

ANNUAL REPORT

& FINANCIAL STATEMENTS

2018/19



Business growth is our business

November
2019



ABOUT PRIVATE SECTOR FOUNDATION UGANDA (PSFU)

Private sector Foundation Uganda (PSFU) is Uganda's apex body for the private sector made up of 240 Business Associations, Corporate bodies and the major Public Sector Agencies that support private sector growth. Since its founding in 1995, PSFU has served as a focal point for private sector advocacy as well as capacity building and continues to sustain a positive dialogue with Government on behalf of the private sector. PSFU is also Government's implementation partner for several projects and programmes aimed at strengthening the private sector as an engine of economic growth in Uganda.

PSFU's competitiveness agenda is driven by the urge to increase private investments and productivity. These two are supported by a robust business environment that attracts and protects investment capital. The business environment is better where there is: effective government, efficient markets, and strong human development. The Ugandan private sector appreciates the Government of Uganda is moving steadfast to establish such an environment and both local and Foreign Direct Investments have taken advantage of the stable business environment.

The foundation is also the focal point for the East African Business Council and the COMESA Business council. Using this platform, PSFU has spearheaded the Trade Policy and Trade Development agenda on behalf of the Uganda business community, directly engaging with regional policy platforms.

Vision



To be the apex body championing inclusive and sustainable private sector development

Mission



To enhance business growth and competitiveness for sustainable wealth creation and shared value.

Core Values



- Team work
- Customer Focus
- Excellence
- Transparency/Integrity

Key Mandate



- Strengthening PSFU Institutional structures
- To ensure a business environment that is conducive for sustainable enterprise growth
- To support members, build their capacity for global business competitiveness

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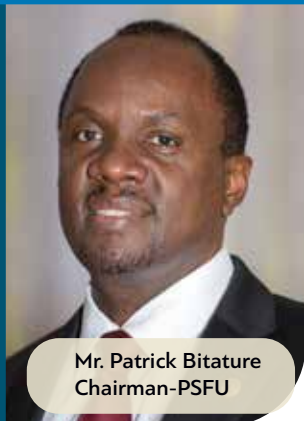
PSFU pays courtesy visit to our member NUCAFE

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List of Acronyms

CUSP	Civil Society in Uganda Support Programme
DFID	Department for International Development
GDP	Gross Domestic Product
GES	Gender Equality Seal Certification Programme
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GoU	Government of Uganda
ICT	Information & Communications Technology
KACITA	Kampala City Trader's Association
KCCA	Kampala City Council Authority
MSME	Micro, Small and Medium Enterprises
NARO	National Agricultural Research Organisation
NDC	Nationally Determined Contributions
NPL	Non-Performing Loans
NSSF	National Social Security Fund
PPDA	Public Procurement and Disposal of Public Assets Authority
TUNADO	The Uganda National Apiculture development Organisation
UDB	Uganda Development Bank
UEPB	Uganda Export Promotion Board
UIRI	Uganda Industrial Research Institute
UMA	Uganda Manufacturers Association
UNBS	Uganda National Bureau of Standards
UNDP	United Nations Development Programme
UNCST	Uganda National Council for Science and Technology
UNAS	Uganda National Academy of Sciences
UOSPA	Uganda Oil Seed Producers and Processors Association
UNCDF	United Nations Capital Development Fund
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
USSIA	Uganda Small Scale Industries Association
UWEA	Uganda Women Entrepreneurs Association Limited
VAT	Value Added Tax
WHT	Withholding Tax

CHAIRMAN'S REPORT



Mr. Patrick Bitature
Chairman-PSFU

First, I welcome you all to our **23rd Annual General Meeting** and thank you for setting aside time to be part of this meeting. I want to particularly welcome

our esteemed partners that have increasingly put effort to support and grow our nascent private sector. I refer in particular to Government Ministries and Agencies, as well as our other development partners. We highly value your commitment to the private sector in Uganda. My Board and I, have spent the last **3 years developing and implementing strategies and partnerships that support enterprises growth**, while championing dialogue with government and developing partners to help deliver a business environment that we can all be able to compete in. On behalf of the Board of Directors of PSFU therefore, allow me present to you, our report for the year 2018/19.

INTRODUCTION

During the year, PSFU implemented and completed its **3-year strategic plan** where we **worked with our membership to implement a sector model that has now improved and targeted service delivery to all our members**. This **sector based structure** has been extremely useful in involving our members in policy dialogue and legal reforms, while at the same time defining members' needs and effectively addressing them. **I want to thank all members that have committed time and finances to support PSFU towards fulfilling its mission**, as well as those that have always taken part in our policy discussions both physically and through online platforms. Many of you members have also come with us and supported our policy engagements including pushing for business legislations through Parliament. I thank you and continue to ask you for more cooperation.

A Sector-Based Approach



Strategic Plan 2016/2019

Our 3-year plan has been running under the theme **"Technology-driven solutions, collaboration and innovation to deliver competitiveness"** with clear focus on strengthening our partnerships and collaboration with not only the private sector, but development partners including the Government of Uganda. The plan was reviewed & appraised. Below, are some of the major achievements over the 3 years;

Job Creation & innovation



PSFU is now directly present in **88 districts of Uganda** with various BDS products being offered with special focus on Job Creation & innovation



Internship placements for 1,500 students across 85 companies have been done to help bridge the skills gap



40,000 craftsmen & artisans have been enrolled for various skilling programmes across the Country



PSFU has worked with various Public Universities to establish business Incubation centres while strengthening our relations with UIRI and the Makerere University Faculty of Food Science to offer incubation particularly for enterprises in the agribusiness sector.

These initiatives are helping to increase the number of jobs and the level of entrepreneurship across SMEs and **have been the foundation for the next Strategic Plan 2020-2025**. I thank members that participated in the needs surveys that have informed the design of the new strategy. Our focus again in the coming 5 years is to unleash the potential for job creation, income growth and the drive for exports. All these must be driven by the private sector.

Promotion of shared value & social business



Like the previous strategic plan, the next one will be founded on shared value & social business principles. Today's challenges of fast population growth, climate change and building social capital must be addressed beyond profits. Our Current focus is to improve livelihoods and competitiveness by increasing the number of investments, jobs, incomes, and exports. It is this approach that will stimulate local demand to support industry. PSFU is currently offering this through;



A structured approach to support firms using our lead firm model, and working through the 11 Sectors.

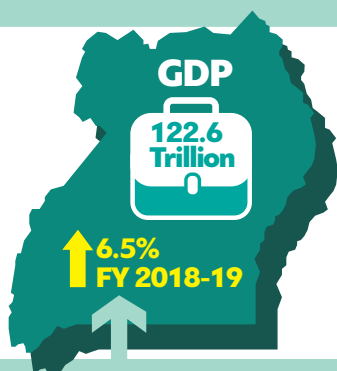
- ✓ A new value proposition (Offering Value beyond the current mandate of policy advocacy and business development). **PSFU is now handling firms to help them appreciate market requirements and work towards them.** This is already happening in the beef, dairy, coffee, poultry, horticulture, grain and the fish sectors
- ✓ Building partnerships and collaboration (with Government & Development partners)
- ✓ Innovations/linkages within business models – creating efficiency

SOME REFLECTIONS ON THE UGANDAN ECONOMY

Uganda's Competitiveness ranking

This year, Uganda gained 11 places from 127 to 116 out of 190 countries according to the **World Bank Cost of doing business competitiveness ranking 2019**. The improvement has been largely on account of improved market efficiency and macro-economic stability. These however are on the external side of the firm and there is a lot of need for us to improve certification of standards, skills training, technology application, startups and incubation as well as compliance with regulations.

As private sector, we must always identify areas that need reform and urge government to continuously work with us to build resilient and supportive economic conditions. This is where we need your full commitment and involvement as members of PSFU.



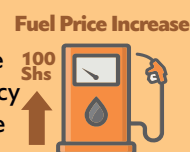
The Uganda Bureau of Statistic (UBOS) rebased the Gross Domestic Product (GDP) using the 2016/17 base year which revealed that the size of **Uganda's economy is now Shs122.6 trillion**. This translates into 6.5 per cent growth for the financial year 2018/19. In general terms our economy presents the opportunities that we as private sector can tap into to build sustainable investments across all sectors but most especially in Agriculture and Tourism. Issues around **land tenure security/ownership, markets development, access to affordable credit, still pose serious**

challenges for the private sector but various initiatives are being undertaken to address these challenges. Some of these include, the **land amendment bill, the BUBU policy and the NSSF amendment bill** to provide for long-term savings and therefore lowering lending rates. I want to invite all of us to support government through these reforms.

