

PARLIAMENTARY PENSION SCHEME

Table of Contents

- 1.0 STRATEGIC PRINCIPLES OF THE SCHEME..... 2**
- 3.0 MEMBERS OF THE BOARD 4**
- 4.0 MANAGEMENT AND SERVICE PROVIDERS..... 5**
- 5.0 CHAIRPERSON’S STATEMENT 7**
- 6.0 THE BOARD OF TRUSTEE’S REPORT 12**
- 6.0 THE BOARD OF TRUSTEE’S REPORT 12**
 - 6.1 The Scheme 12
 - 6.2 Scheme Governance 12
 - 6.3 Meetings 14
 - 6.4 Management 14
 - 6.5 Scheme Membership 14
 - 6.6 Financial Highlights 15
 - 6.7 Custody Arrangements 15
 - 6.8 Loans to Members 16
 - 6.9 Interest to members 16
 - 6.10 Funding Status 16
- 7.0 INVESTMENT REPORT 17**
 - 7.1 Investment Policy 17
 - 7.2 Strategic Asset Allocation 17
 - 7.3 Investment Environment 17
 - 7.4 Strategy 18
 - 7.5 Risk Management and Controls 19
 - 7.6 Investment Performance 19
- 9.0 REPORT OF THE AUDITORS TO THE MEMBERS OF PARLIAMENTARY
PENSION SCHEME FOR THE YEAR ENDED 30TH JUNE 2018 23**
- 10.0 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30,
2018 29**
- 11.0 STATEMENT OF NET ASSETS AS AT JUNE 30, 2018 31**
- 12.0 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018..... 32**
- 13.0 STATEMENT OF CHANGES IN THE MEMBERS’ FUND 33**
- 14.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30,
2018 34**
- 15.0 ABRIDGED ACTUARIAL VALUATION REPORT 67**
- 16.0 FIVE YEAR FINANCIAL STATISTICS 68**

1.0 STRATEGIC PRINCIPLES OF THE SCHEME

Vision:

A Society of dignified retired citizens.

Mission:

Provision of retirement benefits services through efficient management and investment of Members' fund for quality life.

Values:

The Core values of Parliamentary Pension Scheme are:

- Diligence
- Transparency and Accountability
- Integrity
- Courtesy and Fairness
- Teamwork.

Strategic Objectives:

- To realize a net replacement ratio of 65% for members after 15 years of continuous service.
- To maintain a 100% asset coverage for Scheme liabilities.
- To prudently invest the Scheme Funds to realize an average after tax return of 11.5% per annum.
- To ensure 95% compliance with corporate governance best practices by 30th June 2018.
- To strengthen management capacity to offer quality services in line with expectations of stakeholders by 30th June 2018.

