CARTWRIGHT

Certified Public Accountants

Uganda Housing Cooperative Union

Audited Financial Statements

For the year ended 30th June 2018

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COMPANY INFORMATION

BOARD MEMBERS	Adonia Byamugisha	Chairperson
	Aluonzi Lillian	Vice chairperson
	Fiona Nshemerirwe	Secretary
	Mwebe Samuel Bruce	Treasurer
	Konde Stephen	Member
	Sesaazi Peterson	Member
REGISTERED OFFFICE	Plot 665, Block 220, Ntinda-KyambogoRoad P.O Box .... Kampala Uganda	
INDEPENDENT AUDITOR	Cartwright Certified Public Accountants P.O Box 34078 Kampala.	
PRINCIPAL BANKERS	Centenary bank Equity bank DFCU bank	

REPORT OF THE BOARD MEMBERS

The Board Members submit their report and the audited financial statements for the year ended June 30, 2018 which disclose the affairs of Uganda Housing Cooperative Union Limited

PRINCIPAL ACTIVITIES

Uganda Housing Cooperative Union is involved in a wide range of activities; aimed at promotion of Cooperative housing Model in Uganda.

RESULTS

Details	2018 Ushs	2017 Ushs
Profit /(Loss) before tax	(19,538,829)	(6,936,158)
Tax	-	-
Profit after tax	(19,538,829)	(6,936,158)

BOARD MEMBERS

The board members who held office the date of this report are shown on page 2.

SHARE CAPITAL

The issued and paid up share capital is Shs 3,300,000 of Shs 100,000 per share to every member who wish to join the union effective 01.07.2017. This was revised last year when share capital stood at Shs 2,500,000 with a per value of Shs. 50,000. The increase is as a result issue of 8 shares at a per value of Shs. 100,000

AUDITORS

The company auditor, Cartwright was appointed during the year and has indicated willingness to continue in office in accordance with the companies Act, 2012.

BY ORDER OF THE BOARD

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DIRECTOR
KAMPALA

13./09./2018

STATEMENT OF BOARD MEMBERS RESPONSIBILITIES

The Companies Act of 2012 requires the Board Members to prepare financial statements which give true and fair view of the state of affairs of the company as at the end of the financial year and operating results for that period. It also requires the Board Members to ensure that the company maintains proper accounting records which disclose with reasonable accuracy of the financial position of the company. The Board Members are also responsible for safe guarding the assets of the company.

The Board Members accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by the reasonable and prudent judgments and estimates consistent with previous years, and in conformity with the International Financial Reporting Standards (IFRSs) and the requirements of the companies Act 2012. The Board Members are of the opinion that the financial statements give true and fair view of the state of affairs of the company as at June 30, 2018 and its operating results for the periods then ended. The Board Members further confirm the accuracy and completeness of the accounting records maintained by the company which has been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

Nothing has come to the attention of the board members to on its behalf by:

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 the board members on..13th sept.....**2018** and signed

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BOARD MEMBER

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BOARD MEMBER

CARTWRIGHT
Certified Public Accountants

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Uganda Housing Cooperative Union Limited which comprise the statement of financial position as at June 30 2018 and income statement, statement of changes in equity and statement of cash flows for the year then ended; and a summary of significant accounting policies & other explanatory notes set out on pages 8 and 26

In our opinion, except for the matters in the basis of Opinion, the financial statements give a true and fair view of the financial position of Uganda Housing Cooperative Union Limited as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Generally Accepted Accounting Principles (GAAPs).

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 *Auditors' 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.

Differences in opening balances

We noted that opening balances were not properly brought forward in the financial statements. For example, audited financial statements for the year ended June 2017 shows the following General Ledgers with their respective amounts but none of these is reflected in the Company's Trial Balance:

General Ledger	***Amount***
Capital Reserve	*60,406,565*
Statutory reserves	*18,141,000*
Deferred Income	*86,076,538*
Accrued Income	*700,0000*

It is worth noting that Capital Reserve balance of Shs.60, 406,565 could not be reconciled Assets figure of Shs.42, 224,531 yet the capital reserve figure is representative of the Assets amount.

Irrecoverable debts

Our audit indicated long overdue receivables relating to administration and subscription from members. It is worth noting that membership and subscription amounting to ***Shs 9,281,000*** *were overdue for more than one (1) year and there was no provision in accounts for these doubtful receivables.*

Other Information

The Board Members are responsible for the other information. The other information comprises the information included in the Board Members' report and the statement of Board Members' responsibilities, but does not include the financial statements and our auditors report thereon.

