
STATUTORY INSTRUMENTS
SUPPLEMENT No. 26

6th December, 1996

STATUTORY INSTRUMENTS SUPPLEMENT

to The Uganda Gazette No. 70 Volume LXXXIX dated 6th December, 1996.

Printed by UPPC, Entebbe, by order of the Government.

THE CAPITAL MARKETS (ACCOUNTING AND FINANCIAL
REQUIREMENTS) REGULATIONS, 1996.

ARRANGEMENT OF REGULATIONS.

Regulation.

PART I—PRELIMINARY.

1. Title.
2. Interpretation.

PART II—ACCOUNTING RECORDS.

3. Records to be up-to-date.
4. Audit trial.
5. Reconciliation of customer money.
6. Conformity with accounting standards.
7. Inspection of records.

PART III—FINANCIAL STATEMENTS.

8. Duty to prepare annual financial statements.
9. Form and content of financial statements.
10. Audit of financial statements.
11. Submission of financial statements to the Authority.
12. Auditors report.
13. Qualified reports.

Regulation.

PART IV—CUSTOMER MONEY.

14. Customer money to be held on trust.
15. Duty to keep customer money safe.
16. Withdrawal of customer money.

SCHEDULE

Form and content of Financial Statements

STATUTORY INSTRUMENTS.

1996 No. 55.

The Capital Markets (Accounting and Financial Requirements) Regulations, 1996.

(Under section 102 of the Capital Markets Authority Statute 1996, Statute No. 1 of 1996)

IN EXERCISE of the powers conferred on the Capital Markets Authority by section 102 of the Capital Markets Authority Statute, 1996, these Regulations are made this 20th day of November, 1996.

Statute No. 1
of 1996.

PART I—PRELIMINARY.

1. These Regulations may be cited as the Capital Markets (Accounting and Financial Requirements) Regulations, 1996. Title.

2. (1) In these Regulations, unless the context otherwise requires— Inter-pretation.

“approved” means approved by the Authority;

“customer bank account” means a bank account established for the purposes of regulation 15;

“Statute” means the Capital Markets Authority Statute, 1996.

(2) In these Regulations, any term defined in the Statute shall have the meaning assigned to it in the Statute.

PART II—ACCOUNTING RECORDS.

3. The obligations of brokers or dealers, exempt dealers and investment advisers set out in these Regulations are continuing obligations and continuous performance of them shall be maintained for ensuring that records are kept up to date. Records to be up-to-date.

Audit trail.

4. (1) Information required by the Statute or these Regulations to be recorded shall be recorded in such a way as to enable a particular transaction to be identified at any time and traced through from initiation of the order to final settlement.

(2) All records shall be arranged, filed, indexed and cross referenced in such a manner as to permit prompt access to any particular record.

Reconciliation of customer money.

5. A broker or dealer, exempt dealer and investment adviser shall at least once every month, reconcile the balance on each customer account as recorded by it with the balance of that account as set out on the statement issued by the bank.

Conformity with accounting standards.

6. The accounting records required to be kept under the Statute and these Regulations shall conform with statements of standard accounting practice issued by the Institute of Certified Public Accountants of Uganda.

Inspection of records.

7. Accounting records which are required to be kept under the Statute and these Regulations shall, at any time during the period in which they are required to be kept, be produced on demand to the Authority or to any person authorised in writing by the Authority, at such reasonable time and place as may be specified by the Authority or that person.

PART III—FINANCIAL STATEMENTS.

Duty to prepare annual financial statements.

8. A broker or dealer and an exempt dealer shall, in respect of his or her securities business, prepare for each calendar year (1st January to 31st December) annual financial statements which shall consist of—

(a) a balance sheet as at the last day of the calendar year;
and

(b) a profit and loss account for the calendar year.

9. (1) The financial statements required to be prepared under the Statute and these Regulations shall comply with the provisions of the Schedule so far as practicable, with respect to the form and content of the balance sheet, the profit and loss account and any additional information to be provided by way of notes to the financial statements.

Form and
content of
financial
statements.

(2) Where compliance with the provisions of the Schedule and other provisions of the Statute and these Regulations as to the matters to be included in a balance sheet or profit and loss account or in notes to them, would not be sufficient to give a true and fair view, the necessary additional information shall be given in the balance sheet or profit and loss account or in a note to them.

(3) If in special circumstances, compliance with any of the provisions of these Regulations is inconsistent with the requirement to give a true and fair view, the person required to comply shall depart from that provision to the extent necessary to give a true and fair view.

(4) A departure under sub-regulation (3) from any provision referred to in that sub-regulation shall be accompanied by a note to the financial statements providing the particulars of the departure and the reasons for it.

10. (1) Annual financial statements required to be prepared under the Statute and these Regulations shall be submitted to an auditor for audit and the licensee concerned shall obtain an auditor's report on them which report shall comply with the requirements of regulation 12.

Audit of
financial
statements

(2) The auditor's report obtained in compliance with these Regulations shall be submitted to the Authority together with—

(a) the annual financial statements ; and

(b) confirmation in writing from the person who prepared the financial statements that he or she has complied with each and every requirement of the Statute and these Regulations, pertaining to the preparation of the financial statements.

