting office space	42,000,000	42,000,000
Other Income	-	1,230,000
	872,716,878	688,812,951
Total Revenue	2,050,359,641	2,132,686,852

LESS: OPERATING EXPENSES:**Overhead Costs****B****Fixed Overhead Costs**

Staff Salaries and Benefits	644,624,200	30,327,096
National Social Security Fund 10%	64,462,420	3,032,709
Medical cover fees	-	11,871,643
Staff welfare	15,918,168	15,628,400
Total direct costs	725,004,788	60,859,848

Flexile Overhead Costs

Bank charges	7,634,556	1,807,000
Commission paid	6,425,000	-
Consultancy fees	169,255,800	-
Professional fees	1,750,000	-
Property rate taxes	5,041,819	-
Depreciation	66,647,463	108,960,659
Donations and contributions	9,300,000	-

Email and Internet connection	6,118,985	424,600
Equipment repairs (Photocopier, Computer)	8,060,300	5,497,259
Governance Facilitation	32,467,400	24,339,158
Office Equipment maintenance	1,309,400	-
Office repairs	2,649,100	1,053,500
Motor vehicle fuel and transport	20,873,314	5,582,000
Newspapers and periodicals	-	12,440
Office Cleaning	3,962,000	1,765,850
Office Utilities (Electricity)	10,959,708	2,509,135
Security	9,791,840	10,586,843
Staff meetings and office requirements	7,606,535	7,863,000
Stationery	39,368,350	6,207,525
Legal fees	4,964,200	1,750,000
Telephone	1,669,484	375,789
Transport refund for participants	3,330,000	-
Vehicle Maintenance	18,330,800	9,224,000
Miscellaneous expenses	-	747,000
Postage	-	333,150
Generator Fuel	1,919,000	972,800
Marketing and Publicity	12,550,000	2,000,000
Licenses	437,500	-
Production and Documentary	8,000,000	-

Venue Decoration	3,074,000	-
Videography & Photography	1,580,000	
	465,076,554	192,011,708

Total Overheads	1,190,081,342	252,871,556
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Activity costs C

Lira Expenses	8,747,000	9,038,000
Leave No One Behind: Equal Rights For Persons with Disabilities	163,845,006	354,046,795
Membership Visits	9,132,000	799,000
Sparkassen Foundation for International Cooperation	6,869,060	74,088,159
Water Credit tool kids	195,481,299	320,320,402
Citi Foundation	12,654,000	140,114,750
PROFIRA (Needs assessment and Training)	174,800	357,554,519
Opportunity International	34,871,800	-
Agricultural Business Initiative	-	1,119,557
Member Related meetings and activities	130,613,906	-
Together For Inclusion	261,924,884	555,303,797
	824,313,755	1,812,384,979

TOTAL OPERATING EXPENSES	2,014,395,097	2,065,256,535
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NET EXCESS BEFORE TAX	35,964,544	67,430,317
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Additional Explanations.**Revenue: Schedule A.****i) Citi foundation**

AMFIU has been in partnership with Citi foundation for the last 11 years mainly supporting Micro Entrepreneurship Awards. The partnership successfully ended in 2021 and this explains the reduced donor funds.

ii) Sparkassen Foundation for International Cooperation (DSIK)

AMFIU has been in partnership with DSIK since 2018. DSIK's support is towards capacity building of the secretariat in areas of establishing a business arm, ABC, Capacity building of members in training business through simulation models, Games and areas of supporting members in digitalization processes.

In addition, support towards inculcating a saving culture amongst young stars is given through the financial Education in Schools program. The donor still has running agreements and still supports AMFIU Business Consult Ltd

iii) Norwegian Association of Disabled (NAD)

AMFIU has been in partnership with NAD since 2006. NAD supports capacity building financial institutions to become disability aware and inclusive in their operations to serve the under tapped market of Persons with disabilities. Awareness is created among persons with disabilities about formal financial services and available opportunities and linkages with the Savings groups program for persons with disabilities are created.