While private sector credit has grown by about 2%, the general lending rates are still uncompetitive in the range of 20 – 24%. Exchange rate has continued to depreciate on account of improved global performance vis a vis Uganda's weak export capacity.



Fuel prices increased by 100 shillings per liter over the year thereby increasing the cost of production and distribution. While the Bank of Uganda monetary policy has helped to stabilise inflation, the long term solution is built in supporting the fiscal side to increase production and productivity while stimulating local demand.



Towards the end of last FY, **agriculture registered significant increases in the levels of output** especially in products such as grain, poultry (eggs) among others.



The challenging markets

Closure of Rwanda Boarder: PSFU engaged the relevant persons and ministries to discuss the closure of the border and its effects on Uganda's economy particularly on industrialisation and job creation.

Because of this closure, many of our industries have been operating at less than 50% capacity. Coupled with the limited trade, **Ugandan businesses have lost nearly Shs 178b since February 2019**. Up north, the markets in South Sudan are still challenging on account of insecurity and the very slow compensation mechanisms for traders that had earlier entered this market. To the western side, while the DRC market can provide alternative, the health issues continue to undermine business and trade across the border. **PSFU through our advocacy channels shall continue to engage government on this.**



PERFORMANCE OF THE BOARD OVER THE LAST THREE YEARS

Our Board of Directors has served its term quite diligently with utmost commitment to ensure that members' concerns are effectively addressed through the respective sectors and the Board committees both on Policy and Projects. They have often offered oversight for the various events, projects and programmes managed at PSFU. Please join me to thank them most sincerely.

Board Committees



Our 4 committees have done a tremendous job in guiding the Board to fulfil its oversight responsibilities. These committees have advised and guided management in many ways including financial sustainability, policy engagements/ dialogue, business development and trainings for firms and associations, as well as effective partnership development. My appreciation to members that have steered forward this cause.

The key achievements of the board through the last 3 years are enormous and have positively impacted our membership growth, partnerships development and financial sustainability. Below are some of the major highlights by function.

Governance updates through the last 3 Years

- 1 **Board is now constituted by sectors** and revisions have been made in the memorandum and articles of association to reflect this. It was intended that this creates efficiency in addressing member concerns at sector level.
- 2 **All staff have been put on performance based contracts** with appraisals undertaken regularly
- 4 **Governance Manuals** have been developed/ updated (Procurement, Human Resource, Finance)
- 5 **Board Charter** has been developed

- 6 PSFU has successfully implemented **2 strategic plans** over the period.
- 7 Consistent excellent accountability demonstrated by **clean audit reports** every year being issued by independent auditors

MEMBERSHIP DEVELOPMENT AND CAPACITY BUILDING

Fellow members, growth and deepening of our membership is a core mandate of PSFU and through the year, we were able to **increase our membership from 220 to 242 during last year, up from 168 in 2013**. PSFU has also supported the formation of 33 associations across the various sectors and is now vetting their capacities to become members of PSFU.

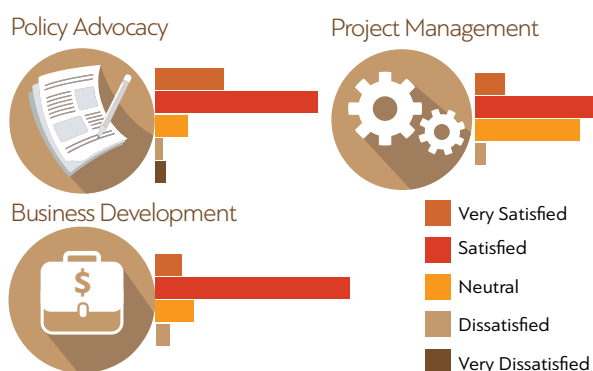
Association Governance Trainings

More than 80 business associations have been trained in governance and accountability practices. A sizable number of them are now able to secure funding to manage their businesses and serve their members better. On this note let me urge all our member associations to observe utmost good governance and accountability. Only then shall your businesses attract more partnerships and collaborations.

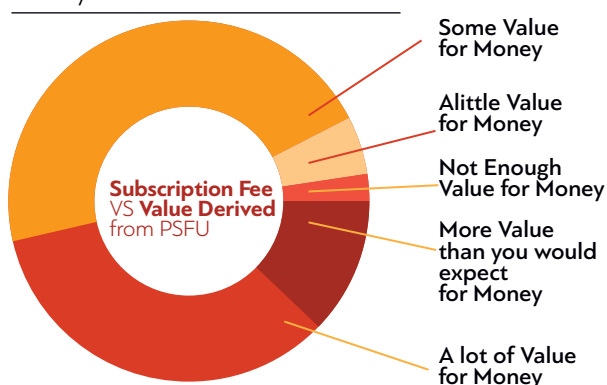


A needs assessment is done annually to guide on service delivery and below are some key results from last year's survey.

Indicate the level of satisfaction that you think PSFU has achieved in the following areas for the Private Sector in Uganda



How does the cost of PSFU's annual subscription fee compare with the value you derive from PSFU?



Last year, 3 Subsidized Member based trainings were organised in the following areas; **Procurement, Taxation and financial management.**



These were very well attended and I want to encourage all members to take part in these trainings each time they are organised.

New Members of PSFU

All our new members have been well inducted, trained and are being involved in the various PSFU activities including sector work. Let me take this opportunity to welcome all those that joined us through the year and urge them to get involved in delivering PSFU's mandate. **Among the new members, are; ROKO Construction, Mehta Group of Companies, UMOSTA and Safe Boda**



Membership Retention and Member Visits

Membership retention continues to remain at 100%. This has been on account of PSFU's varied range of services. Our secretariat has made several visits to member associations and companies to assess the environment and challenges being faced and to use these to influence sector positions. **Among the members visited include; SPEDAG, SCOUL, NUCAFE, UCIFA, Fabrication Systems, Pearl Diaries, Uganda Crane Creameries Association, Masaka Cooperative Union, Tembo Steels, SHUMUK and Nile Breweries Ltd**

PSFU Conducted Member Visits



100% Member Retention

POLICY ADVOCACY THROUGH THE SECTOR BASED APPROACH

PSFU has re-established itself on sectors as the pillars for policy engagement and advocacy. Policy advocacy is now more effective because we are basing our policy consultations through sectors and not associations.

As a result, the latest **National budget 2018/19** had up to **82% of PSFU policy proposals taken up.**

Proposals taken up



I thank the members for your deep involvement. PSFU is now transitioning to sector platforms for wider stakeholder engagements, and our collaboration with **TMEA** has helped the **Transport and Logistics Sector** transition to a **fully-fledged platform** which has among others developed a **National Logistics Strategy.**

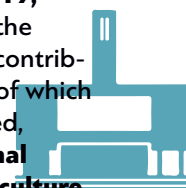


5 other sectors are now in the pipeline and we expect that with strengthened partnerships, all sectors will transition into platforms that involves much wider range of sector stakeholders. Indeed, the sector approach has greatly helped to broaden private sector participation in policy formulation, budget planning, lobbying and advocacy. I strongly encourage members to attend sector meetings and participate in formulating policy positions.



BUSINESS RELATED LEGISLATIONS

Through our sector engagements we have engaged Government on the strategies, policies, regulations and bills required to support private sector operations. Some of these have been assented to and they include, **Finance act 2019, Security Interest in movable Property Act 2019, Cooperatives law 2019 and Investment Code Act 2019.** Other critical bills that have been passed by Parliament include, **Coffee Bill 2019, Landlord/ Tenants Bill 2019, National Geographical Indications Bill 2019, National Graduate Scheme Bill 2019.** We have also presented our position on the **NSSF Amendments Bill 2019, Local Content Bill 2019, Counterfeits Bill,** etc and are awaiting the decisions of Parliament. Instrumentally contributed to the development of the **NDPIII** of which a specific objective has now been created, review of the **Tourism act 2018, National Trade policy, development of the Agriculture Sector Strategic Plan 2019 and the development of the strategy for Financial Sector Development.** PSFU will continue to dialogue with Government to ensure that all necessary policies and laws are enacted.



