



STRESS FREE INVESTMENT CLUB

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023



KHAN ASSOCIATES

Certified Public Accountants of Uganda Plot 13,
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CLUB INFORMATION

COMMITTEE MEMBERS: Brian Yesigye Bravo/ Executive Director
Atumanya Anxious/ General Secretary/Legal advisor
Ronald Serwanja/ Treasurer
Alex Lubega/ Administrator
Linda Arach/ Ass. Administrator
Ronald Sebunya/ Head of Investment
Dorah Lubega Atwongyere / Committee Member

REGISTERED OFFICE: Plot 12, Luwum Street- City Centre Complex
P.O.Box 34012
Kampala
Uganda

AUDITORS: KHAN Associates
Certified Public Accountants
Plot 13. Buganda Road,
Mukwano Courts 2nd Floor, Suit No. 208
P.O.Box 36238
Kampala

BANKERS: DFCU
Uganda Limited

COMMITTEE MEMBER'S REPORT

The Committee Members present their report together with the management and financial statements of the Investment Club for the year ended 30th June 2023.

PRINCIPAL ACTIVITIES

The principal activity of Stress-Free Investment Club is to mobilize savings from its members, advance loans to members and invest Club funds in financially profitable ventures for the benefit of all members.

REVIEW OF ACTIVITIES

The operating results and state of affairs of the Club are fully set out in the attached financial statements. Net Surplus of the Investment Club for the year under review (Ended 30 June, 2023) was **Ushs. 72,558,598.**

GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that; funds will be available to finance future operations and realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

DIVIDENDS

No dividends were declared or paid during the year.

DIRECTORS

The present membership of the Executive Committee is set out on page 1.

AUDITORS

The Club auditors; KHAN Associates Certified Public Accountants have expressed their willingness to continue in office in accordance with the provisions of Section 167(2) of the Companies' Act, 2012.

BY ORDER OF THE BOARD



Club Secretary

Date: 17 / 08 / 2023

STATEMENT OF COMMITTEE MEMBERS' RESPONSIBILITIES

The Executive committee members are required in terms of the Companies Act of Uganda and the Club Constitution to maintain adequate accounting records and are responsible for the content and integrity of the financial information included in this report. It is their responsibility to ensure that the financial statement fairly present the statement of affairs of the Club as at the end of the financial period and the result of its operations and cash flows for the period ended, in conformity with International Financial Reporting Standards for SMEs. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards for SMEs and are based upon appropriate accounting policies adopted during the period and supported by reasonable and prudent judgments and estimates.

The Committee members acknowledge that they are ultimately responsible for the system of internal financial control established by the Club and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Club and all employees are required to maintain the highest ethical standards in ensuring that the club's business is conducted in a manner that is in all reasonable circumstances above reproach. The focus of risk management in the Club is on identifying, assessing, managing, and monitoring all known forms of risk across the club. While operating risk cannot be fully eliminated, there are endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within the predetermined procedures and constraints.

The Committee Members are of the opinion, based on the information and explanations given; that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against any material misstatement or loss.

The Committee Members have reviewed the Club's cash flow forecast for the year ended to 30 June 2023 and in light of this review and the current financial position, they are satisfied that the club has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages **7 to 15**, which have been prepared on the going concern basis, were approved by the Committee Members on 17/08/2023 and were signed on their behalf by;



EXECUTIVE DIRECTOR



TREASURER



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRESS-FREE INVESTMENT CLUB ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023.

Opinion

We have audited the financial statements of Stress-Free Investment Club, which comprise the statement of financial position as at 30th June 2023, and the statement of Income and expenditure, statement of changes in accumulated fund and Statement of cash flows for the period then ended, and notes to the financial statements, including a summary of Significant accounting policies.

In our opinion the financial Statements give a true and fair view of the state of the financial affairs of Stress-Free Investment Club as at 30th June 2023, and of its Performance and Cash Flows for the period then ended and are in accordance with International Financial Reporting Standards for Small and Medium- Sized Entities, the Uganda Companies Act 2012 and the Tier 4 Micro Finance and Money Lenders Act 2016.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Guidelines issued by the Institute of Certified Public Accountants of Uganda. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are Independent of the investment club 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 statement 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 them. There were no reportable key audit matters during the year.

Other information

The Executive Committee is responsible for other information. The other information comprises the report of the committee members but does not include the financial statements and the report of the independent auditors. Our opinion on the financial statements does not cover 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 Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

We also:

- I. 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.
- II. 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 Club's internal control.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report however; future events or conditions may cause the Club to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

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

Report on Other Legal and Regulatory Requirements

As required by the companies Act 2012, we report to you based on our audit, that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. In our opinion, proper books of account have been kept by the Club so far as appears from our examination of those books; and
3. The Club's statement of financial position and statement Income and Expenditure are in agreement with the books of account.

The engagement practitioner on the audit resulting in this independent auditor's report is CPA.