2.0 FINANCIAL HIGHLIGHTS

Scheme Assets

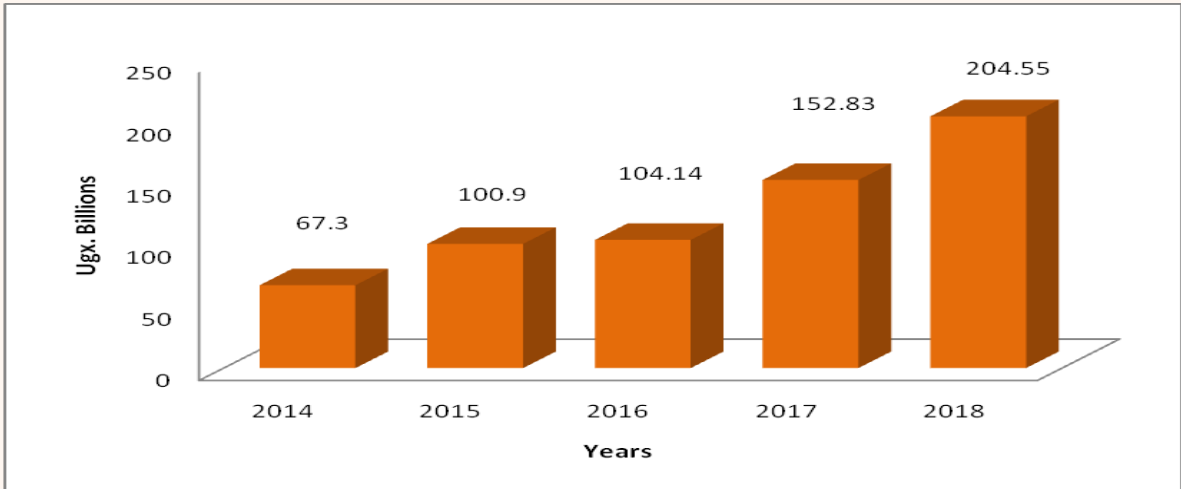


Figure 1: 5- Year trend for the Scheme Assets

Investment Income

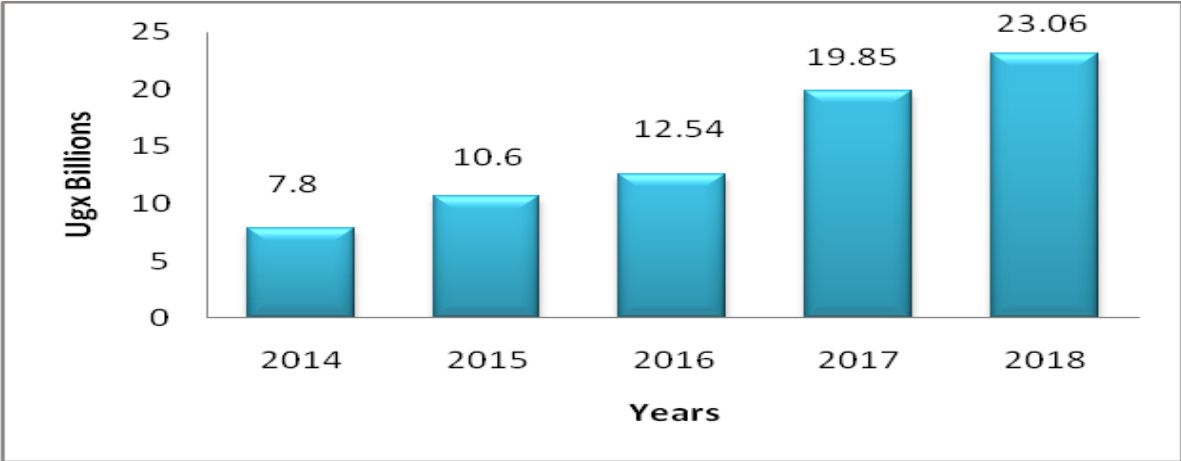


Figure 2: 5- Year trend for Investment Income

Funding Level

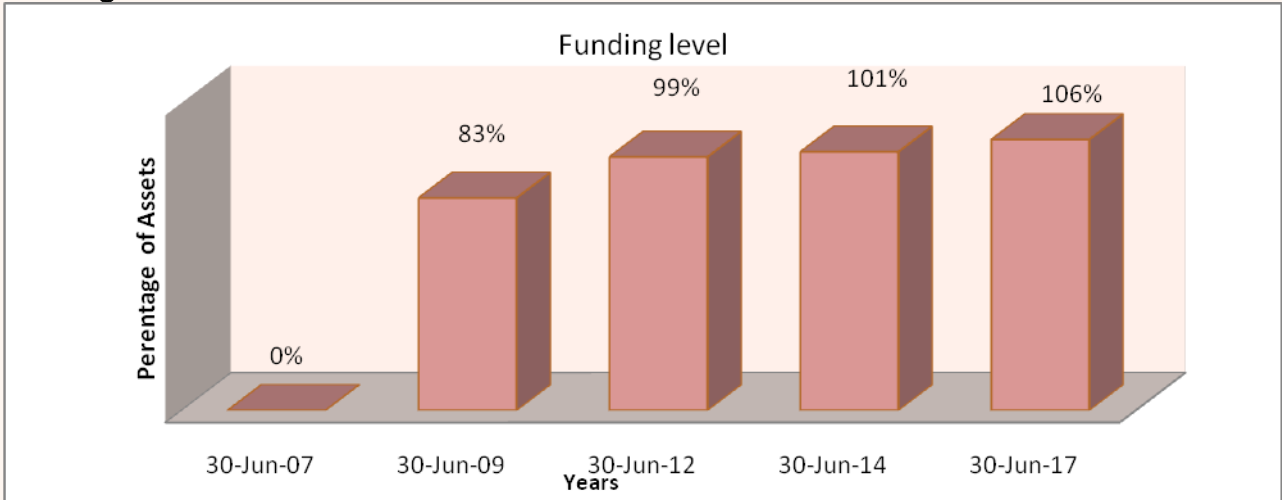


Figure 3: Funding Level since 2007

3.0 MEMBERS OF THE BOARD

OF CO



Hon. Achia Remigio
CHAIRPERSON



Hon. Anite Evelyn



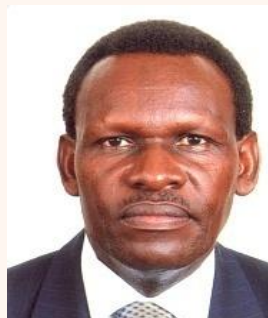
Hon. Atim Ogwal Cecilia



Hon. Roland Mugume



Hon. Epetait Francis



Mr. Makata Aloysius



Mr. Solomon Kirunda.



Jane L. Kibirige (Mrs.)

4.0 MANAGEMENT AND SERVICE PROVIDERS

Management:

Name	Role
Ms. Nightingale Mirembe Ssenoga	Chief Operations Manager
Ms. Kizito Elsie	Finance Manager
Mr. Edward Basheka	Benefits Administration Manager
Ms. Susan Nyamwezi	Head of Internal Audit

Service Providers:

Fund Managers	African Alliance 1 st Floor Worker House P.O.BOX 70828 Kampala, Uganda
	Gen Africa ECO Bank Building P.O.BOX 75200 Kampala, Uganda
	Stanlib Building No.9 Kintante Suite 6B Yusuf Lule Road P. O. Box 7131, Kampala Uganda
Custodian	KCB Bank Uganda Ltd. Commercial Piazza, Plot 7, Kampala Road, P O Box 7399, KAMPALA.
	Standard Chartered Bank, Speke Road P. O. Box 7111, Kampala Uganda
Auditor	Auditor General P O Box 7083, KAMPALA.

Actuarial Services

ARGEN Actuarial Solutions Ltd,
39 President Street, Kroonstad,
SOUTH AFRICA.

Bankers

Centenary Bank,
Corporate Branch,
P O Box 1892, KAMPALA.

Standard Chartered Bank,
Plot 5, Speke Road,
P O Box 7111, KAMPALA.

Orient Bank,
Orient Plaza
Kampala Road
P. O. Box 3072,
Kampala, Uganda

Legal Services

Department of Legal & Legislative
Services, Parliamentary Commission,
P O Box 7178, KAMPALA.

Registered Office