(3) Where the auditor's report is qualified on the grounds of the auditor's uncertainty as to the completeness or accuracy of the accounting records, that report shall, when submitted by a broker or dealer or exempt dealer, be accompanied by a written document, signed in the case of a company, by two directors, and in the case of an individual by the licensed individual stating—

- (a) whether all the accounting records of the person submitting the report have been made available to the auditor for the purposes of his or her audit;
- (b) whether all transactions undertaken by the person submitting the report have been properly reflected and recorded in that person's accounting records; and
- (c) whether all other records of the person submitting the report and related information have been made available to the auditor.

Submission
of financial
statements
to the
Authority.

11. Financial statements prepared in accordance with the Statute and these Regulations shall be submitted to the Authority within the prescribed time.

Auditors
report.

12. (1) The auditor's report shall be addressed to the Authority and shall state whether the annual financial statements of a broker or dealer or exempt dealer have been audited in accordance with approved auditing standards.

(2) The auditor's report shall also state whether in the opinion of the auditor—

- (a) the respective annual financial statements have been properly prepared in accordance with the Statute and these Regulations;
- (b) in the case of the balance sheet, a true and fair view of the financial affairs of the person audited is provided as at the end of the financial year;

- (c) in the case of the profit and loss account, a true and fair view of the profit or loss, for the financial year, of the person audited is given;
- (d) the person audited has, throughout the financial year, kept proper accounting records in accordance with the requirements of the Statute and these Regulations;
- (e) the person audited has, throughout the financial year, kept customer money properly segregated in accordance with the Statute and these Regulations;
- (f) the balance sheet and the profit and loss account are in agreement with the accounting records of the audited person;
- (g) he or she has obtained all the information and explanations which, to the best of his or her knowledge and belief, are necessary for the purposes of his or her audit; and
- (h) the person audited has maintained throughout the financial year, systems adequate to enable the person audited to identify documents of title, or documents evidencing title, to securities held in safekeeping for his or her customers in accordance with the Statute.

13. (1) If the auditor is of the opinion that one or more of the requirements of regulation 12 have not been met, the auditor shall state the fact in his or her report and shall specify the relevant requirements and the respects in which they have not been met.

Qualified reports.

(2) If the auditor fails to obtain all the information and explanations which, to the best of his or her knowledge and belief, are necessary for the purposes of the audit, he or she shall state that fact in the report.

(3) If the auditor is unable to form an opinion as to whether one or more of the requirements of regulation 12 have been met, he or she shall state that fact in his or her report and shall specify those requirements and give the reasons why he or she has been unable to form an opinion.

PART IV—CUSTOMER MONEY.

Customer money to be held on trust.

14. Customer money held by a broker or dealer, exempt dealer or investment adviser shall be held on trust for the respective customers for whom the money is received or held, according to the customers' respective shares.

Duty to keep customer money safe. Statute No. 3 of 1993.

15. Customer money, unless paid out to or for the customer concerned, shall be kept in an account at a bank licensed under the Financial Institutions Statute, 1993 on trust for the customer.

Withdrawal of customer money.

16. (1) Subject to sub-regulation (2), money may be withdrawn from a customer bank account only if—

(a) it is not customer money;

(b) it is properly required for payment to or on behalf of a customer; or

(c) it is properly transferred to another customer bank account in the customer's own name.

(2) A broker or dealer, exempt dealer or investment adviser may withdraw money from a customer bank account for or towards payment of his or her own fees or commission only if the fees or commissions accord with arrangements agreed with the customer.

SCHEDULE

FORM AND CONTENT OF FINANCIAL STATEMENTS

Regulation 9.

PART 1

GENERAL RULES

1. Subject to the provisions of this Schedule, the annual financial statements required under these Regulations shall—

(a) in the case of the balance sheet show the items listed in the balance sheet format set out in Appendix I to this Schedule; and

(b) in the case of the profit and loss account show the items listed in the profit and loss account format set out in Appendix II to this Schedule.

2. (1) In respect of every item shown in a balance sheet or profit and loss account or in notes to them, the corresponding amount for the immediately preceding financial year shall also be shown.

(2) Where the corresponding amount is not comparable with the amount to be shown for the item in question in respect of the financial year to which the balance sheet or profit and loss account relates, the former amount shall be adjusted and particulars of the adjustment and the reasons for it shall be disclosed in a note to the accounts.

PART 2

ACCOUNTING PRINCIPLES AND RULES

3. Subject to paragraph 5, the amounts to be included in respect of all items shown in a balance sheet and profit and loss account shall be determined in accordance with the accounting standards and guidelines in force from time to time as approved or accepted by the Institute of Certified Public Accountants of Uganda and with paragraph 4 and 5 of this schedule.

4. Subject to paragraph 3, items shall be included in such a way as to reflect the substance and not merely the form of the underlying transactions and balances.

5. If it appears to the person preparing the financial statements that there are special reasons for departing from any of the principles and Regulations stated in paragraphs 3 and 4 in preparing the financial statements in respect of any financial year, the person may do so, but particulars of the departure, the reasons for it and its effect shall be given in a note to the financial statements.