Hannington Agaba -**P0489**

CPA. Hannington Agaba
Partner; Audit and Assurance
Date: ..17/.08 2023



Certified Public Accountants
Kampala-Uganda

STATEMENT OF INCOME AND EXPENDITURE

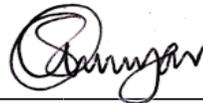
Income	Note	2023 Ushs	2022 Ushs
Revenue	1	95,137,548	53,303,720
Expenditure			
Administration expenses	2	(22,578,950)	(15,553,199)
		<u>72,558,598</u>	<u>37,750,521</u>
Net Profit			

The significant accounting policies and notes on pages **11 to 15** form an integral part of these financial statements.

The financial statements were approved by the Executive Committee Members on 17 / 08 / 2023 and were signed on its behalf by;



EXECUTIVE DIRECTOR



TREASURER

STATEMENT OF FINANCIAL POSITION

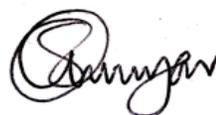
	Note	2023 Ushs	2022 Ushs
ASSETS			
Non-current assets			
Investment	5	608,852,870	454,297,837
Current Assets			
Cash and cash equivalents	3	15,465,228	16,055,293
Receivables	4	113,120,430	261,157,450
Inventory	8	<u>3,234,000</u>	<u>3,795,000</u>
		131,819,658	281,007,743
Total Assets		<u>740,672,528</u>	<u>735,305,580</u>
<u>EQUITY AND LIABILITIES</u>			
Equity			
Retained earnings		124,552,178	51,993,580
Non-Current Liabilities			
Members' Savings	6	566,965,500	671,065,000
Current liabilities			
Payables	7	<u>49,154,850</u>	<u>12,247,000</u>
Total Equity and Liabilities		<u>740,672,528</u>	<u>735,305,580</u>

The significant accounting policies and notes on pages **11 to 15** form an integral part of these financial statements.

The financial statements were approved by the Executive Committee Members on 17 / 08 / 2023 and were signed on its behalf by;



EXECUTIVE DIRECTOR



TREASURER

STATEMENT OF CHANGES IN EQUITY

	Retained
	Earnings
	Ushs
Balance at 1st June 2021	14,243,059
Net profit of the year	<u>37,750,521</u>
Balance as at 30th June 2022	<u>51,993,580</u>
Balance as at 1st July 2022	51,993,580
Net profit of the year	<u>72,558,598</u>
Balance as at 30th June 2023	<u>124,552,178</u>

The significant accounting policies and notes on pages **11 to 15** form an integral part of these financial statements.

The financial statements were approved by the Executive Committee Members on 17 / 08 / 2023 and were signed on its behalf by;



EXECUTIVE DIRECTOR



TREASURER

STATEMENT OF CASHFLOWS

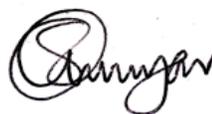
	Notes	2023 Ushs	2022 Ushs
Cash flows from operating activities			
Profit / (Loss) before tax		72,558,598	37,750,521
Operating profit before working capital change			
Increase /(Decrease) in Members Savings	6	(104,099,500)	374,633,000
Increase /(Decrease) in trade payable	7	(36,907,850)	10,538,976
(Increase)/Decrease in receivables	4	148,037,020	(186,070,550)
(Increase)/Decrease in Inventory	8	561,000	1,515,000
Net Cash generated from operating activities		153,964,968	238,366,947
Cash flows from investing activities			
Increase /(Decrease) in Investment	5	(154,555,033)	(229,695,005)
Cash flow from investing activities		(154,555,033)	(229,695,005)
Net Cash generated from Financing Activities		-	-
Net increase/(decrease) in cash and cash equivalent		(590,065)	8,671,942
Cash and cash equivalents at 1st July		16,055,293	7,383,351
cash and cash equivalent as at 30th June	3	15,465,228	16,055,293

The significant accounting policies and notes on pages **11 to 15** form an integral part of these financial statements.

The financial statements were approved by the Executive Committee Members on 17 / 08 / 2023 and were signed on its behalf by;



EXECUTIVE DIRECTOR



TREASURER

SIGNIFICANT ACCOUNTING POLICIES

a) Presentation of financial statements

The Financial Statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities and the Companies Act of Uganda. The Financial Statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. They are presented in Uganda Shillings

The Club recognizes the next future tax benefit related to deferred income tax assets to the extent that it is probably that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires Club to make significant estimates related to expectations of future taxable incomes. Estimates of future taxable income are based on forecast cash flows from operations and the significantly from estimates, the ability of the Club to realize the net deferred tax assets recorded at the end of the reporting period could be impacted.

b) Signification judgment s and sources of estimation uncertainties

The preparation of Financial Statements in conformity with International Financial Reporting Standards for Small and Medium-Sized Entities require the use of Estimates and assumptions. It also requires management to exercise its judgment in the process of applying accounting policies in areas involving a higher degree of Judgment or complexity, or where assumptions and estimates are significant to the financial statements. Significant judgments Include:

c) Trade and other receivables

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortized cost. Appropriate allowances for estimated irrecoverable amounts are recognized in statement of Comprehensive Income when there is objective evidence that the asset is impaired. The amount of the provision is recognized in the statement of Comprehensive income.

d) Trade and other payables

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

e) Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

f) Income

Income is recognized to the extent that it is highly probable that the economic benefit will flow to the Club and it can be reliably measured. Income is measured at the fair value of the consideration received, excluding discount, rebates and other taxes or duty.

