



Uganda Timber Growers Association

# Annual Report 2020





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Restoration enables forests to provides a habitat for wildlife, enviromental benefits,& protection of biodiversity.





## VISION

To be the leading commercial forestry actor in Uganda.

## MISSION

To support efficient, high quality and profitable commercial forestry investments that represents members' interests through collective effort.

## CORE VALUES

- 1. Honesty:** We are open and truthful in whatever we do and we condemn all forms of dishonesty
- 2. Accountability:** We hold our selves accountable to the highest level of ethical behaviour and responsibility for our actions, while maintaining integrity in our performance.
- 3. Mutual Respect:** We respect each other's views and contributions cognizant of the fact that each individual is endowed with different and unique capabilities which are useful to the attainment of the Associations' objectives.
- 4. Gender Equality and Diversity:** In fulfilling our mission we treat men and women equally with fairness and acknowledge, respect and celebrate the diversity within our membership.
- 5. Participation:** We appreciate each other's participation and encourage all the members to actively participate in the affairs of the Association.
- 6. Value for quality:** We stand for the best standards and practices in commercial forestry.





## CHAIRPERSON'S STATEMENT



**M**y warm Greetings to you all. Welcome to our 14th Annual General Meeting. I wish to congratulate all of you for having reached this far. The year 2020 will for sure be in many history books for the many years to come. Not only

its uniqueness of the pronunciation of **twenty-twenty** but for the many uncertainties everyone faced due what the year presented with.

The COVID-19 pandemic has been a human, health, and economic crisis that has deeply affected the lives of many people around the world, including members of our UTGA family, their relatives and friends.

Our heartfelt condolences go out to all those who have lost loved ones during this difficult time. I wish to request all here present to join me we stand up for a minute to remember all those who have and continue to lose loved ones. We continue to remember all those families who are losing people not only from Covid-19 but many other deaths since we last met on 13th March 2020.

*(may their souls rest in Peace)*

When the pandemic struck, we met a lot of challenges due especially to the total lock down and the uncertainties our staff and growers faced not knowing how long it would take. This was compounded further by the office not having a truck to ease transport to check on our nursery.

To you our guests you are welcome and thank you for having decided to get stuck with us. We promise to remain your partners.

I can say the past year has been successful due to the fact that we are here and still trying to serve our members. However, the percentage of success for UTGA will be judged by our financial performances that are to be presented by our auditors.

We remain active on many fronts and for a community

of Timber growers, with a relatively not very big new membership I feel we punched well above our weight. However, I believe, with the commitment of all of you here we shall for sure continue to work toward our goals.

### » Operating Environment

Our Association has maintained an upward trajectory amidst the many financial challenges and the uncertainty caused by the looming proposal by REA to utilize the concrete poles for Electricity instead of the Timber poles. We continue to operate being guided by our 2020 - 2024 Strategic plan.

### » Membership

I wish to welcome 19 new members who joined us in 2020 and thus increased our membership. This is very minimal increase and new ideas on how to have more members interested are welcome.

We wish to appreciate you all who heeded to our call to join the Association. I wish to encourage you all to be our ambassadors in recruiting more members into our UTGA family. In this new normal, we need to have robust strategy on recruitment of new members.

UTGA exists for its members, we need to understand why members are not excited in joining UTGA if it's mandate is to serve growers.

I encourage the new executive to earmark some funds for marketing strategies to increase our membership. I would encourage all of you to express yourselves – you might like to comment on the way the UTGA is run, the content of our activities and program, things you would like us to do in the future, lines of communication or indeed anything material to the Association. Please let us know your ideas and/ or comments.

### » Strategic Plan

UTGA has a 5year Strategic Plan (2020 – 2024) that is guiding us in our operations. We believe the Covid -19 pandemic has greatly affected the speed at which the strategic plan was being implemented. However, We mainly focused on internal resource generation more importantly enhancing the profitability of our model nursery and service provision.

### » Governance

The Board has been able to meet regularly as required, I





wish to recognize and thank our Board members especially those who have been coming from upcountry and they have faithfully and consistently attended all the meetings. I salute you.