APPENDIX I

BALANCE SHEET FORMAT

Paragraph 1.

A. FIXED ASSETS

I. Intangible Assets.

1. Development costs.
2. Goodwill (1).
3. Other.

II. Tangible Assets.

1. Freehold land and buildings.
2. Leasehold land and buildings.
3. Motor vehicles.
4. Office equipment and computers.
5. Fixtures and fittings.
6. Payments on account.
7. Other tangible assets.

III. Investments

1. Loans to and shares in group companies and connected companies.
2. Other listed investments.
3. Other unlisted investments.

B. CURRENT ASSETS

- I. Physical stocks.
- II. Debtors (2).

1. Trade debtors (3).
2. Other debtors.
3. Amounts due from connected and group companies.
4. Prepayments and accrued income.

III. Investments.

IV. Cash at bank and in hand.

C. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

1. Bank loans and overdrafts.
2. Subordinated loans (4).
3. Other debenture loans.
4. Trade creditors (5).
5. Investments (short positions).
6. Income tax.
7. Amount due to group and connected companies.
8. Other creditors.
9. Accruals and deferred income.

D. NET CURRENT ASSETS (LIABILITIES)

E. TOTAL ASSETS LESS CURRENT LIABILITIES

F. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

1. Bank loans and overdrafts.
2. Subordinated loans (4).
3. Other debenture loans.
4. Trade creditors (5).
5. Income tax.
6. Amounts due to group and connected companies.
7. Other creditors.
8. Accruals and deferred income.

G. PROVISIONS FOR LIABILITIES AND CHARGES

1. Commissions on indemnity terms.
2. Pension and similar obligations.
3. Taxation including deferred taxation.
4. Other provisions.

H. TOTAL ASSETS LESS TOTAL LIABILITIES

I. CAPITAL AND RESERVES

1. Called up share capital.
2. Share premium account.
3. Partner's or proprietor's capital accounts.
4. Partner's or proprietor's current accounts.
5. Revaluation reserve.
6. Other reserves.
7. Profit and loss account.

Notes on the Balance Sheet Format

1. GOODWILL

Goodwill shall be included only in so far as it was acquired for valuable consideration.

2. DEBTORS

The amount falling due after more than one year shall be shown separately for each item included under debtors.

3. TRADE DEBTORS

(a) Fees

Outstanding for more than 30 days.

Outstanding for 30 days or less.

(b) Commissions

Outstanding for more than 30 days.

Outstanding for 30 days or less.

(c) Other

Amount outstanding for more than 30 days.

Amount outstanding for 30 days or less.

4. SUBORDINATED LOANS

(a) Long term subordinated loans.

(b) Short term subordinated loans.

(c) Committed undrawn subordinated loan facilities.

(d) Bank undertakings.

5. TRADE CREDITORS

- (a) Amounts due to be paid against delivery of securities.
- (b) Amounts due to be paid in respect of securities transactions otherwise than against delivery of securities.
- (c) Other (specify).

APPENDIX II

PROFIT AND LOSS ACCOUNT FORMAT

Paragraph 2.

A. DEALING

Gains/losses on principal dealings (trading).

- 1. Equities.
- 2. Debt instruments.
- 3. Units in collective investment schemes.
- 4. Foreign exchange.
- 5. Other (specify).

B. REVENUE

I. Commissions on transaction in collective investment schemes.

- 1. Authorised mutual fund and unit trust schemes.
- 2. Other (specify).

II. Commissions on securities transactions.

- 1. Equities.
- 2. Debt instruments.
- 3. Other (specify).

III. Investment management fees.

IV. Fee income in respect of financial advice.

V. Company management fee.

VI. Trustee fees.

VII. Interest and dividends.

- 1. Investments positions.
- 2. Loan accounts and margin accounts.
- 3. In respect of balances in customer bank accounts.
- 4. Other (specify).

- VIII. Dealing and settlement services.
- IX. Revenue from research and consulting services.
- X. Retained underwriting and placing commissions.
- XI. Other revenue (specify if material).

C. EXPENDITURE

I. Commissions.

- 1. Paid to staff.
- 2. Paid to other investment businesses.
- 3. Other (specify).

II. Salaries and other employment costs (exclusive of commission).

III. Directors' emoluments.

IV. Staff bonuses.

V. Interest charges.

- 1. Payable to customer in respect of customer's money balances.
- 2. Other (specify).

VI. Establishment costs.

VII. Communications and marketing.

VIII. Office equipment and services.

IX. Provisions for losses, bad and doubtful debts.

X. Professional charges.

XI. Securities exchange and clearing house charges.

XII. Regulatory fees and expenses.

XIII. Audit fees (including expenses).

XIV. Miscellaneous office expenses.

XV. Other expenditure (specify if material).

D. PROFIT OR LOSS BEFORE TAXATION.

E. TAXATION.

F. PROFIT OR LOSS AFTER TAXATION.

G. EXTRA ORDINARY ITEMS.

H. PROFIT OR LOSS FOR THE FINANCIAL YEAR.

LEO KIBIRANGO,
Chairman, Capital Markets Authority.