The funding comes through Leave no One Behind (Equal Rights for Persons with Disabilities), NFA and Together for Inclusion (TOFI)

iv) Opportunity International

The partnership started in 2019. This was support earmarked for AMFU to provide technical assistance in Financial Inclusion for persons with disabilities project" implemented by opportunity Bank with support from Opportunity International. support was in areas of disability inclusive assessments to the branches and operations in general, development of entrepreneurship and financial literacy training manuals for beneficiary trainings and dissemination of a business case for Inclusion of persons with disabilities in mainstream financial services targeting the entire financial sector.

v) Project for financial Inclusion in Rural Areas (PROFIRA)

This was a government project where AMFIU supported 85 Saccos in Northern Uganda, building capacity in

different disciplines of Financial Management, Financial literacy and governance.

The project ended in 2021.

OPERATING EXPENSES: Schedule B.

i) In 2022, all salaries are included in overhead costs. This was intended to remove salary expenditures from donor activities. This explains the comparative differences in relation to 2021.

ii) AMFIU held the 1st Microfinance and Savings groups Conference in 2022. Marketing, Publicity, venue, decoration. Videography & Photography were costs related to preparation of the conference.

iii) Activity costs related to the costs incurred in executing donor activities as per the requirements of the donor agreements.

AMFIU BUSINESS CONSULT LIMITED FINANCIAL **ABC** FINANCIAL

P. O. BOX 26056

KAMPALA

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED
31ST DECEMBER 2022**

AMFIU BUSINESS CONSULT LIMITED (ABC)
P. O. BOX 26056, KAMPALA

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2022**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

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**ASSOCIATION OF MICROFINANCE INSTITUTIONS
OF UGANDA AMFIU**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2022**

CORPORATE INFORMATION**DIRECTORS:**

Mr. Shafi Nambobi

Mr. Dimba David Kenyi

Mr. Katende Paul

Mr. Nurul Islam Chowdhury Mafique

Ms. Kyosimba Immaculate Christine

Mr. Moris Ngabitho

Mr. James Onyutta

AUDITORS:**ALLIED**

Certified Public Accountant of Uganda

Plot 79, Bukoto Street

Kamwokya

P. O. Box 21199

Kampala

REGISTERED OFFICE:

AMFIU House

Plot 679, Wamala Rd,

P.O. Box 26056,

Kampala-Uganda

REPORT OF THE DIRECTORS

The Directors present the audited Financial Statements for the year ended 31st December 2022.

Activities:

The principal activity of the company is provision of business consultancy services. The company is limited by shares.

Results:

Profit for the year	6,872,875
Less: Income Tax Expense	2,061,863
Net after tax	<u>4,811,013</u>

Dividends:

The Directors did not declare dividends for the period.

Director:

The Directors as at 31st December 2022 are set on page 2.

Auditors:

Messers: **ALLIED** Certified Public Accountant of Uganda having expressed their willingness to continue in office in accordance with Companies Act.

.....  **NATIONAL SECRETARY**

.....  **NATIONAL TREASURER**

.....  **NATIONAL PRESIDENT**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Accountants Act, 2013 and or Company's Act 2012, requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year. It also requires Directors to ensure that the company keeps proper accounting records, which disclose with reasonable accuracy, the financial position of the company. The Directors are also responsible for safeguarding the assets of the company.

The Directors are ultimately responsible for the internal controls. The Directors 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 company's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates, are applied on a consistent and 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 Directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting

Standards. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results.

The Directors further accepts responsibility for the maintenance of the accounting records, which were relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

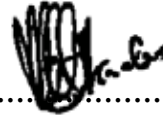
Approved by Board of Directors on *12th June* 2023 and signed on its behalf by:



.....
NATIONAL SECRETARY



.....
NATIONAL PRESIDENT



.....
NATIONAL TREASURER

ABC/CST-011-2023/AUD-2022**REPORT OF INDEPENDENT AUDITOR TO**

The Directors of

AMFIU Business Consult Limited

P. O. Box 26056

Kampala, Uganda

Opinion

We have audited the financial statements of AMFIU Business Consult Limited which comprise the statement of financial position as at December 31, 2022, the statement of financial performance, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of AMFIU Business Consult Limited as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Enterprises ('IFRS for SMEs') and have been prepared in a manner required by the Accountants' Act, 2013 and or the Company's Act 2012.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These 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. We have determined that there is no Key Audit Matter to be communicated in our report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 ISAs will always detect a 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 ISAs, 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 Company'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 Company'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 Company to cease to continue as a going concern.