### » Staff/Employees

The Association has a total of 6 employees. Any organization's employees essentially represent the quality of that organization. Due to the Pandemic, the investment we planned in 2020 in staff recruitment and skills enhancement did not materialize fully but hopefully it will be done in the coming year.

The Board embraces performance competencies to reward and retain the best talents.

### » In conclusion.

Challenges notwithstanding, I am proud of what we have done over the last year and the way my colleagues adapted quickly to a huge amount of change in the new order. While at the same time continuing to connect, collaborate and innovate for the benefit of our stakeholders (Growers and our Partners) across the world. On behalf of the entire leadership of UTGA, I would like to thank all of you for what you have done and continue to do.

As the global economy has slowed, so too has activities and demand for some of our services. And, like for many businesses, the next 12 months are going to be difficult. This is a time for organisations to reflect, in some cases repair, and evolve to support growers and this applies to us at UTGA, too.

Looking ahead, the breadth and depth of the knowledge that we have within our membership of UTGA, and our ability to provide a comprehensive range of services to our growers have never been more important. There has never been a more pressing need to deliver wider assurance and rebuild trust for our membership. And to help our clients rethink and reconfigure their businesses for a changed world.

For the next twelve months, personally I wish to recommend on a number of key priorities based on our strategic Plan

- 1. Quality:** The uncertainty created by the pandemic has placed an even greater focus on trust in institutions; trust in information and increased transparency. Investing in

the enhancement of the quality of all of the services we provide should remain our number one priority.

- 2. Jobs:** Doing the right things by the right people should be our priority as well. UTGA should not shy away from building a robust hard working team and should be ready to invest in such skills even if it means fresh recruitment of skilled staff.
- 3. Clients:** Supporting our clients / growers rethink the business models they have today and restart their operations in ways that successfully serve their needs and help build a strong UTGA.
- 4. Innovation:** Driving and scaling up innovation and the development of new products and services right across our membership for their own good.
- 5. Up skilling:** Up skilling our own people and helping to upskill people in our communities across the country should be a priority for sustainable development.
- 6. Culture:** Redoubling our effort to foster a UTGA culture where everyone feels valued, listened to and has the opportunity to grow and succeed.

### » Appreciation

I wish to sincerely appreciate your support and patronage. Indeed, we would not be where we are today without the consistent, unequalled loyalty and confidence you have for us. We will strive to be worthy of the trust you have bestowed on us. In fact, you are the reason for our UTGA.

We also remain appreciative of our business partners, stakeholders and the regulators who have tirelessly continued to provide invaluable support.

To our employees, I wish to express my sincere gratitude for making year 2020 fruitful, however difficult it was, by diligently playing your part.

Lastly, I thank you fellow Board members for your contribution, dedication, and support as we together propel this great organization to higher heights.

Kiremire Noreda Bashabe (PhD)

**CHAIRPERSON**





## Message from the UTG-SACCO



The UTG-SACCO was formed in 2010 to provide services to tree growers in Uganda, whose needs were not being addressed by the financial sector. Since then, the SACCO has achieved impressive growth of savings, shares, loan portfolio and profitability. The year 2020 was disrupted by the coronavirus and COVID-19 pandemic that ravaged the world, infected, killed, destroyed lives, business & other forms of wellbeing, left many homeless and famished around the world. Despite the hardships, the UTG-SACCO thrived in a number of areas.

### UTG-SACCO Performance in 2020:

» **Membership:** The SACCO recruited 2 new members increasing SACCO membership from 83 to 85 contributing one million two hundred thousand shillings (1,200,000) to the growth of the SACCO.

» **Systems:** The automation of the operations of the SACCO continued to help in tracking members savings, shares, borrowing and loan payback.

**Financial Performance:** The loan portfolio grew to UGX 315,284,236 in 2020. Member's Share capital grew by 21% from UGX, 444,860,000 to UGX 536,320,000, hence an increment of UGX 91,460,000. The annual total loan turnover increased from UGX 416,500,000 in 2019 to UGX 473,350,000 in 2020. Direct sale of shares through enhancement exercise at the AGM was UGX 36,200,000.