Development House, Room G 10,
P O Box 7178, KAMPALA, UGANDA.

5.0 CHAIRPERSON'S STATEMENT

On behalf of the Board of Trustees and Staff of Parliamentary Pension Scheme, I welcome you all to the 7th Annual General meeting.

The Board has been able to implement the Scheme's operational plan as well as investing members' funds profitably. The Board has continued to provide guidance to Management through the review and approval of new policies. The Parliamentary Commission has continued to support the Scheme through subvention, logistical and technical support. The Board of Trustees would like to sincerely thank the Parliamentary Commission for the timely remittance of the members' contributions and loan recoveries during the year.

The Fund registered positive performance in the financial year ended 30th June 2018. The investment income before tax increased from UgX. 19.85 billion to UgX. 23.06 billion. The percentage growth lower was 16.2% compared to 58.4% in 2017. The assets of the Scheme grew from UgX. 152.83 billion to UgX. 204.55 billion. The Scheme registered reasonable growth in member contributions and interest income. The Fund posted a return on average investable fund of 13% before tax and 11% after tax.

The benefits paid out amounted to UgX. 3.75 billion compared to UgX. 2.05 billion paid out last year.

The Board remains focused and committed to superior service delivery that increases efficiency of the Scheme for the benefit of its members. The Board has been able to review Scheme's strategic documents such as the Finance Manual, Strategic Plan and a 3 –year Investment Policy Statement. The development of such Scheme policies will offer direction in the management of the Scheme operations and investments for the defined future.