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

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Companies Act, 2012 and or the Accountant's Act 2013, we report to you based on our audit, that:

1. 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;
2. In our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books; and
3. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Ndawula N Martin – P0280.



.....
Ndawula N Martin, ALLIED

ALLIED

Certified Public Accountants of Uganda

Kampala, Uganda

Monday, 5 June 2023

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED
31ST DECEMBER 2022**

		2022	2021
	SCH.	U. SHS	U. SHS
Revenue	A	63,356,000	139,285,304
Less: Operating Expenses			
Staff Costs	B	19,780,000	48,400,000
Administrative costs	C	34,128,750	29,833,750
Establishment costs	D	2,330,000	36,980,000
Financing expenses	E	244,375	196,125
Total Operating Expenses		56,483,125	115,409,875
Net Profit before tax		6,872,875	23,875,429
Less: Income tax expense (Note 8)		2,061,863	4,274,175
Net Profit after tax		4,811,013	19,601,254

The accounting policies on page 12 - 17 and the notes on pages 18 to 21 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022

	NOTES	2022	2021
		U. SHS	U. SHS
CURRENT ASSETS			
Cash and Bank Balances	2	510,370	5,509,970
Trade and Other receivables	3	31,812,112	39,250,307
Due from related party	4	133,126,885	94,931,465
		165,449,367	139,691,742
NON CURRENT ASSETS			
Property and equipment	5	19,033,750	40,622,500
Deferred tax asset	8	3,618,555	-
		22,652,305	40,622,500
TOTAL ASSETS		188,101,672	180,314,242
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	6	3,702,000	6,406,000
Tax Payable	7	13,268,467	7,433,400
		16,970,467	13,839,400

NON CURRENT LIABILITIES

Deferred tax	8	-	154,650
Capital Contributions (Due to related Party)	9	146,614,743	146,614,743
		146,614,743	146,769,393

EQUITY:**Authorised Share Capital**

1000 Ordinary shares @ U.shs 2,000		2,000,000	2,000,000
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Issued and fully Paid up

1000 Ordinary shares @ U.shs 2,000		2,000,000	2,000,000
Retained Earnings	10	22,516,462	17,705,449
		24,516,462	19,705,449

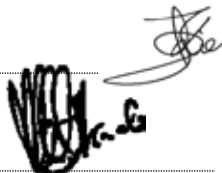
TOTAL LIABILITIES AND EQUITY

		188,101,672	180,314,242
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The accounting policies on page 12 - 17 and the notes on pages 18 to 23 form an integral part of the financial statements

The financial statements on pages 8 - 23 were approved

by the Directors on^{12th} June 2023 and are signed on their behalf by:


NATIONAL SECRETARY

NATIONAL TREASURER

NATIONAL PRESIDENT

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	SHARE CAPITAL U.SHS	RETAINED EARNINGS U.SHS	TOTALS U.SHS.
Balance Brought Forward			
Forward	2,000,000	17,705,449	19,705,449
Additions for the year	-	4,811,013	4,811,013
Balance C/F			
31/12/2022	2,000,000	22,516,462	24,516,462
Balance Brought Forward			
Forward	2,000,000	(1,895,805)	104,195
Additions for the year	-	19,601,254	19,601,254
Balance C/F			
31/12/2021	2,000,000	17,705,449	19,705,449

The accounting policies on page 12 - 17 and the notes on pages 18 to 21 form an integral part of the financial statements.

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022	2021
	U. SHS	U. SHS
Profit before tax	6,872,875	23,875,429
Add: Depreciation	21,588,750	21,588,750
	28,461,625	45,464,179
Cash flows from operating activities		
Decrease (increase) in receivables	7,438,195	(27,870,000)
Decrease (increase) in due from related party	(38,195,420)	(53,376,772)
Increase (Decrease) in payables	(2,704,000)	4,406,000
Net cash from operating activities	(33,461,225)	(76,840,772)
Cash flows from Financing Activities		
Increase (decrease) capital contributions	-	14,119,693
Net cash used in financing activities	-	14,119,693
Net Increase (decrease) in Cash and Cash Equivalents	(4,999,600)	(17,256,900)
Analysis of Cash and Cash Equivalents to date		
Opening cash and cash Equivalents	5,509,970	22,766,870
Closing cash and cash Equivalents	510,370	5,509,970
Cash and Cash Equivalents	(4,999,600)	(17,256,900)

Note: The Previous auditor used the direct method of preparing the statement of cash flows and we as current auditors have used the indirect method. This accounts for the difference in how the analysis of cash and cash equivalents has been presented, when compared with the previous year.