### UTG WOOD MILL (SMC) LTD

I have the pleasure of reporting to you that the UTG-WOOD MILL (SMC) Ltd was fully incorporated with the Registrar of companies to be a Special Purpose Vehicle for the wood value addition business. The estimated cost of setting up the value addition business is US \$ 2,000,000. We now have a

bank account in Absa bank (Account name: UTG-WOOD MILL (SMC); Account Number 6006909335 registration and KCCA operating licence No. 2210003449150, COIN 0000381217

The EXCOM launched the sale of shares into the UTG-WOOD MILL (SMC). In the Extra Ordinary General Meeting of 2020, it was agreed that the UTG-SACCO shall own 70% of the SPV which shall be covered by a loan from a lending institution. The dividends from the 70% of shares shall be shared by members each year in line with the shares one has in the SACCO. Individual members shall buy and own 25% and a co-investor with experience in manufacturing shall own 5% of the shares. The EXCOM proposed to float 54,000 shares for sale of shares to members at UGX 50,000 per share. The EXCOM/Secretariat shall receive applications for buying of shares for one month and then the EXCO will allocate the shares equitably and give one month to members to pay for their shares. If we receive bids for more than 25%, the EXCOM shall allocate more shares to members and reduce the loan amount to be borrowed to 60%.

### Challenges:

The majority of members are not making compulsory savings thus slowing the growth of the SACCO. I thank members who made monthly savings, bought shares and borrowed from SACCO and paid back.

### Condolence:

On a sad note, the SACCO lost a senior and active member, Eng. Ephraim Kitembo who passed away in March 2020.

### Way forward:

**Lending Rate:** In order to encourage borrowing and becoming more competitive in the market, UTG-SACCO has reduced lending rate from the annual 36% (3% per month) to 30% per year (2.5%).

Thank you and God bless you all.

Edward K. Mupada,  
UTG-SACCO Chairman



# General Manager's REPORT

2020 was a COVID 19 year. A highly infectious respiratory disease caused by a new virus called corona virus broke out in China and was announced by the end of December 2019. The rate of spread of this disease forced governments, businesses and people all over the world to take serious actions to contain it. These actions including lockdowns, curfews, transport limitations including a ban on aviation have had a serious after effects on jobs, livelihoods and general wellbeing of people around the world. Whereas it is still difficult to estimate the social-economic effect of COVID-19 on forestry at this stage, its implications have been real. Tree farmers in Uganda continued to work in the field even when the ecosystem around them was restrained. UTGA noted that there was an increase in the scale of planting especially pines.

COVID 19 has given us lessons. Under the new normal, the work place has undergone fundamental changes in the way we communicate and the psycho social support offered to people, employees and communities. The effects of the pandemic have led us to review our own practices & beliefs, cultures and values. 2020 has shown us the importance of building partnerships and resilience, to adapt and work together, spreading risk and the merits brought by diversification.

Uganda's forests are an important and treasured natural asset contributing about 8.7% to the national economy based on conservative estimates (NEMA, 2011).

More than 50% of the world's population now lives in urban areas. Trees and forests especially in urban and semi urban



areas where we stay, can make our cities and towns cooler, greener, healthier and happier places to live (FAO).

Climate change is the greatest environmental challenge humanity has ever faced. Tackling it involves every single one of us and governments and businesses need to commit to more ambitious action in order to limit global warming. In Uganda we have now seen changes in the wet and dry seasons no longer structured the way we knew them. Trees have a positive impact on communities & people and by helping them grow trees, jobs are created, the environment is supported, carbon is sequestered and climate change is combated.

2020 showed that we need to leverage that commitment. Amid lockdowns, curfews and all other forms of limitations imposed onto human life by the corona virus, it's important to work to make our homes, work places, dwellings and areas of abode greener and more habitable.

## Membership

We were saddened to lose one of our senior members. Engineer Ephraim Kitembo died in March 2020 and was buried in Masindi. May his soul rest in peace!