Operating Environment

During the Financial Year 2017/2018, the economy grew by 5.8%, posting an improvement compared to 3.9% in 2016/2017. The growth was driven by a strong performance in the major sectors of Agriculture, Services and Industry and the easing monetary policy.^{1&2}

The agricultural sector grew by 3.2% in 2017/2018 compared to 1.6% in 2016/2017. The Industrial sector posted a growth of 6.2% compared to 3.4% in 2016/2017 while the Service sector grew by 7.3% compared to 5.4% in the previous year.

The growth in the three major sectors was substantially higher compared to the financial year 2016/2017^{1&2}.

The annual headline inflation reduced to 2.2% from 6.4% in 2016/2017 while core inflation declined to 0.9% by June 2018 from 4.9% in June 2017².

In Kenya, the Nairobi All Share Index (NASI) improved to 14.06% by June 2018 compared to 0.09% in June 2017. The local share index (NSE 20) further declined to -8.09% from -0.91% in June 2017. The 91-day Treasury bills posted an average yield of 7.94%. The overall inflation reduced to 4.3% by June 2018 from 6.3% in June 2017. The Kenyan shilling gained 0.86 % against the US dollar.

The stocks at Uganda Securities Exchange also gained good grounds. The All Share Index (ALSI) improved to 24.52% in 2018 from -4.3% in 2017. The LSI increased to 12.09% from a loss of 1.7% in 2017. The 91-day Treasury bills registered an average interest rate of 9.8%³ during the year. On average, the inflation was 5.5%. During the Financial year 2017/2018, the shilling depreciated by 6.7% to the US dollar.

In Tanzania, the All share Index [ASLI] improved from negative 10.67%¹ in 2017 to positive 12.89% in June 2018, while the local share Index [TSI] further dropped to -8.9% in 2018 from -0.38% in 2017. The 91-day Treasury bills registered an average interest rate of 2.85% during the year. The overall inflation was 3.4%¹. During the Financial year 2017/2018, the Tanzanian shilling appreciated by 1.6% to the US dollar.

In Rwanda, the ALSI improved to 5.4% in June 2018 from -4.04% in 2017 while the local share Index [RLS] gained greatly to 9.8% in June 2018 from -16.22% in 2017. The 91-day Treasury bills registered an average interest rate of 5.45% during the year. The overall inflation was 1.4%¹. During the Financial year 2017/2018, the Rwandan Franc shilling appreciated by 3.6% to the US dollar.

In 2018, the global world economic growth strengthened to 3.8% from 3.5% in 2017, a notable rebound in global trade. This growth was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, Europe, and signs of recovery in several commodity exporters⁴.

¹ State of the Economy June 2018

² Performance of the Economy June, 2018

³ Stock Market Reports June, 2018

⁴ World Bank Report June 2018

Outlook

In the East African region, the growth for 2019 is projected at 6.0%, 5.9%, 7.1%, and 6.8% for Uganda, Kenya, Rwanda and Tanzania respectively. This macro indicator shows that there will be improvement in regional economic growth¹.

Global growth is expected to pick up to 3.9 percent in 2018 and 2019 supported by favorable market conditions, accommodative financial conditions, and the domestic and international expansionary fiscal policy in the United States. The partial recovery in commodity prices should allow conditions in commodity exporters to gradually improve. The higher rates of growth for the major global economies are expected to continue in 2019. While global inflation remains low at present, a gradual upward trend in inflation is expected ⁴.

In the Euro Zone, growth is projected at 2.4 % in 2018 driven mainly by strong domestic demand, accommodative monetary policy, and robust external demand conditions⁴.

In Emerging Market and Developing Economies (EMDEs), growth is projected to increase to 4.9 % in 2018 and 5.1% in 2019 supported by increasing agricultural productivity, strong external demand, recovery in international commodity prices and eased financial conditions in the global financial markets⁴.

In Sub-Saharan Africa (SSA), growth is projected to increase to 3.4 % and 3.7 % in 2018 and 2019 respectively. The projected growth will be supported by public infrastructure investment, stronger commodity prices and external demand conditions, and improved business confidence in economies such as South Africa⁴.