The accounting policies on page 12 - 17 and the notes on pages 18 to 23 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

Note 1: Accounting entity

AMFIU Business Consult Limited is incorporated in Uganda under the Companies Act as a Public Limited Company engaged in provision of business consultancy services. The company is limited by shares.

Summary of significant accounting Policies:

The principal accounting policies adopted in the preparation of these statements are set out as below. These policies will consistently apply to all years, unless otherwise stated.

Basis of Preparation:

The financial statements have been prepared under the historical cost convention and are in compliance with International Financial Reporting Standards (IFRS).

The accounting policies adopted are consistent with those of the previous year.

The preparation of the financial statements in conformity with International Financial Reporting Standards requires estimates and assumptions that affect the reported amounts 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 period. Although those estimates are based on the Director's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The company meets its day-to-day obligations with its current assets. On this basis, the Directors consider it appropriate to prepare the financial statements on a going concern basis which assumes that the company will be in operational existence for the foreseeable future.

i) New standards, amendments and interpretations issued and now adopted by the company

On 1 January 2022, the Company adopted the new or amended International Financial Reporting Standards (IFRS) that are mandatory for application for the financial year. Changes to the company's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs. Such new or amended standards include

- Definition of Materiality (Amendment to IAS 1 and IAS 8);
- Amendments to references to the Conceptual Framework; and
- COVID-19-Related Rent Concessions (Amendments to IFRS 16).

The adoption of these new or amended IFRSs did not result in substantial changes to the company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

ii) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);

An onerous contract is a contract under which it is unavoidable to meet the obligations under the contract costs (i.e., the costs that the company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. These amendments had no impact on the financial statements of the company as there were no contracts within the scope of these amendments that arose during the period.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the company applies the amendments retrospectively only to items of property, plant and equipment made available for use on or after January 1, 2022.

- Annual Improvements to IFRS Standards 2018-2021 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).
- The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the

Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

The following amendments are effective for the period beginning 1 January 2023:

iii) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

- In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

iv) Definition of Accounting Estimates (Amendments to IAS 8)

- In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

- The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

v) Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

- In May 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are

complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

vi) Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

- The amendments to IAS 1 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.
- The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
- The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

vii) Revenue recognition

The company's source of revenue is mainly fees from provision of business consultancy services. To determine whether to recognize revenue, the company follows a 5-step process:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price. Allocating the transaction price to the performance obligations.
4. Recognizing revenue when/as performance obligation(s) is/are satisfied.

Revenue represents the fair value of consideration received or receivable for the sale of goods and services in the course of the company's activities. Revenue is recognized either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customers. It is stated net of any rebates and discounts where applicable.

Sale of goods are recognized upon the delivery of the product and customer acceptance, while sale of services is recognized upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided. Interest income is recognized on a time proportion basis using the effective interest method.

viii) Other income

Any other income is recognized when the right to receive the payment is established.

ix) Financial instruments Recognition and DE recognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

x) Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets are classified into one of the following categories:

- amortized cost,
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorized as FVOCI. Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit and Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and the contractual cash flow characteristics of the financial asset. Derivatives embedded in

contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold the financial assets to collect contractual cash flows and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Receivables are classified at amortized cost. There were no changes in classification of financial liabilities, as all remained under "other financial liabilities".

Impairment of financial assets

- IFRS 9's impairment requirements use forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included trade receivables, cash and cash equivalents and receivables from Government.
- Under IFRS 9, loss allowances are measured on either of the following bases;

- 12 month ECLs; these are ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs; these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12 month ECLs:

- Bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Receivables from Government entities for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company uses the simplified approach and records lifetime expected losses on all trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full.

- The financial asset is more than 360 days past due.

Measuring of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-Impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted

for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Held to collect investment securities

All investment securities held by the Company are classified as held to collect. Council determines the classification of its investment securities at initial recognition and re-evaluates this at every reporting date.