UTGA registered 19 new members in 2020 and 128 members paid their annual subscription fees i.e., **UGX 1.83m** and **UGX 38.96m** was collected respectively. Total receipts collected from members was **UGX 40.79m**, inclusive of **UGX 9.1m** received as arrears. Unfortunately, all these records are the lowest in a period of 9 years.

Despite the hardships caused by the COVID 19 pandemic and lockdown, UTGA appreciates all members who renewed their 2020 membership.

**Below is a summary of 2020 collections compared to previous years;**





Details	2020	2019	2018	2017	2016	2015	2014	2013	2012
New Members	19	62	57	72	54	50	72	46	71
Paid up Members	128	201	221	208	194	144	144	172	176
Registration fees (Millions)	1.8	6.2	5.7	7.2	5.4	4.8	6.5	4.6	7.0
Subscription fees (M)	38.96	55.79	63.78	57.25	45.25	38.04	38.87	48.08	46.07
Total Collections (M)	40.79	61.99	69.48	64.45	53.74	42.89	45.46	52.68	53.07

### 2020 UTGA Annual General Meeting and Forest Fair:

The 13th UTGA Annual General Meeting (AGM) on held on 19th March, 2020 at the Silver Springs Hotel in Kampala. The Forest Fair run side by side with the meeting and exhibitors included suppliers of forestry inputs, goods and service providers including suppliers of tools, equipment and machinery. This was at the advent of the COVID 19 lockdown in Uganda.

### Improved seed

UTGA imported 16.35 kg of PCH from Australia for 2020. This was limited owing to the devastating forest fires that destroyed sizable acreage of plantations in Australia and

COVID 19 pandemic that limited operations and trade globally. Due to the pandemic, seed orders were only made after the lockdown was lifted. UTGA was able to secure only 13.5kg of Pinus Caribaea Australia seeds, in Oct 2020 for the 1st planting season of 2021. The supplier was affected by the wild fires in Australia and COVID 19 after effects which limited their seed collection activities. It is hoped that 2021 is a better year.

### Financial position

Through the years, UTGA has been growing financially. Yet, like many other organizations around the world, UTGA operations were affected by the pandemic.



A well established and managed clonal eucalyptus plantation



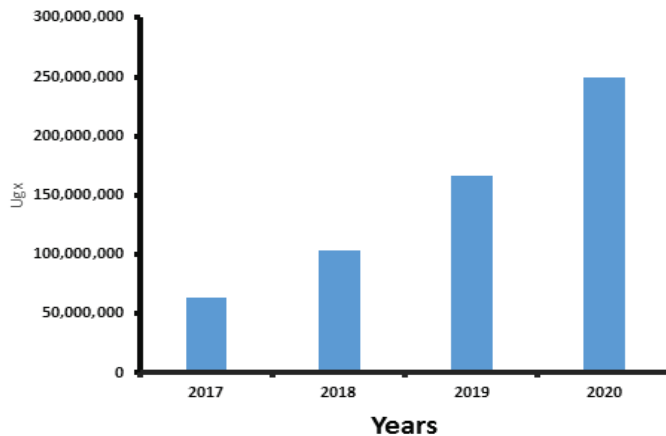
The Secretariat was able to carry out some field-based activities with support from partners including FAO/SPGS III, WWF and the Big tree planting companies. Such support enabled reaching out to growers through cluster development activities, Organizing of wood processing SMEs, collection & dissemination of information on timber prices, studies on the use and impending ban of glyphosate, among other activities. The members supported the Nursery by purchasing planting material throughout the year including the lockdown, which facilitated the running of the UTGA office.

### The UTGA Nursery

The UTGA Nursery continued to grow production and sales and amid challenges its financial growth from an annual income level has been as follows: -

Year	2017	2018	2019	2020
Annual Income	63,656,000	103,257,000	166,029,000	249,772,100

UTGA Nursery Annual Income



Despite a few challenges, the nursery still has a huge production potential and will continue being the financial back bone of the association. Members continue to be encouraged to support their own nursery. The nursery produces high quality plating material



Value addition ensures that forest products and services generate sufficient financial returns



Down stream processing using appropriate technology is important for growing the industry sustainably

that includes: - Eucalyptus clones, Eucalyptus grandis and Pinus caribaea (Australia) although the focus is mostly on the production of GU clones now.