Kenya has projected growth at 5.9%, Tanzania at 6.8% and Rwanda at 7.1%. This positive outlook will result in better returns in investments in the regional market ^{1&2}.

The Uganda economy is expected to improve to 6.0% in 2019 from 5.8% in 2018 due to the recovery in private sector credit, favorable weather conditions, increase in Foreign Direct Investment (FDI), the continued robust government investment in infrastructure and revival of the private investment activity in the economy. All these positive developments, together with the continued improvements in the global economic outlook will improve performance of the Ugandan economy^{1&2}.

Achievements

During the year, the Scheme realized some achievements which include the following:

1. Operationalized the Loan Scheme.
2. Reviewed Policies and Procedures such as the Finance Manual and Human Resource Manual.
3. Developed Administration and Operations Manual.
4. Enhanced capacity of the Board of Trustees and staff through training.
5. Strengthened Risk Management through continuous appraisal of the effectiveness of the internal control systems.
6. Conducted Member Training.
7. Registered positive growth of the Fund.
8. Commenced the development of the Investment Policy Statement and Strategic Plan.
9. Promptly paid out Pension benefits.
10. Increased payout of Death benefits.

Challenges

The Scheme also experienced challenges during the year. These include:

1. Members' slow response and failure to provide information to update their files.
2. Inadequate allocation of funds to Loans to meet members' demands due to the limitations of the Law.

Appreciation

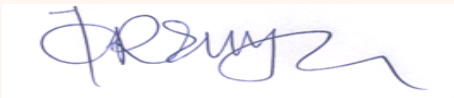
As the Scheme continues to realize tremendous growth, we convey special thanks to our Members for their unrelenting support. We will continue with collective engagements with all the stakeholders to ensure increased member satisfaction.

We sincerely recognize and appreciate the continued support of Parliamentary Commission for the timely remittance of contributions, subvention, allocation of office space for the Secretariat, Board and Committee meetings, provision of Human Resource, Legal and Procurement advisory services which would otherwise have been a heavy cost to the Scheme.

I would like to commend the Board of Trustees for their continuous oversight and commitment that ensured smooth business operations.

We thank the Uganda Retirement Regulatory Authority, service providers and business partners for their tremendous contribution to the success and growth of the Fund and the industry at large.

On behalf of the Board, I would like to thank Management and Staff of the Parliamentary Pension Scheme for their commitment and services offered to the Scheme and Members.



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ACHIA REMIGIO (MP)
CHAIRPERSON, BOARD OF TRUSTEES

6.0 THE BOARD OF TRUSTEE'S REPORT

The Board of Trustees, Parliamentary Pension Scheme, presents its Annual Report together with independent Auditor's Report and Financial Statements for the year ended 30th June 2018 in accordance with Section 25 of Parliamentary Pensions Act and Section 66 of Uganda Retirement Benefits Regulatory Authority Act.

6.1 The Scheme

Parliamentary Pensions Scheme was established by the Parliamentary Pensions Act, 2007 as a Contributory Hybrid Cash Balance retirement benefit plan for Members of Parliament and Staff of Parliamentary Commission. The Act came into force on the 1st July 2001. Since 2007 a number of amendments have been passed and incorporated in the Act.

The main purpose of the Scheme is to provide pensions and other retirement benefits to Members of Parliament and Staff of Parliamentary Commission, and relief to the dependants of deceased participants.

The Members contribute 15% of the basic salary and the Sponsor contributes 30% or a rate determined to guarantee solvency of the Scheme. Members receive interest on their scheme credit at a guaranteed rate of 8% specified by the Parliamentary Pension Act.

6.2 Scheme Governance

The Scheme is governed on behalf and in the interest of Members by a Board of Trustees appointed in accordance with Section 18 of the Parliamentary Pensions Act. The Members of the Board of Trustees and their respective constituencies are listed in Table 1 below:

Table 1: Board of Trustees

Name	Position	Representing
Hon. Achia Remigio	Chairperson	Backbench Members
Hon. Cecilia Ogwal	Member	Parliamentary Commission
Hon. Anite Evelyn	Member	Minister of Finance, Planning and Economic Development
Hon. Roland Mugume	Member	Backbench Members
Hon. Francis Epetai	Member	Retired Members of Parliament.
Mr. Makata Aloysius	Member	Retired Staff of Parliamentary Commission
Mr. Kirunda Solomon	Member	Staff of Parliamentary Commission
Jane Lubowa Kibirige (Mrs.)	Member/Secretary	Office of the Clerk to Parliament

The Board manages and oversees the operations of the Scheme in accordance with Parliamentary Pensions Act, Uganda Retirement Benefits Regulatory Authority Act and accompanying regulations.