OFFICE LOCATION
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PARTNER:
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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Board Members for the Financial Statements

The Board Members are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and the Company's Act of Uganda, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board Members are 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 the Board Members either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 scepticism 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 the Board Members.
- Conclude on the appropriateness of the Board Members' 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 auditors' 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 auditors' 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 the Board Members 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.

Report on other legal requirements

As required by the Companies Act of Uganda we report to you, based on our audit, that:

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
ii. In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and
iii. The statements of financial position and comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditors' report is CPA Pius Mawanda Ssuuna

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Cartwright, Certified Public Accountant
2nd Floor, Kisakye Mall (Ntinda)
P. O. Box 34078,
Kampala, Uganda

Date: 13/09/.....**2018**

STATEMENT OF PROFIT OR LOSS

Details	Note	2,018 Ushs	2,017 Ushs
Donor Income	1	243,239,017	336,546,187
Other Income	2	18,478,967	9,062,250
Total		**261,717,984**	**345,608,437**
Operating costs	4	14,946,000	19,713,200
Programme costs	5	159,612,418	216,386,573
Administration costs	3	105,796,037	115,476,444
Finance Costs	6	902,358	968,378
Total		**281,256,813**	**352,544,595**
Profit/(loss)before tax for the year		**(19,538,829)**	**(6,936,158)**
Taxation		-	-
Profit/Loss after tax		**(19,538,829)**	**(6,936,158)**

STATEMENT OF FINANCIAL POSTION

Details	Notes	2018	2017
ASSETS		**Ushs**	**Ushs**
Non-Current Assets			
Property, Plant & Equipment		52,888,642	42,224,531
		52,888,642	**42,224,531**
Current Assets			
Cash and bank balances		62,404,568	99,355,508
Receivables		28,386,500	8,653,500
		90,791,068	**108,009,008**
Total Assets		**143,679,710**	**150,233,539**
Liabilities and Shareholders' Equity			
Shareholders' funds			
Share Capital		3,300,000	2,500,000
Statutory Reserve fund		16,352,117	18,141,000
Capital Reserve		52,888,642	60,406,565
Retained Earnings		(16,437,587)	(17,590,564)
Total shareholders' funds		**56,103,172**	**63,457,001**
Non-Current Liabilities			
Current Liabilities			
Accrued income			700,000
Differed income		86,076,538	86,076,538
Payables		1,500,000	-
Total liabilities		**87,576,538**	**86,776,538**
Total Equity and Liabilities		**143,679,710**	**150,233,539**

The financial statements on pages 8 to 23 were approved for issue by the Board of Board Members on 13th Sept 2018 2018 and were signed on its behalf by

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BOARD MEMBER

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BOARD MEMBER

STATEMENT OF CHANGES IN EQUITY

Details	Share Capital	Retained Earnings	Share transfer	Statutory Reserves	Total
	Ushs	Ushs		Ushs	Ushs
Rate			5%	10%	
Balance as at 01/07/2017	2,500,000	(17,590,564)	-	18,141,000	**3,050,436**
2018					
Additions	800,000	-	-	-	**800,000**
Prior year Adjustment ***		18,902,923	-	-	**18,902,923**
Profit/loss for the year		(19,538,829)		-	**(19,538,829)**
Transfer to statutory reserves (5%)		1,788,883	165,000	(1,953,883)	**-**
Balance as at 30/06/2018	**3,300,000**	**(16,437,587)**	**165,000**	**16,187,117**	**3,214,530**
2017					
Balance as at 01/07/2016	1,400,000	(10,654,414)	-	8,161,000	**(1,093,414)**
Additions	1,100,000	-	-		**1,100,000**
Surplus/(Deficit) for the year		(6,936,150)	-		**(6,936,150)**
Prior year Adjustment ***					**-**
Administration reserve			-	7,953,500	**7,953,500**
Transfer to Reserves			-	2,026,500	**2,026,500**
Balance as at 30/06/2017	**2,500,000**	**(17,590,564)**	**-**	**18,141,000**	**3,050,436**