### **Demo merchant timberyard**

The UTGA board has agreed that part of the nursery land will now be used for the establishment of the demo-merchant timber yard and wood processing training facility for the association. This will provide a one-stop center for both nursery inputs and demo & training center for modern wood processing and value addition to benefit members. The yard will provide an opportunity for small and medium tree growers to have access to services and training opportunities to increase knowledge sharing and learning of modern value addition and the scope of products that can be made out of wood grown in Uganda.

### **Cluster development**

Despite the Covid19 interferences, UTGA managed to conduct some cluster development activities which were

this time round, redesigned to ensure a wider reach out to tree growers. From the 17th to 21st August, 2020, field-based activities for the Eastern Uganda cluster were held in Buikwe, Bugiri Jinja and Mbale. For the south western cluster, field meetings were held in Mafuga-Kabale and in Rwoho, Mbarara from 1st to 6th March 2020. In the West Nile cluster, engagements with tree growers took place in mid-October in Adjumani and Yumbe. All these outreach activities attracted a total of 305 participants. The activities were partly supported by FAO/SPGS III and cost shared by the members. Members were encouraged to continue demanding, supporting and attending these meetings as a platform for interfacing with the association.

### **Resin**

The intervention continued to grow and more members benefited from the interim revenue from resin tapping. As UTGA continues to monitor for effects of these activities on the trees of beneficiaries, 2020 saw an influx of new investors into the resin tapping field. Some of these approached UTGA





Timber drying is a value addition process

for possible links to pine tree growers but failed to pass the test due to the requirements they had to fulfil. UTGA continues to strengthen ties with CFID and encourages members who are interested in this venture to do it through the association in order to avoid difficulties. UTGA is looking out for a study covering the business of resin tapping with particular focus on its effect on the trees, its economic viability, markets and the possibility of local value addition and consumption. Several partners including the corporate growers and the School of Forestry and Geographical Sciences in Makerere University were earmarked to support this venture.

### Carbon

The carbon market is available but still largely unknown. UTGA started to do some initial work together with New Forest Company (NFC), to find out the level of interest that the growers have and whether they are ready to find more information about processes and put in some deliberate work to access carbon funds. Meanwhile, there have been

some lessons learnt from previous schemes. We now know that accessing carbon funds is not easy but neither is it impossible. At this level, the growers will need to look after their plantations properly, have a management plan, keep to that plan and run a sustainable operation hinged having plans to replant after they harvest their initial crop. The process involves identification of interested participants, agreement on a certification approach and the requirements, a verification that produces a business case which has to be presented to an off taker. The need to avoid the pitfalls that have thwarted other attempts need to be avoided.

### Certification

UTGA continued to strengthen its commitment to responsible forest management as one of its core beliefs. UTGA maintained its group certificate after a successful annual surveillance in December 2020. The association continued to lobby against some of the policy related issues that affect certification including encroachment and grazing in CFRs. Although it was anticipated that the group would attract new





entrants, this wasn't possible due to the interference of Covid19. More growers are however encouraged to join the FSC certification group scheme.

### Sawlog Production Grant Scheme (SPGS)/FAO

The UTGA working relationship with SPGS under FAO grew tremendously in 2020. There was completion of all activities planned under the project ***"Institutional development of the private sector for modern commercial forest management."*** The outputs under this included coordinating players in the industry along the value chain, lobbying and advocacy for investments in commercial forestry and promoting responsible wood/timber production through processing and marketing.

Then another set of activities under another project ***"Investment development of the private sector"*** was started after the COVID lockdown and completed before the year's end. The outputs under this included a roadmap on the future of UTGA, creation of an association of wood processors, development of bankable business plans by tree growers, promotion of investment into forestry and establishment of a forestry information resource center.