It is responsible for prompt collection of members' contributions, sound investment of members Fund, and overall management of the Scheme in accordance with statutory provisions.

Committees of the Board

The Board constituted four Committees to assist in the effective governance and oversight role of the Scheme. The Committees have specific mandates that are documented in their respective Terms of Reference to ensure accountability. The Board co-opted independent professionals on the Committees to provide technical expertise and guidance to the Trustees. The Committees, their membership and a summary of their mandate are detailed hereunder: -

- **Finance and Administration Committee (FAC)**

Hon. Francis Epetai	-	Chairman
Mr. Makata Aloysius	-	Member
Mr. Obabaru Okello	-	Co-opted Member

The Finance and Administration Committee assists the Board in ensuring best practice in governance and administration of Scheme operations.

- **Investment and Custody Committee (ICC)**

Hon. Mugume Roland	-	Chairman
Hon. Anite Evelyn	-	Member
Mr. Kirunda Solomon	-	Member
Prof. Ocaya Bruno	-	Co-opted Member

The Investment and Custody Committee assists the Board in ensuring prudent investment of Members' fund so as to realize competitive rate of return without exposing the Fund to undue risk.

- **Audit and Risk Committee (A&RC)**

Hon. Cecilia Ogwal	-	Chairman
Hon. Oduman A. C Okello	-	Co-opted Member
Mr. Mugisha Stephen	-	Co-opted Member

The Audit and Risk Committee assists the Board of Trustees in overseeing the integrity and quality of financial statements, effectiveness of internal controls and compliance with statutory requirements.

- **Benefits Administration Committee (BAC)**

Mr. Makata Aloysius	-	Chairman
Mr. Solomon Kirunda	-	Member
Hon. Alaso Alice Asianut	-	Co-opted Member
Mr. Olichon Charles	-	Co-opted Member

The Benefits Administration Committee assists the Board of Trustees in ensuring that members' benefits are computed and paid in time.

6.3 Meetings

During the reporting period, the Board undertook a number of activities such as reviewing of manuals, monitoring of investments and development of Strategic documents for effective management of the Scheme. Consequently, a number of Board and Committees meetings were held as follows:

-

Board of Trustees	-	5 meetings
Finance and Administration Committee	-	7 meetings
Investment and Custody Committee	-	4 meetings
Audit and Risk Committee	-	9 meetings
Benefits Administration Committee	-	4 meetings

6.4 Management

The Scheme is internally administered by a team of twelve (12) qualified staff under the supervision of the Chief Operations Manager.

The Board has continued to strengthen the professional capacity of staff through training for improved service delivery to members.

6.5 Scheme Membership

At the end of the Financial Year, the Scheme had a membership of 959. The active members were 842 (310 women and 532 men), 2 deferred members, 109 pensioners and 6 beneficiaries as shown in Table 2 below: -

Table 2: Scheme Membership

	Active Members		Deferred Mem- bers		Pensioners		Beneficiaries	
	MPs	Staff	MPs	Staff	Staff	MPs	Staff	MPs
At 1 st July 2017	440	355	1	2	19	83	2	2
New Entrants	16	46	0	0	8	0	1	1
Deceased	(2)	0	0	0	0	0	0	0
Leavers	(6)	0	0	0	0	(1)	0	0
Retired	(0)	(7)	(1)	0	0	0	0	0
At 30th June 2018	<u>448</u>	<u>394</u>	<u>0</u>	<u>2</u>	<u>27</u>	<u>82</u>	<u>3</u>	<u>3</u>
Membership in Au- dited Financial statements as at June 2018.	<u>844</u>				<u>115</u>			

6.6 Financial Highlights

The audited Financial Statements for the year ended 30th June 2018, are here-with presented to Members on Pages 29 to 68.