STATEMENT OF CASHFLOWS

Details	Notes	2018 Ushs
Operating Activities		
Operating Profit/(loss) before tax		(19,538,829)
Adjustments for:		
Depreciation		9,885,889
Operating profit before working capital changes		**(9,652,940)**
Decrease/(Increase) in receivables		(19,733,000)
Decrease/(Increase) in payables		800,000
Other cash movements (prior year adjustments)		11,385,000
Cash generated from operations		**(17,200,940)**
Tax paid /reversed		-
Net cash generated from operations		**(17,200,940)**
Investing Activities		
Purchase of fixed assets		(20,550,000)
Net cash generated from investing activities		**(20,550,000)**
Financing Activities		
Increase in share capital		800,000
Net Cash flow from financing activities		**800,000**
Net increase / (decrease) in cash and cash equivalents		**(36,950,940)**
Cash & cash equivalents at the beginning of the year		99,355,508
Cash & cash equivalents at the end of year.		**62,404,568**

Statement of Reconciliation of Cash & Cash equivalents

	2017 Ushs
Bank and cash balances	62,404,568
Total	**62,404,568**

SIGNIFICANT ACCOUNTING POLICIES

General

Uganda Cooperative Union Limited is a Company incorporated in Uganda under stipulated requirements of the Companies Act.

Significant Accounting Policies

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

a) **Basis of preparation**

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

b) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and/or performance of services, in the ordinary course of business, net of values added tax and discounts.

The company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the companies activates. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifies of each arrangement.

c) **Property, plant and equipment**

All property, plant and equipment is recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate. Only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	Rate%
Computers	33%
Motor Vehicles	25%
Furniture and fittings	12.5%
Equipment	12.5%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is immediately written down to its recoverable amount.

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

d) **Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Uganda shillings (functional currency), at rates ruling at the transaction dates, assets and liabilities at the statement of financial position date which are expressed in foreign currencies are translated into Ugandan shilling at rates ruling at the date. The resulting differences from conversion and translation are dealt with in the income statement in the year in which they arise.

e) **Trade receivables**

Trade receivables are recognized at fair value less impairment.

Impairment of trade receivables is recognized in the income statement under administrative expenses when there is objective evidence that the company will not be able to collect all amounts due per the original terms of the receivables. Significant financial difficulties of the debtor, probably that the debtor will enter bankruptcy or financial reorganization and default in payments are considered indicators that the trade receivable is impaired. The provision is based on the difference between the carrying amount and the present fair value of the expected cash flows, discounted at the effective interest rate.

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

f) **Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand deposits held at call with banks, and investments in money market instruments, not of bank overdrafts and money market lines.
In the balance sheet, bank overdrafts are included in borrowing in current liabilities.

g) **Taxation**

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilized.

h) **Trade payables**

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

i) **Share capital**

Ordinary shares are classified as equity

j) **Comparatives**

The accounts have been prepared with comparatives of the past year.

NOTES TO FINANCIAL STATEMENTS

1. Donor Income

Details	2018 Ushs	2017 Ushs
Donor Income		
Funds From WE EFFECT	241,389,017	322,016,897
Funds From SSA	1,850,000	14,529,290
Total	**243,239,017**	**336,546,187**

2. Other Income

Details	2018 Ushs	2017 Ushs
Interest Income	632,017	-
Other Income	8,326,950	7,512,250
Membership Fees	300,000	350,000
Administration Fees	8,220,000	-
Annual Subscription fees	1,000,000	1,200,000
Total	**18,478,967**	**9,062,250**

3. Administrative costs:

Details	2018 Ushs	2017 Ushs
Salaries and wages	90,278,998	97,278,503
Administration Costs	1,439,900	606,000
Depreciation	9,885,889	12,431,720
Insurance & Security	4,191,250	5,159,321
Sub total	**105,796,037**	**115,475,544**

4. Operating costs

Details	2018 Ushs	2017 Ushs
Leased, Rented premises	10,800,000	16,200,000
Recurrent costs (electricity & water)	522,200	526,100
Maint. & Repairs of Equipment	1,358,200	1,172,400
Audit Fees	2,100,000	250,000
Miscellaneous Expenses	165,600	600,200
Sub total	**14,946,000**	**18,748,700**

5. Programme costs:

Details	2018 Ushs	2017 Ushs
Output one	73,102,838	63,498,596
Output two	27,499,400	41,867,640
Output three	31,354,000	66,392,712
Output four	27,656,180	44,627,625
Sub total	**159,612,418**	**216,386,573**