NOTES TO THE FINANCIAL STATEMENTS

NOTES	2023 Ushs	2022 Ushs
1 Revenue		
Membership fees	500,000	1,200,000
Annual Subscription	17,726,500	5,070,000
Realised Income on Exiting of members	10,546,900	2,451,500
Interest (DFCU bank)	28,115	2,215
Interest (UAP Investment)	38,575,033	15,865,005
Interest (Treasury Bond)	27,200,000	27,200,000
Other incomes	561,000	1,515,000
	<u>95,137,548</u>	<u>53,303,720</u>
2 Administration expenses		
Legal documentation	220,000	120,000
Bank charges	284,050	443,025
IT expenses	600,000	-
Support staff expenses	6,280,000	7,280,000
Communication	-	288,000
Printing and stationery	-	8,000
Publicity(UNNA convention)	1,870,000	-
AGM Expenses	7,473,900	1,934,174
Audit fees	1,500,000	1,500,000
Consultancy fees (valuation report)	1,050,000	1,260,000
Interest expense (WHT)	2,720,000	2,720,000
Cost of sold T-shirts	561,000	-
Transport	20,000	-
	<u>22,578,950</u>	<u>15,553,199</u>
3 Cash and cash equivalentents		
Cash in bank	15,465,228	16,055,293
	<u>15,465,228</u>	<u>16,055,293</u>
4 Receivables		
Monthly contributions due from members	113,120,430	261,157,450
	<u>113,120,430</u>	<u>261,157,450</u>

Stress Free Investment Club
Annual Report and Financial Statements
For the year ended 30th June 2023

NOTES TO FINANCIAL STATEMENTS CONTINUED

	2023	2022
	Ushs	Ushs
5 Investment		
UAP Umbrella Trust fund A/c 1	362,592,124	236,810,418
UAP Umbrella Trust fund A/c 2	54,388,746	25,615,419
Treasury bond	<u>191,872,000</u>	<u>191,872,000</u>
	<u>608,852,870</u>	<u>454,297,837</u>
6 Members		
Members Savings	560,820,000	668,000,000
Members savings- Advance	<u>6,145,500</u>	<u>3,065,000</u>
	<u>566,965,500</u>	<u>671,065,000</u>
7 Payables		
Members savings-Accs to be disabled	45,144,850	9,147,000
Other Payables	2,510,000	1,600,000
Audit fees Payable	<u>1,500,000</u>	<u>1,500,000</u>
	<u>49,154,850</u>	<u>12,247,000</u>
8 Inventory		
Branded Polo T-shirts & Face Masks	<u>3,234,000</u>	<u>3,795,000</u>
	<u>3,234,000</u>	<u>3,795,000</u>

Note: Members savings- Accs Disabled refers to amount due to members whose accounts were disabled due to inactivity but have not yet withdrawn their savings.

Note: Other payables relate to amounts deposited on the Club's bank account but not traceable to any member.

NOTES TO FINANCIAL STATEMENTS continued

9 Country of incorporation and registered office

The Club is incorporated in Uganda under the Ugandan Companies Act and domiciled in Uganda

The address of the Registered Office is;

Plot 12, Luwum Street

10. Risk Management

Capital Risk Management

The Club's objective when managing capital is to safeguard the Club's ability to continue as a going concern in order to provide returns for the members and other stakeholders and to maintain an optimal capital structure to efficiently invest and pay club's expenditures as they fall due.

Financial Risk management

The Club's activities expose it to a variety of financial risk: Market Risk (Including Currency risk, fair value Interest Rate Risk, Cash flow Interest rate risk and price risk), Credit Risk and Liquidity Risk.

Liquidity Risk

Prudent Liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position. Due to the dynamic nature of the underlying businesses, the Club maintains flexibility in funding by maintaining availability and committed credit lines.

The Club's risk to Liquidity is a result of funds available to cover future commitment. The Club manages liquidity risk through ongoing review of future commitments.

Cash flows forecasts are prepared and adequately utilized.

Interest rate risk

As the Club has interest bearing assets, the Club's income and operating cash flows are substantially dependent of changes in market interest rates.

Credit risk

Trade receivables comprise a limited customer base mainly from members. Management evaluates credit risk relating to members on an ongoing basis.

11. Contingencies

In the opinion of the Committee Members, the Club did not have any contingent liabilities as at 30th June 2023.

NOTES TO FINANCIAL STATEMENTS continued

12. Financial Reporting Period

The Financial Reporting Period is twelve months to 30th June 2023.

13. Reporting Currency

The reporting Currency is Ugandan Shillings (Ushs/UGX)

14. Events after the reporting period

The Committee Members are not aware of any post year-end items that require amendment or adjustment to the financial statements as at the date of this report.