As part of de-risking investment and promoting efficient technologies for wood processing at the UTGA timberyard, FAO made a commitment to provide value addition equipment estimated at USD 150,000. This will include a timber drying kiln, a planer & thicknesser, a vertical band saw, a cross cut saw and saw doctoring equipment

### WWF Uganda Country Office (WWF UCO)

UTGA worked with WWF funding support under a project "Supporting sustainable and legal timber trade among tree growers and traders in Uganda". This was done through policy formulation and direct market interventions. The intention of these efforts was to facilitate legal timber trade

**Briquettes  
BURN LONGER**

And are made out of wood residue, with high heating potential as fuel for homes and industries.

**COMMERCIAL BRIQUETTE MANUFACTURING LINE**

**WOOD BILLETS**

**WOOD CHIPS**

**UNCARBONISED SAWDUST BRIQUETTES**

**CHARCOAL BRIQUETTES**

**BURNING BRIQUETTES**

**FOR ALL YOUR COOKING  
HIGH QUALITATIVE BRIQUETTES ARE AN  
ALTERNATIVE TO CHARCOAL**

**UTGA**  
Uganda Timber Growers Association  
PLOT 116, BUKOTO STREET,  
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KAMPALA, UGANDA.  
EMAIL: [info@utga.ug](mailto:info@utga.ug)  
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### Information materials produced by UTGA to promote investment opportunities in forestry

in Uganda by using a working set of timber standards, a functional timber grading system and a clear and simple procedure for timber exports and also to link tree growers to markets by promoting home-grown Uganda wood and sharing information on elements in the ecosystem around it.





**Walter Mapanda, a Technical Adviser from FAO/SPGS shows Eng. Hillary Kakeeto, a UTGA Tree farmer how to carry out thinning control.**

### **National Forestry Authority (NFA)**

UTGA applied for land and NFA offered 1000ha to UTGA for restoration. We thank them. The land is in West Bugwe CFR in Busia District. The project will involve the establishment and maintenance of mainly indigenous trees under a carbon sequestration program. Fast growing exotic species will also be used for boundary & community plantings. UTGA has entered an MoU with the National Forest Authority regarding the management rights to that proportion of the West Bugwe Central Forest Reserve.

UTGA has been lobbying the Minister of Water for a slot on the NFA Board. This has allowed UTGA to be part of the NFA's agenda but also offering the opportunity to table issues and concerns of commercial tree growers who are key stakeholders of the Authority. The minister requested for a name and the Board provided one. We are hopeful that UTGA shall reclaim its presence on the NFA board.

### **Others**

UTGA participated and exhibited in the Annual New Vision Harvest Money Expo at Namboole from 14 to 16/02/2020. UTGA chairs the commercial forestry subcommittee of the national forestry sub forum hosted at the Ministry of Water and Environment (MWE). The initial meeting to kickstart this was held on 30/9/2020.

UTGA also organized a hybrid meeting on the need, status and promotion of timber exports. Participants included officials from the government entities responsible including Ministry of Trade & industry (MTI), Ministry of Water & Environment (MWE), Uganda Revenue Authority (URA), Uganda National Bureau of Standards (UNBS) and players from the private sector including tree growers.

In September, 2020, UTGA held a meeting for growers in Wankweyo CFR- to address challenges faced by growers in the reserve on issues of poor roads, need for processing & value addition, poor markets, encroachment and lack of clean water.



There were engagements with Holland Greentech to introduce a rooting medium to improve rooting in clone production. That work is ongoing. Other work included initiatives with big growers on a due diligence in Ugandan courts of law and Parliament of Uganda, a mini study on alternatives of glyphosate and the effect of the ban on forestry and other value chains like coffee, tea, maize etc. The latter is still ongoing.

### Timber Standard for Uganda

UTGA worked with government including Forest Sector Support Department under the Ministry of Water and Environment, Uganda National Bureau of Standards UNBS, National Forestry Authority (NFA), Makerere University (MAK), Sawlog Production Grant Scheme (SPGS) under FAO and other private players including the big growers (NFC & BFC) to create a timber standard for Uganda. It was gazetted in November 2020.