At the regional level PSFU continues to strengthen its footprint as the national focal point for EABC and COMESA Business Council (CBC). Through our regional collaborations, 2 trainings were carried out, one with EABC and ITC on export readiness to the EU and the other with COMESA on Local Source Procurement (LSP) with special focus on Horticulture value chains.



During the COMESA source 21 in Nairobi, PSFU members' products and services were promoted.

I thank the members that are representing the Uganda private sector on the Boards of EABC and COMESA.

KEY BUSINESS MISSIONS

Over the last couple of years, PSFU has facilitated several business missions during which Memoranda of Understanding were signed to strengthen business, trade and investments. These include; The Uganda-South Korea, the Turkish-Uganda, the Uganda India, The Czech-Uganda, the Qatar-Uganda, the Saudi-Uganda and South Africa-Uganda Business forums.



This is in addition to the strengthened cooperation within EAC and COMESA to promote trade and investments across the region. Business deals were negotiated during these forums in sectors such as construction, manufacturing, health and trade.

Markets have opened up for Ugandan Businesses and I take this opportunity to thank all members that have participated in these forums and further encourage you to continue taking part in these missions.



PROJECTS ATTRACTED TO PSFU

Dear members, several projects have been attracted to PSFU to support our membership and the broader private sector. From a mere 2 development partners (the World Bank and the UNDP in 1995) we are now working with diversified projects and several other partners in addition to the World Bank (CEDP, SDF, ERT/UCSSEP) and UNDP.

These include, the European Union, DFID, the Global Alliance on Improved Nutrition (GAIN), the ADB Project on Higher Education, Science and Technology (HEST), UNICEF, UNCDF and Centenary Bank.



Lately, we are now partnering with the MasterCard Foundation to create jobs and opportunities for the young people through the Young Africa Works (YAW) Strategy. This demonstrates the trust that GoU and our several other development partners have continued to put in PSFU, but it is also a challenge on our part to always ensure we meet their expectations.

JOBS



My assurance to our members and partners is that PSFU has developed and maintained systems that facilitate proper governance and management for all the resources entrusted to it.

The objective in managing all these projects is to; help build firm capacities, develop human resource capacities, improve access to business finance, build efficiency in energy use, enhance partnerships, support institutional and legal frameworks as well as build infrastructure to facilitate business. While the detailed reports about each of the projects will be found in our annual report, let me briefly make some key highlights on each of the collaborations we have had.

Collaboration with the World Bank

- The establishment of the Credit Reference Bureau to help reduce the risk of lending
- The establishment of the Financial Card through the Financial Sector Deepening programme (PSDP)
- Establishment of the Central depository at the Uganda Securities Exchange
- The standardization project was implemented with UNBS to improve product certification



UNBS
STANDARDIZATION
PROJECT

Throughout the last 5 years, PSFU has been managing the \$100m CEDP and among the key achievements so far include the following;

- The establishment of the Land Information Centre to ease land registration
- The construction of 16 Ministerial Zonal Offices (land offices) to ease land search and verification
- Automation of the Business registry at URSB which has led to an annual private sector cost saving in excess of US\$300 Million.



URSB
BUSINESS REGISTRY

- Fast tracking of the passing of 13 key business legislations
- Construction of the Uganda Business facilitation Centre (UBFC) in Kololo (to host the One Stop Centre)
- Construction of the Uganda Hotel and Tourism Training Institute (UHTTI) to train and upgrade skills in the tourism and hospitality sector

Cente SUPA Woman

Under the Cente Supa Woman programmes supported by Centenary bank, a total of nearly 12,000 SMEs largely driven by youths and women, were trained in financial literacy, business planning, tax planning, procurement, market access and standardization.



Participants during one of the cente supawoman trainings



Early Steps Programme

PSFU established the Early steps Programme to mobilise the private sector towards investing in Early Childhood Development (ECD). The programme has progressed well and to date more than 60 companies are investing directly in children under 5 years with special attention on Nutrition, healthcare and early learning. I want to encourage us all to promote this principle of shared value and support the development of a valuable future labour force.



The GAIN Project

Through collaboration with GAIN international, 7 industries have so far registered under the food fortification programme. Initial focus for this project is on.



PARTNERSHIPS NEGOTIATED DURING THE YEAR

a

TradeMark East Africa (TMEA) signed a partnership agreement worth USD 650,000 with Private Sector Foundation Uganda (PSFU) to address challenges in transport and logistics such as infrastructure, transport policy & regulation, licensing, fees and other obstacles along the Northern Corridor effectively absorbing the National Logistics Platform.



TMEA PSFU Sign partnership to support the PSFU National Logistics Platform

b

PSFU in partnership with GAIN handed over WYD Iodine kits to UNBS; UIRI; NARO & Government Analytical Laboratory to ensure that salt imported is checked to confirm its level of iodine. The project is helping to support and promote food fortification.



Gideon Badagawa Executive Director PSFU hands over Iodine kit machines to UNBS. This initiative was supported by GAIN

c

PSFU is implementing the NDC Country Support Programme on Climate Change in partnership with the Ministry of Water and Environment. This partnership (worth USD 84,000) draws support from the National Planning Authority and the Ministry of Finance focused on delivering component 4 i.e “Enhancing Private Sector Engagement in Climate Action”. This engagement is intended to support the private sector to develop climate mitigation and adaptation mechanisms within their operations thus contributing to sustainable production and consumption.



Private sector players during the NDC Climate Change symposium

HIGHLIGHTS ON THE CONTINUED COLLABORATION WITH OUR KEY PARTNERS

PSFU has continued to collaborate with various development partners, the Government of Uganda and Corporate Agencies in the pursuit for business growth. Some of the collaborations are as follows:

1 The Government of Uganda (GoU)

The GoU is our cardinal partner as they provide the framework and environment within which we operate. Through the year, we were able to engage government at various levels of authority. Government and the private sector have agreed that macroeconomic stability can only be a derivative of a well-functioning micro economy i.e. households, firms and the industry.



Therefore, business development is as important as policy, regulatory and legal formulations. To this end, PSFU and the GoU through MFPED have agreed on various business models that will be implemented in support of value chain development.



The models presented by PSFU to Government have ample focus on backward integration and the promotion of Agro-Industry Linkages. As a result, for the medium term, Government has themed the budget strategy on Agro-led Industrialisation.

We have now mirrored our 11 sector working groups with those in Government and increasingly involving you our members in policy discussions and the budget process as it unfolds. I urge members to intensify your participation through sector reviews to have impact on public policy and influence decision making in government.

2 Collaboration with the World Bank

Members may be aware that the World Bank is one of the key development partners that support the competitiveness of the private sector in Uganda and continue to offer several products aimed at enhancing private enterprise capacities. These range from institutional capacity building, Business Development Support, to the promotion of public private sector dialogue.



Currently PSFU is leading implementation of one project (CEDP) supported by the World bank and the government of Uganda, but also participating as implementing partner in 3 other projects i.e the Skills Development Facility (SDF), Uganda Clean Cooking Supply Chain Expansion Project (UCCSCEP) and Energy for Rural Transformation (ERT3) -all funded by the World Bank. The key results of these projects have been given elsewhere in this report.

3 Collaboration with the UNDP:

PSFU has signed a Memorandum of Understanding with the United Nations Development Programme (UNDP) committing Uganda's private sector to the implementation of Agenda 2030 on sustainable development. This programme is about effective delivery of the 17 SDGs by 2030 and PSFU has committed Uganda's private sector towards this realisation.

Achievement of the 17 UNDP SDGs by 2030



The private sector has so far presented 2 Goal Ambassadors; for Goal 5 and Goal 8 and call upon members to identify yourselves as potential champions for the rest of the Goals. In addition, PSFU is together with UNDP implementing the Spotlight initiative which aims at addressing issues of Gender Based Violence at the workplace. To this end I thank the UNDP for the fast evolving partnership and especially for the results already being realised.

(a) The Nationally Determined Contribution

PSFU is jointly implementing the NDC programme with UNDP and the Ministry of Water and Environment. Climate Change poses one of the biggest challenge of our time and this collaboration is helping the private sector to understand the potential impact of climate change, develop mitigation measures particularly by upscaling green investments. About 87 medium-to-large sized enterprises are already participating in this programme. A Climate Action Challenge Grant for private sector companies has been established for this purpose.