6. Finance costs

Details	2,018 Ushs	2,017 Ushs
Bank charges	902,358	968,378
Total- Finance costs	**902,358**	**968,378**

7. Share capital

Details	2018 Ushs	2017 Ushs
Share capital	3,300,000	2,500,000
Total	**3,300,000**	**2,500,000**

8. Capital Reserves

Details	2018 Ushs	2017 Ushs
Opening balance	60,406,565	61,622,665
Additions	20,550,000	7,634,000
Depreciations	(9,885,889)	(12,431,719)
Prior year adjustment	(18,182,034)	3,581,619
Closing balance	**52,888,642**	**60,406,565**

9. Deferred Income:

Details	2018 Ushs	2017 Ushs
Opening balance	86,076,538	
Un utilized receipt from Donors		86,076,538
Closing balance	**86,076,538**	**86,076,538**

10. Retained Earnings

Details	2018 Ushs	2017 Ushs
Opening balance	(17,590,572)	(10,654,414)
Surplus /(Deficit) for the year	(19,538,829)	(6,936,158)
Transfer to other reserves	1,788,883	-
Prior year adjustment	18,902,923	-
Closing balance	**(16,437,595)**	**(17,590,572)**

11. Payables

Details	2018 Ushs	2017 Ushs
Audit fees	1,500,000	
Total	**1,500,000**	**-**

12. Cash and Cash Equivalents

Details	2018 Ushs	2017 Ushs
Equity Bank	53,197,948	84,768,375
Centenary Bank	4,841,920	7,535,170
DFCU Bank	1,130,250	-
Bank of Africa	-	918,108
Cash Control Activities	3,234,450	6,133,855
Total	**62,404,568**	**99,355,508**

13. Trade Receivables

Details	2018 Ushs	2017 Ushs
Accounts Receivable	15,172,500	8,653,500
IGA loan advance (receivable)	13,214,000	-
Total	**28,386,500**	**8,653,500**

14. Property, plant and equipment

Details	Land	Computers	Office Equipments	Motor vehicles	Furniture & Fittings	Total
COST	**Ushs**	**Ushs**	**Ushs**		**Ushs**	**Ushs**
As at 01/07/2017	-	4,226,059	6,283,196	25,839,844	5,875,434	42,224,531
Additions	19,000,000	1,550,000		-	-	20,550,000
As at 30/06/2018	**19,000,000**	**5,776,059**	**6,283,196**	**25,839,844**	**5,875,434**	**62,774,531**
DEPRECIATION						
Charge for the period	-	1,906,099	785,399	6,459,961	734,429	9,885,889
As at 30/06/2018	**-**	**1,906,099**	**785,399**	**6,459,961**	**734,429**	**9,885,889**
NBV:						
As at 30/06/2018	**19,000,000**	**3,869,960**	**5,497,796**	**19,379,883**	**5,141,005**	**52,888,642**

Details	Land	Computers	Office Equipments	Motor vehicles	Furniture & Fittings	Total
COST	**Ushs**	**Ushs**	**Ushs**		**Ushs**	**Ushs**
As at 01/07/2016	-	4,757,550	3,380,795	34,453,125	4,430,781	47,022,251
Additions	-	1,550,000	3,800,000	-	2,284,000	7,634,000
As at 30/06/2017	**-**	**6,307,550**	**7,180,795**	**34,453,125**	**6,714,781**	**54,656,251**
DEPRECIATION						
Opening balance	-		-	-	-	-
Charge for the period	-	2,081,492	897,599	8,613,281	839,348	12,431,720
As at 30/06/2017	**-**	**2,081,492**	**897,599**	**8,613,281**	**839,348**	**12,431,720**
NBV:						
As at 30/06/2017	**-**	**4,226,059**	**6,283,196**	**25,839,844**	**5,875,434**	**42,224,531**

11. Contingent Liabilities

In the opinion of the Board Members, there were no contingent liabilities from which material loss would be anticipated.

12. Posting reporting period events

There are no material events to date which require to be disclosed.

13. Country of Incorporation

Uganda Housing Cooperative Union limited is incorporated in Uganda under the Cooperative Society's Act Cap 112 as Company limited by Guarantee and is domiciled in Uganda.

14. Currency

These financial statement are presented in Uganda Shillings