While the Timber Standard is a technical document, UTGA has developed a popular version to make it easier for our members to comprehend its main elements, how to make it work and its relevance to future timber exports.

### MILESTONES FOR 2020

- Formation and registration of a wood value association for processors, carpenters and wood processors.
- Publication of a monthly timber price leaflet that provides wood market intelligence information across the country.
- Development of a position paper on the status of taxation of forestry products in Uganda which provides background information for lobbying for fair taxes on forestry goods.
- Gazettement of a timber Standard by government of



### Information materials produced by UTGA to promote investment opportunities in forestry

Uganda.

- Retention of the FSC certificate by the UTGA group scheme for small and medium scale growers.
- Formation of an association for timber traders, furniture makers and processors.



### OUTLOOK FOR 2021

1. Value addition aspects for wood energy (charcoal and briquettes) are going to be very critical in the future. While 90% of Ugandans use wood fuel for cooking, a growing population is going to make this to require red-hot attention.
2. FLEGT and the barcoding system for timber traceability. UTGA will start to work with government and other stakeholders to establish a bar coding system that will be used to track timber in Uganda. Traceability is a key component for any formidable timber industry as it helps to thwart theft while promoting best practices that ensure that tree farmers get fair value for their product.

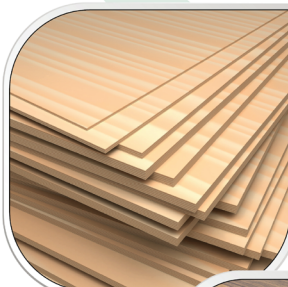
### ACKNOWLEDGEMENTS

I'd like to salute the Board members and officers at the Secretariat for the work done and the success of UTGA amid the difficulties rendered by COVID 19. I would like to acknowledge contributions to a UTGA vehicle so far received of Ugx One million from each of Mr. Robert Bariho and Mr. Peter Ngategize who are tree growers and members of UTGA. We are thankful. We will reach out to the rest of the membership for contributions to the same. The New Forests Company (NFC) and Busoga Forestry Company (BFC) have provided funding support to lobbying initiatives and construction materials to the UTGA nursery and Demo Merchant timberyard. We are grateful.




**Dennis David Kavuma**  
General Manager - UTGA

**MAXIMISE THE VALUE OF THE WHOLE TREE**  
**TURN WOOD AND SAW DUST INTO**  
**VALUE ADDED PRODUCTS**



**PLYWOOD**


as veneer boards bonded together to create one solid piece for home and industrial use.



**COMMERCIAL MODERN WOOD MANUFACTURING LINE**


**ORIENTED STRAND BOARD (OSB)**

For commercial and home use for floor and wall.



**MEDIUM DENSITY FIBER WOOD (MDF)**

Comes in two forms; the fire resistant and fire retardant for use to create value added products.



**UTGA**  
Uganda Timber Growers Association

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Information materials produced by UTGA to promote investment opportunities in forestry



*Uganda Timber Growers Association Limited (limited by guarantee)*  
*Annual report and financial statements*  
*For the year ended 31 December 2020*

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## REPORT OF THE BOARD MEMBERS

The board members submit their report and the audited financial statements for the year ended 31 December 2020, which disclose the state of affairs of the association.

### PRINCIPAL ACTIVITIES

The principal activity of the association is to promote and ensure a sustainable, profitable, social economic and environmentally sound commercial forestry industry in Uganda.

### RESULTS

	2020	2019
	Shs '000	Shs '000
Loss	<u>(128,264)</u>	<u>(58,285)</u>
Loss for the year	<u><u>(128,264)</u></u>	<u><u>(58,285)</u></u>

### PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging and this has a resultant effect on overall demand of the association's services. The Association's strategic focus is to enhance revenue growth whilst maintaining profit margins, the success of which remains dependent on overall market conditions and other factors such as the impact of the recent coronavirus outbreak. Whilst at this stage it is too early to predict the full potential impact of this outbreak on the Association's operations, the members continue to monitor this situation closely with a view to assessing and mitigating its impact on the Association.