(b) Implementation of the Gender Equality Seal (GES) Certification programme

Through our collaboration with the UNDP, 41 Ugandan companies have signed on to the GES Cert programme that is intended to improve productivity in the workplaces by promoting work life balance and gender equality as well as eliminate gender pay gaps. The latest to sign on to this commitment has been the Stanbic bank Ltd. A series of training programmes have been arranged and facilitated by PSFU and UNDP. I want to urge companies that have not yet signed on this programme to find value in doing so in order to open up for future partnerships and productivity. International markets are beginning to pay a lot of attention on how we espouse these SDGs particularly Goal 5 in our work environments.

3

Collaboration with the European Union/UNCDF under the START programme.

PSFU is implementing one of the components under the Development Initiative for Northern Uganda.

This component, the START is focused on supporting agri-enterprises develop value chains and enhance market access through improved access to business capital, technology and market information. The overall objective for this project is to consolidate stability, poverty and food security in Northern Uganda as well as strengthen the foundations for sustainable and inclusive socio-economic development. The Programme covers 33 districts in Northern Uganda.



START Inaugural Board meeting

4

Partnership with European Union

The Government of Uganda, Private Sector Foundation Uganda (PSFU) and European Union partnered to promote private sector investment in order to spur sustainable economic growth and decent jobs in line with the Africa-EU Alliance for sustainable investments and jobs. To this end, the project “EU and Uganda Private Investments” initiated a Public-Private Dialogue under which stakeholders prioritized Skills & Attitude, Governance and Corruption and Access to Finance as roadblocks to investment. This dialogue launched the EU-Uganda Roadmap to improved business climate whose implementation has already begun. I thank members that participated in the formulation of the Roadmap and are continuing to participate in implementation of this initiative.



EU PSFU Consultative meetings on corruption & governance challenge

5

Partnership with MasterCard Foundation

PSFU has secured funding from the Mastercard Foundation. The amount, intervention, duration and targets will be confirmed once the Mastercard Foundation has officially confirmed its investment in the



6

Implementation of the ADB Supported HEST project

PSFU was contracted by the Ministry of Education and Sports to provide technical assistance to the eight government Universities and Higher Education Institutions to establish business incubation centres (BIC). This was intended to align research and training to the needs of commerce and industry. By October 2019, the Makerere University Business Incubation and Innovation Centre had already been fully established and functional. The MUBS BIC is well equipped and has brought two ideas to successful commercialisation with 8 direct jobs created. The remaining seven BICs are all partially functional with functionality ranging from 75% to 90%. PSFU is confident that after commissioning of machinery and equipment which is under installation all BICS will be fully functional.

All these are meant to support the growth of MSMEs through training, technology learning and application as well as market access including standards training.



HOW THESE PROJECTS HAVE BENEFITED THE PRIVATE SECTOR

Through these Projects and programmes we have supported SMEs to increase their capacity for Job creation, Sales and Exports.

Under the MGF/CEDP, PSFU support to **ICT/BPO** contributed to **46.2% (586 – 857)** increase in new jobs created,



Export sales improved from **UGX. 2.3Billion to UGX. 5.7Billion** and **167** direct beneficiaries (**2,697 indirect including 796 women**),



Fisheries had **979** direct beneficiaries with **1,789 new jobs (25% women)**, **8.7%** increase in export sales and **43%** increment in domestic sales revenue (**total sales UGX415Billion**),



Tourism saw a 12.7% increment in domestic sales (**from UGX. 10 Billion to UGX. 18 Billion**) and from **UGX. 46.8Billion to UGX. 53.7Billion** in export sales, beneficiaries included **5,802 males** and **4,323 females**. **228 new jobs** were created during the intervention reflecting a **13.4%** increase in permanent jobs and **33%** in temporary employment under the sub sector.



Agribusiness saw a total of **171,332 beneficiaries** supported with a grant total of **US\$1,016,455**. The total component contribution to private sector development amounted to **\$2.85Million dollars**.



Earlier, under the **BUDS-DFID, PSFU** supported SMEs in Northern Uganda to acquire BDS and **technological support including equipment and machinery** valued at **£4,678,372**. This support resulted into **58,233** new jobs including **2004** direct and **56,229** seasonal/temporary jobs. Under the BUDS-PSCP, **839 firms** had also received matching grants totaling **\$3.9Million** to undertake various activities including quality certification & standards, financial training & book keeping, market research, branding & promotions, business management, MIS, etc. This support contributed to the creation of **29,000 jobs** in the SMEs bracket.



The Board of PSFU, through its Projects Committee has strengthened oversight of these projects to ensure they optimally benefit the business community and I am sure most of you members have either directly or indirectly benefited from these projects.

SUSTAINABILITY OF PSFU

Dear Members, like other business management organisations, financial sustainability remains a challenge for PSFU. We now have established a business unit to address member challenges while at the same time generate revenue for the foundation.

As Board we have charged management under the current strategic plan to take this seriously. PSFU has also distinguished itself in project management and we expect to continue doing this as part of our sustainability plan. However, let me remind you that business organisations that succeed have their members' support their financial sustainability and PSFU will always come back to you members for your support. PSFU has further enhanced revenues from contributory activities such as; the capacity building and training programmes, the Business Directory and the trade facilitation exhibition. I take this opportunity to call upon our members to always meet your obligations under the annual subscriptions. PSFU has obtained clean audit reports across all units audited during the year.



OUR PLAN FOR THE FUTURE

The Board's plan for the future is focused on delivering our Strategic Plan, which has been founded on members' needs assessment, GoU strategy for the next 5 years under NDPIII and the Private Sector Development Strategy (PSDS).

With a dedicated Board and staff I have no doubt that we shall manage and meet members' expectations as they fall due. Our plea to all members is that we pull together to make impact not only in business and advocacy but to be of value to society.



APPRECIATION

Fellow members, the achievements I have outlined above are a result of your dedication, perseverance and hard work. I thank you all for supporting us as a team and choosing to work together. I also thank the Government of Uganda for the increased responsiveness to private sector submissions and am further grateful that this level of Public Private Partnership has continued to deliver a fairly good business environment. This notwithstanding, we still have a lot to do together to deliver competitiveness. I thank the Development Partners and those corporate members that have always offered support each time we organise activities and events that reinforce private sector capacities to sustain markets. We highly value your support.

Finally let me thank you members for your commitment to PSFU that has enabled us to deliver on our mandate but also for supporting the various PSFU activities through your respective sectors.

On behalf of the Board I wish to thank our Advisory Council for the guidance and as well the Management and Staff for the unwavering support and dedication. My best wishes to all of you for a revitalising festive season and a profiting new year 2020. I thank you for laying confidence in me and my Board colleagues to serve you.

For God and my Country.

Patrick Bitature
CHAIRMAN



Chairman Patrick Bitature together with Mrs. Ida Wanendeya (Member PSFU Advisory Committee)



Board members after a strategic planning retreat

EXECUTIVE DIRECTOR'S MESSAGE



Mr. Gideon Badagawa
Executive Director-PSFU

I take this opportunity to welcome our esteemed members to this 23rd Annual General Meeting and thank you for your endurance and perseverance in taking forward your respective businesses. The turbulence in the business environment notwithstanding. I also congratulate Government on the efforts being put to stabilize the economy and the strides being undertaken to ensure market efficiency. Our challenge as private sector is in managing costs and ensuring optimal use of resources as these relate to transport, money, energy, labor etc, while understanding how to comply with regulations. As part of our advocacy, we are working closely with government to ensure ease of compliance and institutional strengthening, and we invite all of you to backstop us in this regard.



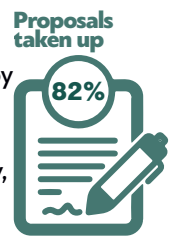
Government
Co-operation



In June this year, we successfully completed the implementation of our 2016-2019 Strategic Plan which largely focused on membership growth through training and enterprise support, policy dialogue and institutional restructuring at PSFU. During the 3 years we opened collaborations and developed partnerships with various organizations. This effort has helped us ensure our businesses compete better in the very challenging and competitive markets. Additionally, we have been able to involve our membership in influencing public policy (particularly the budget policy) through our sector working groups. I thank you for this commitment.