Held-to-collect financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council has the positive intention and ability to hold to maturity. Marketable securities comprising treasury bills and treasury bonds are classified in this category and initially recognized at cost being the fair value of the consideration given, including transaction costs.

They are subsequently carried at amortized cost using the effective yield method, less any provision for impairment.

xi) Property and equipment

All property and equipment are initially measured at cost and subsequently shown at historical cost or re-valued amounts less accumulated depreciation and any accumulated impairment losses. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use. Freehold and leasehold land are subsequently shown at market value based on subsequent periodic

valuations less subsequent depreciation. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined by using fair values at the end of each reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Freehold land is not depreciated. Other items of property and equipment are depreciated on a straight-line basis over their estimated useful lives using the following annual rates;

Item	Rate%
Computers	33.3%
Furniture	20%
Motor Vehicle	25%

xii) Prepayments

Prepayments are recognized at fair value.

xiii) Payables and accrued expenses

Payables and accrued expenses are recognized at fair value.

xiv) Employee benefits

The Company pays salaries and wages to its employees and contributes to the National Social Security Fund (NSSF), pays gratuity to staff employed on contract terms and contributes to a retirement benefits scheme for staff on permanent terms. NSSF is a defined contribution scheme registered under the National Social Security Act (1985). The Company's obligations under this scheme are limited to specific contribution regulated from time to time and currently stated at 10% of the employee's gross pay. The Company also has a defined contributory Retirement Benefits Scheme for its staff to which it contributes 5% of the employee's monthly basic pay. The Company's contributions are charged to the statement of financial performance in the year to which they relate.

xv) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of; cash at hand and balance at bank. Investments with a maturity period of less than 3 months from the date of acquisition are also classified as cash and cash equivalents.

xvi) Comparatives

Financial statements have been presented with comparative figures for the period ended 31 December, 2021. Whereas every effort has been made to match year on year figures, a few reclassifications have occurred that may affect the precise comparison of figures with the prior period. This affects all figures that are occurring for the first time and have no comparative figures in the previous period.

xvii) Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions concerning the future. Estimates and judgements 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. The resulting accounting estimates will, by definition, seldom equal the related actual results. The 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 addressed below.

xviii) Contingent liabilities

A contingent liability is defined as a liability which may arise depending on the outcome of a specific event. It is a possible obligation which may or may not arise depending on how a future event unfolds. A contingent liability is recorded when it can be estimated, else it should be disclosed.

xix) Post - balance sheet events

There was no post - balance sheet events as at 31 December 2022 that required amendment or disclosure in the financial statements as at the date of this report.

xx) Financial risk management

The Company's activities may expose it to financial risks; market risk (interest rate and foreign exchange risk), credit risk and liquidity risk.

Interest rate risk: Interest rate risk is the potential for investment losses that can be triggered by a move upward in the prevailing rates for new debt instruments. If interest rates rise, for instance, the value of a bond or other fixed-income investment in the secondary market will decline. AMFIU Business Consulting Limited has no investment in bonds or other fixed income investment in the secondary market in the current financial year, and thus it's not affected by any interest rate risk.

Foreign exchange risk: The Company mainly transacts in the local currency. In simpler terms, foreign exchange risk is the risk that a business' financial performance or financial position will be impacted by changes in the exchange rates between currencies. At 31 December 2022, there were no borrowings in foreign currency and thus no financial liabilities designated in foreign currency.

Credit risk: Credit risk arises from cash and cash equivalents, held to collect investments and receivables. The Company limits exposure on bank and cash balances by holding its cash in sound financial institutions. Receivables that are mainly from un paid consultancy fees are also significantly affected by the provision for Impairment (Expected Credited Losses) in accordance with IFRS 9 (Financial Instruments) at reporting date.