### BOARD MEMBERS

The board members who held office during the year and to the date of this report are shown on page 1.

### INDEPENDENT AUDITOR

The Association's auditor, PKF Uganda, has indicated willingness to continue in office in accordance with the Ugandan Companies Act, 2012.

### BY ORDER OF THE BOARD




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CHAIRPERSON  
KAMPALA

16<sup>th</sup> March 2021




Uganda Timber Growers Association Limited (limited by guarantee)  
Annual report and financial statements  
For the year ended 31 December 2020

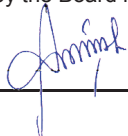
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**STATEMENT OF FINANCIAL POSITION**

	2020	2019
	Notes Shs'000	Shs'000
<b>CAPITAL EMPLOYED</b>		
Retained earnings	<u>506,672</u>	<u>634,936</u>
<b>Equity attributable to members of the Association</b>	<u><u>506,672</u></u>	<u><u>634,936</u></u>
<b>REPRESENTED BY</b>		
<b>Non-current assets</b>		
Property and equipment	7 <u>166,434</u>	<u>159,595</u>
<b>Current assets</b>		
Inventories	8 37,116	73,714
Trade and other receivables	9 216,485	271,601
Cash and cash equivalents	10 <u>104,446</u>	<u>154,861</u>
	<u>358,047</u>	<u>500,176</u>
<b>Current liabilities</b>		
Trade and other payables	11 <u>17,809</u>	<u>24,835</u>
<b>Net current assets</b>	<u>340,238</u>	<u>475,341</u>
	<u><u>506,672</u></u>	<u><u>634,936</u></u>

The financial statements on pages 7 to 15 were approved and authorised for issue by the Board members on 16<sup>th</sup> March 2021 and were signed on its behalf by:

 CHAIRPERSON

 SECRETARY

*Uganda Timber Growers Association Limited (limited by guarantee)*  
*Annual report and financial statements*  
*For the year ended 31 December 2020*

**STATEMENT OF PROFIT OR LOSS AND RETAINED EARNINGS**

	Notes	2020 Shs'000	2019 Shs'000
Revenue	3	379,110	395,072
Cost of sales		<u>(177,329)</u>	<u>(296,416)</u>
<b>Gross profit</b>		201,781	98,656
Other operating income	4	248,018	404,400
Administrative expenses		(265,475)	(265,178)
Other operating expenses		<u>(312,588)</u>	<u>(296,163)</u>
<b>Operating profit loss</b>	5	(128,264)	(58,285)
<b>Loss for the year</b>		<u>(128,264)</u>	<u>(58,285)</u>
<b>Retained earnings at the start of the year</b>		634,936	693,221
Loss for the year		<u>(128,264)</u>	<u>(58,285)</u>
<b>Retained earnings at the end of the year</b>		<u><u>506,672</u></u>	<u><u>634,936</u></u>





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**STATEMENT OF CASH FLOWS**

	Notes	2020 Shs'000	2019 Shs'000
<b>Cash flows from operating activities</b>			
Loss before tax		(128,264)	(58,285)
<b>Adjustments for:</b>			
Depreciation on property and equipment	7	5,473	4,083
Changes in working capital:			
- inventories		36,598	(14,529)
- trade and other receivables		55,116	(34,470)
- trade and other payables		<u>(7,026)</u>	<u>15,408</u>
Net cash used in operating activities		<u>(38,103)</u>	<u>(87,793)</u>
<b>Cash flows from investing activities</b>			
Cash paid for purchase of property and equipment	7	<u>(12,312)</u>	<u>(6,773)</u>
Net cash used in investing activities		<u>(12,312)</u>	<u>(6,773)</u>
<b>Decrease in cash and cash equivalents</b>			
		<u>(50,415)</u>	<u>(94,566)</u>
<b>Movement in cash and cash equivalents</b>			
At start of year		154,861	249,427
Decrease		<u>(50,415)</u>	<u>(94,566)</u>
At end of year	10	<u>104,446</u>	<u>154,861</u>







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