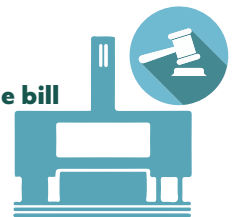
Because of the strengthened Public Private Partnerships, the national budget is now influenced up to 82% by proposals coming from the private sector. I thank you members for this effort. Our challenge as a country now, is to ensure that these policies and legal frameworks that we institute are indeed implemented to support Business, Trade and Investments.



Working with our members, PSFU has presented positions on various bills such as the:



NSSF Amendment bill
The Local Content bill
The National Graduate Scheme bill
The cooperatives bill
The construction bill
The coffee bill



These bills among many others were presented to the Parliament. We will ensure these bills are out of parliament for the good of our businesses.

Finally, we continue to collaborate with our development partners in building and supporting Uganda's private sector to compete and on behalf of our members, I lay our sincere appreciation to Government and the donor community. We are committed to work with every effort that commits to pursue private sector interest.

Gideon Badagawa
EXECUTIVE DIRECTOR



The Executive Director Mr. Gideon Badagawa with PSFU members presenting the Private Sector position on the NSSF Bill

PSFU SECRETARIAT KEY ACHIEVEMENTS

a

Corporate Services Staff Development and Training

There has been remarkable staff development through professional trainings, mentorship and counselling. This has greatly contributed to improved productivity and service delivery. In addition to career professional training, our staff have also been exposed to various mentorship programmes and peer learning both in the country and abroad. This has greatly contributed to higher staff motivation and hence low staff turnover.



Communications & Public Relations

PSFU has consistently engaged with members and all stakeholders through the weekly briefs; quarterly newsletters; website; email, messaging (PSFU Membership WhatsApp group) and social media. Information materials which include policy briefs; position papers & press briefs have been regularly developed and shared with members and our other stakeholders through the year.



EAC Secretary General paid a courtesy visit to PSFU & met with the EABC Uganda Chapter members

PSFU team pays courtesy visit to SHUMUK



b

Private Sector Development

During the year, the Private sector development team effectively delivered on the following engagements;

Membership development

The team carried out **member visits to some members through the year as a courtesy call to check on their businesses** & share insights on how to assist them further through our programmes. There are 04 new members who joined the PSFU Family.



Inward & outward bound missions

One outward mission of the **Private Sector Delegation to Kenya with H.E President of Uganda**. Members also participated in **Russia-Uganda and France Business** forums. Tanzania- Uganda outward business forum was hosted in Tanzania.



Regional support to PSFU Members

2 trainings carried out one with EABC and ITC on export of products and the other with COMESA on Local Source Procurement (LSP) and focus on Horticulture.



During the COMESA source 21 in Nairobi, PSFU was represented and PSFU members' products and services promoted.



EABC Secretary General visit to PSFU was very resourceful as it enabled the EABC Uganda Chapter members interact with him & team sharing insights into promoting



Capacity Building Unit

Fee based trainings

Through the year, the unit organized a number of training for the members as well as the wider private sector in financial planning & management; procurement planning & taxation. Many of our members are participating in these trainings.



Partnership with UNDP on GBV

Private Sector Foundation of Uganda (PSFU) in partnership with the United Nations Development Programme (UNDP) in Uganda and with funding from the EU Spotlight Initiative is supporting businesses to **foster innovation in the prevention of and response Violence Against Women & Girls.**



Participants group photo after participating in the Procurement training

STATUS OF PROJECTS IMPLEMENTATION

a

Competitiveness and Enterprise Development Project (CEDP):

The \$100m Competitiveness and Enterprise Development Project (CEDP) was a Government of Uganda/World Bank funded project & ended the 5-years in June 2019. The project aimed at supporting reforms to improve the business environment in Uganda. The project was coordinated by PSFU with various Ministries and agencies of government taking part, including Ministry of Lands, Ministry of Tourism, UWA, URSB, HTTI and UTB. The project aimed at enhancing enterprise competitiveness by providing support for:

- (i) the implementation of **business environment reforms, including land administration reform;** and
- (ii) the development of priority productive and service sectors.



Artistic impression of One stop centre - UBFC

Currently, various reforms are being undertaken including establishing the UBFC, the Electronic Document Management System at URSB (already it takes under 2 hrs to register a business, construction of the UHTTI in Jinja to enhance skills in the Tourism and hospitality industry (completion expected by May 2019), as well as land administration reforms to improve land registration/titling and land searches. While there are still a number of challenges we face as a country, we want to appreciate GoU and the World Bank for the support in getting our business environment a lot better and more competitive. I also thank our secretariat for ably coordinating this project.



Artistic impression of UHTTI

With the reforms so far posted in the financial sector, the taxation and licensing regimes, and the observed change in mind-set across the public sector, I am confident that Uganda shall be able to post a double digit positioning on the competitiveness index in the near future.



b The Skills Development Facility (SDF)

The Skills Development Facility (SDF) supports short-term employer-led training and recognition of prior learning as well as increased access to internships for Technical and Vocational Education Training (TVET) students. The facility aims at addressing the prevailing skills imbalances and shortages in Uganda.

An important element of the initiative is to facilitate collaboration between training providers and industry to promote demand driven skills development with special attention to innovative modes of training. I am happy with the resounding response from the private sector to utilise this facility.



c Business Uganda Development Scheme – Energy for Rural Transformation III

Under the World Bank funded ERT II project, PSFU undertook an Energy Efficiency drive (Installation of Power Factor Equipment in private industries) that resulted in a total energy saving of **9.15 MVA (about 8.8 MW)** for the country.

During last year under the ERT III programme, PSFU focused on two main activities that included the management of the contract for feasibility studies of pico/micro hydro sites as well as build the institutional development for the Uganda Solar Energy Association (USEA), and implementation of its Strategic Plan. Today, all the key staff have been recruited and the strategic plan implementation is underway.



Some of the wiremen from Elgon Vocational Training Institute who participated in the ERT training initiative

d Support to Agricultural Revitalization and Transformation Facility (START)

This is one of the components under the Development Initiative of Northern Uganda (DINU) project implemented by United Nations Capital Development Fund (UNCDF) in partnership with Private Sector Foundation Uganda (PSFU) and Uganda Development Bank Limited (UDBL). START is a four year component under the DINU which is funded by the European Union.

START Facility will support development and financing of capital-intensive agricultural projects promoted by small and medium businesses that add value in storage and processing of agricultural produce in the following identified value chains; Cassava, coffee, soya, sesame, sorghum, rice,

e ADB Higher Education, Science and Technology (HEST)

The Government of Uganda with funding from the African Development Bank is implementing the HEST Project aimed at skills enhancement and **development of Business Incubation Centres in the six Public Universities and two degree awarding institutions** to enable them improve the quality and relevance of higher education science and technology and contribute to job creation and self-employment.

PSFU was contracted by Ministry of Education and Sports to offer technical support in setting up of the incubation centres. The technical support included working with each University to identify a unique idea and thereafter PSFU would support them to operationalise these ideas.



Hon. Frank Tumwebaze officially represented First Lady & Minister of Education & Sports at the launch of MUBS Incubation Centre

f The Uganda Clean Cooking Supply Chain Expansion Project (UCCSCEP)

Aims at expanding access to, and adopting cleaner and more efficient cooking solutions.

The project is already;

- Supporting private sector efforts towards resolving the effects of climate change.
- Helping to reduce in-house pollution and related burdens;
- Reducing household consumption and expenditure for biomass cooking fuels. It also has a Distribution Challenge Fund (DCF) that aims to facilitate local and international stove manufacturers and distributors, to manufacture and distribute a minimum of 200,000 improved cook stoves to rural areas.





Business growth is our business

PRIVATE SECTOR FOUNDATION UGANDA

REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30TH, 2019

Sejjaaka, Kaawaase & Company
Certified Public Accountants
Plot 31, Bukoto Street, Kololo
P. O. Box 7657, Kampala
Tel: +256-392-000216
E-mail: cpa@cpa.ug

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List of Acronyms

AGM	-	Annual General Meeting
IASs	-	International Accounting Standards
IFRS	-	International Financial Reporting Standards
ISAs	-	International Standards on Auditing
NSSF	-	National Social Security Fund
PAYE	-	Pay As You Earn
PSFU	-	Private Sector Foundation Uganda
URA	-	Uganda Revenue Authority

CORPORATE INFORMATION

Registered Office & Address: Plot 43, Nakasero Road
P. O. Box 7683,
Kampala

Executive Director: Mr. Gideon Badagawa

Bankers: Standard Chartered Bank
Plot 5, Speke Road
P. O. Box 7111
Kampala

Centenary Bank
Talanta House,
Plot 7, Entebbe Road
P. O. Box 1892
Kampala

Auditors: Sejjaaka, Kaawaase & Co.
Certified Public Accountants
Plot 31, Bukoto Street, Kololo
P. O. Box 7657
Kampala

Lawyers: C. Mukiibi Sentamu & Company Advocates
P. O. Box 27073
Kampala

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30th, 2019.