Liquidity risk: The Company is not exposed to liquidity risk given that it maintains a call account with a commercial bank.

xxi) Reporting currency

The financial statements are presented in thousands of Uganda Shillings (Ushs' 000).

xxii) Taxation

Income Taxes implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

It is inherent in the recognition of an asset or liability that that asset or liability will be recovered or settled, and this recovery or settlement may give rise to future tax consequences which should be recognized at the same time as the asset or liability

An entity should account for the tax consequences of transactions and other events in the same way it accounts for the transactions or other events themselves

xxiii) Related party transactions and events

Parties are related if one party has the ability to control the other or exercise significant influence over the other party in making financial and operating decisions. Transactions and events with related parties are disclosed by nature, outstanding balances, terms and conditions and if material, the potential impact on the financial statements. During the year ended 31 December 2022, there were some reportable related party transactions and events.

Advances as at 31st December 2022 include loans to directors and loans to employees as follows:

	2022	2021
	Ushs	Ushs
At start of the year	0	NIL
Loans extended during the year	0	0
Loan repayments during the year	0	0
At end of the year	0	0

Companies affiliated to directors and key management are: none

At 31st December 2022, advances to key management amounted to Ushs 0 (2021: Ushs 0).

Other related party transactions

Key management compensation

	2022	2021
	Ushs	Ushs
Salaries and other short-term employment benefits	16,000,000	35,000,000
Past Employment Benefits	0	0
	<u>16,000,000</u>	<u>35,000,000</u>

Directors Remuneration

	2022	2021
	Ushs	Ushs
Directors Fees	0	0
Other emoluments included in manager compensation	0	0
	<u>0</u>	<u>0</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2022**NOTE 2: CASH AND CASH****EQUIVALENTS**

	2022	2021
	U.SHS	U.SHS
Centenary bank A/C 007	510,370	5,509,970
	<u>510,370</u>	<u>5,509,970</u>

NOTE 3: TRADE AND OTHER RECEIVABLES

	2022	2021
	U.SHS	U.SHS
Vision Fund	4,700,000	-
Funds Receivable (DSIK)	27,112,112	39,250,307
	<u>31,812,112</u>	<u>39,250,307</u>

The receivables from vision fund relate to conducting Market research on water and wash product.

Funds Receivable are from DSIK, aimed at enhancing salaries and administration.

NOTE 4: DUE FROM RELATED PARTY

	2022	2021
	U.SHS	U.SHS
Funds receivable from AMFIU	133,126,885	94,931,465
	<u>133,126,885</u>	<u>94,931,465</u>

These are transfers from ABC, the consulting entity to AMFIU to enable the smooth running of operations at AMFIU payable at zero interest.

NOTE 5: SCHEDULE OF NON CURRENT ASSETS FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	COMPUTERS			TOTALS
	& ACCESSORIES	MOTOR VEHICLES	FURNITURE AND FITTINGS	
Rate:	33%	25%	20%	
	U. SHS	U. SHS	U. SHS	U. SHS
Cost	13,750,000	60,000,000	10,050,000	83,800,000
Addition	-	-	-	-
Disposals	-	-	-	-
Total cost	13,750,000	60,000,000	10,050,000	83,800,000
Depreciation:				
Balance brought forward	9,157,500	30,000,000	4,020,000	43,177,500
Charge for the year	4,578,750	15,000,000	2,010,000	21,588,750
Disposal	-	-	-	-
Total Depreciation	13,736,250	45,000,000	6,030,000	64,766,250

Net Book Value

31/12/2022	13,750	15,000,000	4,020,000	19,033,750
31/12/2021	4,592,500	30,000,000	6,030,000	40,622,500

NOTE 6: TRADE AND OTHER

PAYABLES	2022	2021
	U.SHS	U.SHS
Staff saving Scheme	-	500,000
Pay As You Earn	1,102,000	2,856,000
National Social Security Fund	600,000	1,050,000
Audit fees payable	2,000,000	2,000,000
	3,702,000	6,406,000

NOTE 7: TAX COMPUTATION FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022	2021
%	U. SHS	U. SHS
Profit before tax	6,872,875	23,875,429
Add: Depreciation	100% 21,588,750	21,588,750
	28,461,625	45,464,179
Less: Wear and Tear	9,011,400	11,058,000
	19,450,225	34,406,179
Add: Loss brought forward	-	(9,628,180)
Adjusted Profit	19,450,225	24,777,999
Tax Thereon	30% 5,835,068	7,433,400

TAX RECONCILIATION:

	U.SHS	U.SHS
Provision for the year	5,835,068	7,433,400
Add: Balance brought forward	7,433,400	-
Tax Payable	13,268,467	7,433,400

WEAR AND TEAR

	Class i	Class iii	TOTALS
	40%	20%	
W.D.V. 1.01.22	4,950,000	35,157,000	40,107,000
Addition	-	-	-
Disposals	-	-	-
Total	4,950,000	35,157,000	40,107,000
Wear and Tear	1,980,000	7,031,400	9,011,400
W.D.V. 31.12.22	2,970,000	28,125,600	31,095,600

NOTE 8: DEFERRED TAX

Deferred tax is calculated on all temporary differences under the liability

method using the corporation tax rate of 30%.