Activities

Private Sector Foundation Uganda (PSFU) is Uganda's apex body for the private sector. It is made up of business associations, corporate bodies and the major public sector agencies that support private sector growth. Operations during the year were executed under the macroeconomic context below

1.0 Macroeconomic Indicators (Inflation, Exchange Rates & Interest Rates)

Uganda's economy has continued to recover, growing by 6.2% 2017/18 and it is forecast to grow marginally by 6.3% in 2019. This growth has been supported by accommodative monetary policy, favourable weather conditions, FDI and public investment in oil-related infrastructure. Albeit this recovery, poverty levels are still recorded to be high at 21% and highest in rural and some peri urban areas, which has suppressed demand hence hopelessness and uncertainty amongst the business community. Although, expansionary monetary policy strategy has continued to be prioritized, improvement in domestic public demand responds less than proportionately. Inflation, exchange rate and interest rates have been well managed. FY 2019/20 budget outlined several opportunities for the business community to harness.

2.0 Performance

2018/19 is the third and last year in the implementation of the current 2016/17-2018/19 PSFU Strategic Plan. The focus of the Strategic Plan in the just concluded period has been on four Strategic Thrusts namely a) Transforming Service Quality b) Financial self-sufficiency c) Broaden and Deepen National & Regional Footprint and d) Building Collaborative Stakeholder Relations.

2.1 Revenue:

Annual revenue was Ugx 1,865m higher than year's Ugx 1,563 m. It was 87% of the projected annual revenue of Ugx 2,143 m. Contribution to project management and office space formed a significant percentage of overall revenue. This was Ugx 1,100m representing 59%. Training activities have been

planned to continue into the next financial year in order to build on and improve on efforts that began during the year. Management is intensifying efforts to prepare proposals geared towards raising funds for the institution.

2.2 Expenditure

Expenditure was maintained within the limits of the income that was raised by the institution. This was done to avoid incurring commitments that would put pressure on available funds to spend. Annual expenditure was Ugx 1,748m against a budget of Ugx 1,972m. Expenditure on the strategic thrusts was mainly funded by grants received during the year.

3.0 Budget Management

Total expenditure for the year was Ugx 1,748m against a budget of Ugx 1,972m. This was 88% of planned expenditure.

4.0 Cash Flow

4.1 Debtors and Creditors

The debtors' position increased from Ugx 309m to Ugx 377m during the year. Directory space made up the bigger percentage as compared invoiced services to in house projects. Invoices to in house projects outstanding at 30th June were Ugx 67m representing 18% of the overall debtor position. Collections are ongoing. The creditors for goods and services reduced from Ugx 210m to Ugx 44m at the end of the year owing to settlements done during the year.

RESULTS

The results for the year ended June 30th, 2019 are shown on page 15. The surplus for the year, amounting to Ugx. 98,309,981 has been transferred to the Accumulated Fund Account.

BOARD OF DIRECTORS

The Directors who held office during the year were;

- | | |
|----------------------------|---------------------------|
| 1. Mr. Patrick Bitature | 11. Ms. Julian Omalla |
| 2. Dr. Gudula Naiga Basaza | 12. Hon. Elly Karuhanga |
| 3. Dr. Ian Clarke | 13. Eng. Alex Turihohabwe |
| 4. Mr. Charles Ogang | 14. Ms. Annet N. Mulindwa |
| 5. Dr. David Kamukama | 15. Mr. Mathias Katamba |
| 6. Mr. Philip Borel | 16. Mr. Gordon Sentiba |
| 7. Mr. Nicholas John Okwir | 17. Mr. Gideon Badagawa |
| 8. Ms. Merian Sebunya | 18. Mr. Charles Kareeba |
| 9. Mrs. Susan Muhwezi | 19. Mr. Humphrey Nzeyi |
| 10. Ms. Cynthia Mpanga | |

AUDITORS

The Shareholders appoint auditors at their Annual General Meeting. The current auditors, Sejjaaka, Kaawaase and Co. have expressed willingness to continue in office.

BY ORDER OF THE BOARD

SECRETARY



Date:

STATEMENT OF DIRECTORS RESPONSIBILITIES

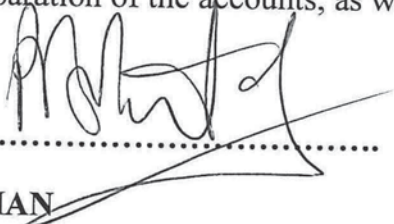
The Board of Directors is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Private Sector Foundation Uganda as at the end of the financial year and of the results of its operations for that year. In preparing those financial statements, the Board is required to;

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that PSFU will continue in operation

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of PSFU and enable them to ensure that the financial statements comply with International Financial Reporting Standards and the Companies Act. They are also responsible for safeguarding the assets of PSFU and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.


The Board accepts responsibility for the annual financial statements set out on pages 15 to 25, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the Companies Act 2012 (Cap 110).

The Board are of the opinion that the accounts give a true and fair view of the state of affairs of the company and of its operating results. The Board further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the accounts, as well as adequate systems of internal control.



CHAIRMAN

Date:



EXECUTIVE DIRECTOR

Date:

Sejjaaka Kaawaase & Co.

Certified Public Accountants

31 Bukoto Street, Kololo,

P.O.Box 7657

Kampala, Uganda

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRIVATE SECTOR FOUNDATION UGANDA FOR THE YEAR ENDED JUNE 30TH, 2019

Opinion

We have audited the financial statements of **Private Sector Foundation Uganda**, which comprise the Statement of Financial Position as at June 30th, 2019, and the Statement of Profit or loss and other Comprehensive Income, Statement of Changes in Accumulated Fund and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes, set out on pages 17 to 23.

In our opinion the financial statements give a true and fair view of the financial position of Private Sector Foundation Uganda as of June 30th, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis Of 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.

There was nothing to report in this regard.

Skill Consulting since 1988

Partners:

Prof. Samuel K. Sejjaaka, PhD; B.Com; PGD Comp Sc.; Msc; FCCA; CPA(U)

Dr. Twaha Kigongo Kaawaase, PhD; B.Com; PGDip. Dev. Fin; MSoc.Sc; FCCA; CPA(U)

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Other Information:

The Directors are responsible for the other information. This comprises the Directors' Report, the schedule of management expenses, supplementary information that comprises the Annual Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the 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.

Responsibility of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls as the Directors determine are 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, the directors are responsible for assessing the PSFU'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 directors either intend 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 PSFU's financial reporting process

Auditor's Responsibility for Audit the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's that includes our opinion. Reasonable assurance is a 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgement 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 one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations or the override of internal controls.
- Obtain an understanding of the internal controls relevant to the 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 Directors.
- Conclude on the appropriateness of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions related to events or conditions that may cast significant doubt on PSFU'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 PSFU 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

Partners:

Prof. Samuel K. Sejjaaka, PhD; B.Com; PGD Comp Sc.; Msc; FCCA; CPA(U)

Dr. Twaha Kigongo Kaawaase, PhD; B.Com; PGDip. Dev. Fin; MSoc.Sc; FCCA; CPA(U)

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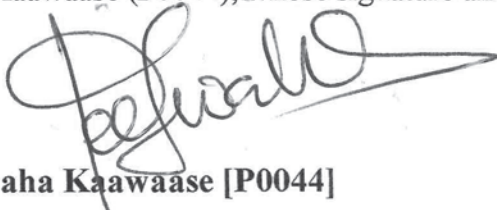
extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Ugandan Companies Act 2012 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion proper books of account have been kept by the PSFU, so far as appears from our examination of those books; and
- PSFU's Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income are in agreement with the books of account.

The Engagement Partner on the audit resulting in this independent auditors' report is Dr. Twaha Kaawaase (P0044), whose signature and seal are appended below.



Dr. Twaha Kaawaase [P0044]

Sejjaaka, Kaawaase & Co.
Certified Public Accountants
Plot 31, Bukoto Street, Kololo
P. O. Box 7657, Kampala

Dated 8th NOV 2019



Skill Consulting since 1988

Partners:

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Dr.Twaha Kigongo Kaawaase, PhD;B.Com;PGDip. Dev.Fin; MSoc.Sc; FCCA; CPA(U)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<u>NOTE</u>	<u>June 2019</u> <u>Ug. Shs.</u>	<u>June 2018</u> <u>Ug. Shs.</u>
INCOME			
Member Dues	A	98,280,000	73,760,000
Grants (Donor Assistance)	B	226,557,288	71,070,937
Contributions For Activities	C	1,423,165,802	1,324,024,541
Fundraising	D	91,650,000	45,813,000
Other Revenue	E	26,246,843	48,875,063
Total Income		1,865,899,933	1,563,543,541
EXPENDITURE			
Staff Costs	F	934,367,974	779,902,556
Technical Assistance	G	541,963,922	239,814,679
Promotion & Publicity	H	-	20,929,322
Workshops & Training	I	-	146,632,364
Travel	J	5,280,000	45,371,292
Fixed Assets Depreciation Charge	K	48,633,720	45,795,725
Administration Overheads	L	196,073,528	173,474,734
Provisions	M	41,270,808	37,241,938
Project Capital Expenditure	N	-	6,500,000
Total Expenditure		1,767,589,952	1,495,662,610
Surplus Operations for the Year		98,309,981	67,880,931

Private Sector Foundation Uganda
Financial Statements for the year ended
June 30th, 2019

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30TH, 2019

	<u>NOTE</u>	<u>June 2019</u> <u>Ug. Shs.</u>	<u>June 2018</u> <u>Ug. Shs.</u>
ASSETS			
<u>NON-CURRENT ASSETS</u>			
Property Plant & Equipment	Note 3	382,569,227	422,602,947
Long Term Investments:			
Unquoted Securities In Uganda Re-Insurance	Note 4	100,000,000	100,000,000
		482,569,227	522,602,947
<u>CURRENT ASSETS</u>			
Accounts Receivable	Note 5	377,011,899	309,812,344
Cash and Bank Balance	Note 6	140,993,586	63,630,042
		518,005,485	373,442,386
TOTAL ASSETS		1,000,574,712	896,045,333
<u>FUND AND LIABILITIES</u>			
Capital Grant		122,500,000	-
Accumulated Funds & Reserves		484,358,289	386,048,308
Total Fund & Reserves		606,858,289	386,048,308
<u>NON-CURRENT LIABILITIES</u>			
Managed Funds		69,342,221	51,472,890
Deferred Grants	Note 8	90,734,664	21,894,977
		160,076,885	73,367,867
Current Liabilities	Note 7	233,639,538	436,629,158
		233,639,538	436,629,158
TOTAL FUND AND LIABILITIES		1,000,574,712	896,045,333

These financial statements were approved by the Board of Directors on
and were signed on their behalf by:

Mr. Patrick Bitature

Chairperson

Mr. Gideon Badagawa

Executive Director

SK&CO

Private Sector Foundation Uganda
Financial Statements for the year ended
June 30th, 2019

STATEMENT OF CHANGES IN ACCUMULATED FUND

	<u>Capital Grant</u>	<u>Income & Expenditure Reserves</u>
	<u>June 2018</u> <u>Ug. Shs.</u>	<u>June 2018</u> <u>Ug. Shs.</u>
As at July 1 st , 2017	-	318,167,377
Prior Year Adjustment	-	-
Balance at July 1st, 2017, Re-Stated	-	318,167,377
Surplus (Deficit) for the Year	-	67,880,931
Balance at June 30th, 2018	-	386,048,308
	<u>June 2019</u> <u>Ug. Shs.</u>	<u>June 2019</u> <u>Ug. Shs.</u>
As at July 1 st , 2018	-	386,048,308
Prior Year Adjustment	-	-
Balance at July 1st, 2018, Re-Stated	-	386,048,308
Capital	122,500,000	
Surplus (Deficit) for the Year	-	98,309,981
Balance at June 30th, 2019	122,500,000	484,358,289

STATEMENT OF CASH FLOWS

	<u>June 2019</u> <u>Ug. Shs.</u>	<u>June 2018</u> <u>Ug. Shs.</u>
Cash flows from Operating Activities:		
Surplus for the Year before Capital Expenditure	98,309,981	67,880,931
Adjustment for Depreciation :	<u>48,633,720</u>	<u>45,795,725</u>
Adjusted Surplus before changes in Working Capital	146,943,701	113,676,656
Decrease (Increase) in Receivables	(67,199,555)	(8,429,385)
Increase (Decrease) in Payables	(202,989,620)	82,831,019
Increase (Decrease) in amounts due from Related Parties	<u>-</u>	<u>-</u>
Net Cash Inflows from Operating Activities:	<u>(123,245,474)</u>	<u>188,078,290</u>
Cash flows from Investing Activities:		
Additions to Fixed Assets	(8,600,000)	(125,800,000)
Capital Work-in-Progress	<u>-</u>	<u>-</u>
Net Cash (Outflows) from Investing Activities:	<u>(8,600,000)</u>	<u>(125,800,000)</u>
Financing Activities:		
Capital Introduced	122,500,000	-
Increase in Deferred Grants	68,839,687	(71,070,937)
Increase (Decrease) in Managed Funds	<u>17,869,331</u>	<u>(62,410,130)</u>
Net Cash flows from Financing Activities:	<u>209,209,018</u>	<u>(133,481,067)</u>
Increase (Decrease) in Cash & Cash Equivalents	77,363,544	(71,202,777)
Balance at July 1 st , 2018	<u>63,630,043</u>	<u>134,832,820</u>
Balance at June 30th, 2019	<u>140,993,587</u>	<u>63,630,043</u>

Notes Forming Part of the Financial Statements

1. Accounting Policies

a. Basis of Accounting

The accounts are prepared under the Historical Cost Convention, and are in compliance with International Accounting Standards.

b. Income and Expenditure

Income earned from members' subscriptions is recognised on cash basis, while other incomes and expenditures incurred by PSFU are recognised on accrual basis. Income is earned from membership subscriptions, fundraisings, rental, trainings and Management Fees

c. Donations and Grants

Donations are recognised in financial statements when received. Grants received are recognised systematically as income over the periods necessary to match them with the related costs, which are intended to compensate. Grants are accounted for using the income approach in which income and their matching costs are disclosed in their entirety.

Grants received to acquire depreciable assets are recognised as income over the periods and in proportions in which depreciation of those assets is charged in the financial statements.

d. Bad & Doubtful Debts

Specific provisions are made against accounts receivable when, in the opinion of Management, recovery is considered doubtful. These are dealt with in the Statement of Comprehensive Income.

e. Taxation

The Private Sector Foundation is an exempt organisation under the provisions of Section 2 (bb) [C] of the Income Tax Act 1997 (as amended) Cap 340.

f. Non-Current Assets and Depreciation

Non-current assets are stated at cost, less accumulated depreciation. The cost of property, plant and equipment is the value of consideration given to acquire the assets and the value of other directly attributable costs incurred in bringing the assets to their current location for their intended use.

Depreciation is calculated on the Straight Line Method at annual rates, which are estimated to write off the cost over their expected useful lives.

The annual rates applied are;

Item	Rate
Land Leasehold Period	Unexpired Period
Furniture, Library Books and Equipment	12.5%
Computers	33%
Motor Vehicles	25%

g. Retirement Benefits

PSFU contributes to NSSF which is the statutory benefits scheme established under the NSSF Act. This is a Defined Contribution Scheme to which PSFU contributed 10% of the employees' gross salaries. PSFU's contribution to the scheme during the year is charged to the Statement of Profit or Loss and other Comprehensive Income.

h. Foreign Currency Transactions

Transactions in foreign currencies during the period are converted into Uganda Shillings 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 Uganda Shillings at rates ruling on that date. The resulting differences from conversion and translation are dealt with in the statement of comprehensive income in the period to which they relate.

i. Accumulated Fund

These funds represent revenue reserves. The amounts are used at the discretion of management within the objects of PSFU.

j. Long Term Investments

Long Term Investments are valued at cost. Any gains or losses on such investments are recognised in the Income Statement for the year such gains or losses occurred.