	2022	2021
	U.SHS	U.SHS
Net Book Value 31.12.2022	19,033,750	40,622,500
Written Down Value 31.12.2022	31,095,600	40,107,000
Taxable temporary difference	(12,061,850)	515,500
Deferred tax	30% (3,618,555)	154,650
INCOME TAX EXPENSE		
Current tax	5,835,068	7,433,400
Deferred tax	(3,773,205)	(3,159,225)
	2,061,863	4,274,175
DEFERRED TAX RECONCILIATION		
Balance brought forward	154,650	3,313,875
Deferred tax expense to income statement	(3,773,205)	(3,159,225)
Balance carried forward	(3,618,555)	154,650

NOTE 9: CAPITAL CONTRIBUTIONS FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022	2021
	U.SHS	U.SHS
Balance as at 01/01/2021	146,614,743	132,495,050
AMFIU Contribution to AMFIU Business		
Consult	-	14,119,693
Balance as at 31/12/2021	<u>146,614,743</u>	<u>146,614,743</u>

NOTE 10: STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022	2021
	U.SHS	U.SHS
Balance brought forward	17,705,449	(1,895,805)
Add: Net Profit after tax	4,811,013	19,601,254
Balance Carried Forward	<u>22,516,462</u>	<u>17,705,449</u>

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2022

	SCH	2022	2021
REVENUE	A	U. SHS	U. SHS
Consultancy Income		45,956,000	80,815,304
Donor Funding		17,400,000	45,900,000
Commission Income		-	12,570,000
Total Revenue		<u>63,356,000</u>	<u>139,285,304</u>

LESS: OPERATING EXPENSES**STAFF COSTS****B**

Staff Salaries and wages	16,000,000	35,000,000
Nssf Co Contribution	1,600,000	3,500,000
Staff facilitation	2,180,000	9,900,000
	19,780,000	48,400,000

ADMINISTRATION EXPENSES**C**

Audit fees	2,000,000	2,000,000
Advertising and promotion	5,100,000	-
Repairs	500,000	245,000
Stationery	3,090,000	6,000,000
Car hire	1,400,000	-
Fuel expenditure	450,000	-
Depreciation	21,588,750	21,588,750
	34,128,750	29,833,750

ESTABLISHMENT COSTS**D**

Consultancy expenses	2,130,000	30,940,000
Governance and strategic Planning	-	2,090,000
Commission	200,000	3,950,000
	2,330,000	36,980,000

FINANCE EXPENSES

	E	
Bank charges	244,375	196,125
	<u>244,375</u>	<u>196,125</u>
TOTAL OPERATING EXPENSES	<u>56,483,125</u>	<u>115,409,875</u>
NET PROFIT BEFORE TAX	<u>6,872,875</u>	<u>23,875,429</u>

Additional explanations**REVENUE SCH A.****i) Consultancy Income was from the following sources:**

- a) Development of a five-year strategic plan for Mushanga SACCO
- b) Development of a five-year strategic plan for MCDT SACCO
- c) Review of Audit, Operations and credit manual for Bugadde SACCO.
- d) Training of staff and Management in credit management of Bugadde Sacco.

ii) Donor Funding

Donor Funding was from DSIK supporting salaries and administration for ABC

iii) Commission Income

Commission Income of 2021 was from marketing AMFIU Directory.

STAFF COSTS SCH B.

Staff costs reduced in 2022 compared to 2021. This was as a result of the Business Development Manager position being Vacant for nine months, before filling it. The current Business Development Manager Joined in the last quarter of 2022.







AMFIU

Association of Microfinance Institutions of Uganda

FURTHER INFORMATION CONTACT

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