Private Sector Foundation Uganda
Financial Statements for the year ended
June 30th, 2019

2 SCHEDULES TO THE INCOME STATEMENT

	NOTE	June 2019 Ug. Shs.	June 2018 Ug. Shs.
INCOME			
A) Members Fees			
Entrance Fees		8,000,000	11,000,000
Annual Subscription		90,280,000	62,760,000
		98,280,000	73,760,000
B) Grants (Donor Assistance)			
Other Grants		226,557,288	71,070,937
		226,557,288	71,070,937
C) Contributions For Activities			
Project Management		621,249,620	543,631,632
Training Activities		30,262,600	-
Capacity Building		-	82,387,500
Directory Space		240,920,000	215,242,000
Office Space		530,733,582	482,763,409
		1,423,165,802	1,324,024,541
D) Fundraising			
Exhibition		62,650,000	45,813,000
Sponsorship Revenue		29,000,000	-
		91,650,000	45,813,000
E) Other Revenue			
Other Contributions		25,628,505	48,875,063
Net Exchange Gain		618,338	-
		26,246,843	48,875,063
EXPENDITURE			
F) Staff Costs			
Staff Salaries		805,736,263	701,829,101
Employer NSSf contribution		89,857,234	70,384,914
Staff Bonuses		25,885,936	-
Staff Welfare		-	1,650,000
Staff Insurance		6,038,541	6,038,541
Acting Allowance		6,850,000	-
		934,367,974	779,902,556
G) Technical Assistance			
Transforming Service Quality		23,569,116	-
Financial Self Sufficiency		474,756,346	-
Broaden & Deepen National & Regional Footprint		5,944,000	-
Building Collaborative Stakeholder Relations		37,694,460	-
Association Capacity Building		-	3,010,000
Local Short Term Technical Assistance		-	226,897,929
Project Management Fees		-	9,906,750
		541,963,922	239,814,679

Private Sector Foundation Uganda
Financial Statements for the year ended
June 30th, 2019

	NOTE	June 2019 Ug. Shs.	June 2018 Ug. Shs.
H) Promotion & Publicity		-	20,929,322
I) Workshops & Training		-	146,632,364
J) Travel & Fuel		5,280,000	45,371,292
K) Depreciation			
Lease Armotisation Land & Buildings		36,570,720	36,570,725
Motor Vehicles		8,125,000	8,125,000
Furniture & Fittings		-	-
Office Equipment		-	-
Computer Equipment		3,938,000	1,100,000
Library Books		-	-
		48,633,720	45,795,725
L) Administration Overheads			
Communication Expenses		29,421,695	31,253,888
Motor Vehicle Expenses		33,769,800	44,725,600
Utilities		22,464,787	21,411,518
Office Equipment Expenses		16,561,676	11,302,769
Land & Building Expenses		41,620,702	21,072,704
Office Consumables		28,861,470	31,156,040
Bank Charges		7,246,175	8,554,215
Insurance		2,022,025	3,404,918
Exchange Loss		14,105,198	593,082
		196,073,528	173,474,734
M) Provisions			
Provision for Doubtful Debts		28,290,808	24,938,938
Provision for Audit Fees		12,980,000	12,303,000
		41,270,808	37,241,938
N) Project Capital Expenditure			
Project Expenditure on Capital Items		-	6,500,000
		-	6,500,000

Private Sector Foundation Uganda
Financial Statements for the year ended
June 30th, 2019

NOTES TO THE 2019 ACCOUNTS, Continued

3. PROPERTY, PLANT & EQUIPMENT:

	Leasehold Land & Buildings	Motor Vehicles	Furniture and Fittings	Office Equipment	Computer Equipment	Library Books	Total
	<u>Ug. Shs.</u>	<u>Ug. Shs.</u>	<u>Ug. Shs.</u>	<u>Ug. Shs.</u>	<u>Ug. Shs.</u>	<u>Ug. Shs.</u>	<u>Ug. Shs.</u>
<u>Cost/Valuation</u>							
At July 1 st , 2018	834,413,348	66,000,000	24,378,625	21,995,733	28,668,344	9,076,000	984,532,050
Additions	-	-	-	-	8,600,000	-	8,600,000
At June 30 th , 2019	834,413,348	66,000,000	24,378,625	21,995,733	37,268,344	9,076,000	993,132,050
Depreciation Rate		25%	12.5%	12.5%	33%	12.5%	
<u>Depreciation</u>							
At July 1 st , 2018	422,135,401	57,875,000	24,378,625	21,995,733	26,468,344	9,076,000	561,929,103
Charge for the Year	36,570,720	8,125,000	-	-	3,938,000	-	48,633,720
At June 30 th , 2019	458,706,121	66,000,000	24,378,625	21,995,733	30,406,344	9,076,000	610,562,823
<u>Net Book Value</u>							
At June 30 th , 2019	375,707,227	-	-	-	6,862,000	-	382,569,227
At June 30 th , 2018	412,277,947	8,125,000	-	-	2,200,000	-	422,602,947

NOTES TO THE 2019 ACCOUNTS, Continued

	<u>NOTE</u>	<u>June 2019</u> <u>Ug. Shs.</u>	<u>June 2018</u> <u>Ug. Shs.</u>
4 Long Term Investments			
Investments in Shares (Unquoted)		100,000,000	100,000,000
		<u>100,000,000</u>	<u>100,000,000</u>
5 Accounts Receivable			
Receivables for Contributory Activities		236,509,085	244,009,384
Staff Advances		20,431,475	24,771,115
Working Advances		-	1,353,000
Withholding Tax		119,466,422	88,523,610
Prepayments		32,282,490	
Provision For Doubtful Debts		(31,677,573)	(48,844,765)
		<u>377,011,899</u>	<u>309,812,344</u>
6 Cash & Bank Balances			
PSFU (US \$)		24,193,135	171,845
PSFU (Ug. Shs.)		13,283,807	23,921,298
PSFU Centenary (US\$)		7,864,698	37,642,679
Centenary Bank (Ug. Shs.)		4,917,282	894,220
Gain (Ug. Shs.)		90,734,664	1,000,000
		<u>140,993,586</u>	<u>63,630,042</u>
7 Accounts Payable			
Payables for Services		44,454,458	87,914,718
Provision for Costs on Contributory Activities		-	38,209,360
Provision for Audit Fees		12,980,000	11,800,000
Unexpired Provisions		176,205,080	176,205,080
Accounts Payables: KCCA		-	122,500,000
		<u>233,639,538</u>	<u>436,629,158</u>

8. THE GLOBAL ALLIANCE OF IMPROVED NUTRITION (GAIN)

In 2017, a five (5) year multi-sectoral National Food Fortification strategy was developed and one of its specific objectives is "To increase compliance with mandatory food fortification regulations for all selected vehicles." It is upon this background that the Ministry of Health in collaboration with the multi-sectoral National Working Group on Food Fortification (NWGFF) partnered with Global Alliance for Improved Nutrition (GAIN) to implement a Bill and Melinda Gates Foundation supported project entitled "ENABLE Platform," (2017-2019).

The goal of Project ENABLE has been improving compliance with mandatory fortification in Uganda and the implementation of the project work plan has been supported through Private Sector Foundation Uganda (PSFU) who is the Fund Manager.

During the year PSFU utilized support from GAIN under Project Number: 13GL 15-10. In accordance with the existing accounting policies this grant was recognized systematically as income over the period necessary to match them with related costs which they are intended to compensate using the income approach in which income and their matching costs are disclosed in their entirety. Below is the Fund Statement for the GAIN Grant;

Items	Jun-19
	Ugx
Income	
Disbursements during the year	317,291,952
Available Funds	317,291,952
Expenditure	
To enhance the coordination role of the NWGFF to improve compliance with the mandatory fortification regulation.	42,732,239
Building regulatory monitoring capacity for food fortification for key government agencies.	96,899,852
Industry capacity building to improve compliance	32,660,000
Enabling Environment Policy Knowledge Management	25,123,035
Fund Manager Admin Fee	29,142,162
Total Expenditure	226,557,288
Unspent balance c/f included in Deferred Grants	90,734,664



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