The Scheme assets grew from UgX.152.83 billion to UgX.204.55 billion posting a 33.8% rate of growth. The growth is attributed to reduced payouts made during the year.

The growth in Members' contributions was 2.90% compared to 11.6% the previous year.

The return on investable fund before tax for the year was 13% (11% after tax) compared to 15.7% (12% after tax) the previous year. The Investment Income before tax increased by 16.2% from UgX.19.85 billion to UgX. 23.06 billion due to sound investment policies and the favorable market conditions.

The Board of Trustees has approved an interest of 10% per annum to be credited to the Members' account. The Unisex Convention Annuity factors are used to compute pension for retiring members.

6.7 Custody Arrangements

In compliance with the Uganda Retirement Benefits Regulatory Authority Act, the Board of Trustees appointed Standard Chartered Bank as Custodian after the expiry of the contract with KCB Bank Limited.

African Alliance, Stanlib and GenAfrica Asset Managers were responsible for the investment and management of the Scheme's investment assets. The Contract for African Alliance expired on 30th November 2017 and the Board appointed M/Stanlib as other Asset Manager for the Scheme.

6.8 Loans to Members

With effect from 1st July 2017, the Board commenced issuing of loans and disbursed a total of UgX. 13,107,280,000 to 164 members. The return on the loan portfolio as at 30th June 2018 was UgX. 1,179,276,321 contributing 5.6% of the total investment income.

6.9 Interest to members

During the Annual General Meeting held on 20th April 2018, the Board of Trustees declared an additional 3% interest for the financial year 2016/2017 over and above the 8% guaranteed interest. The pensioners pay was also adjusted for inflationary depreciation for the period 2015-2017. This additional declaration was equivalent to UgX 2,683,000,000 for active members and UgX. 52,996,663 for the Pensioners. Member statements have been updated with the declared returns. For the year 2017/2018 a total of UgX. 10,973,687,615 representing the 8% guaranteed interest has been provided for and posted to the Members' accounts.

6.10 Funding Status

The Board of Trustees conducts periodic actuarial valuation in accordance with Section 71 of Uganda Retirement Benefits Regulatory Act. The Actuarial Valuation was done as at 30th June 2017 and the Scheme was found to be financially sound with a funding level of 105.8%. Consequently, an additional 3 % return was declared and the funding level now stands at 102.2%

Signed on behalf of the Board of Trustees by:



.....
CHAIRPERSON, BOARD OF TRUSTEES



.....
MEMBER, BOARD OF TRUSTEES



.....
MEMBER, BOARD OF TRUSTEES

7.0 INVESTMENT REPORT

7.1 Investment Policy

The Board has adopted a moderate risk approach to drive the investment strategy of the Scheme. A new Investment Policy Statement has been developed to guide investments for the period 2018 - 2021.

The policy carefully balances the interest of maximizing the long-term returns and minimizing short-term volatility, liquidity needs and other risks.

The Board has maintained the strategic target of 11.5% after tax return on invested funds in line with the moderate risk approach to investment returns.

The implementation of the policy is delegated to the Investment Managers whose performance is closely monitored by the Investment and Custody Committee.

7.2 Strategic Asset Allocation

The strategic allocation adopted for the investable funds allowed for short-term deviations, management of emerging market conditions and exploitation of exceptional opportunities. The tactical ranges that were used are detailed hereunder.

Asset Class	Minimum (%)	Strategic Weight (%)	Maximum (%)
Treasury Bills & Money Market Instruments	3.00	5.00	10.00
Uganda Treasury Bonds	40.00	39.50	50.00
Term Deposit	7.50	10.00	17.50
Uganda Corporate Bonds	2.50	2.50	12.50
Domestic Equities	10.00	10.00	15.00
EAC Equities	10.00	23.00	25.00
Property	2.5	2.50	5.00
Private Equity	0.00	2.50	4.00
Others	0.00	5.00	6.00

7.3 Investment Environment

Investments were majorly held in Uganda at 83.8% while 16.2% was in Kenya. The Ugandan economy grew by 5.8% in the year under review compared to 3.9% in 2016/2017. The overall Inflation at the close of the year was 2.2%.

The interest rates slightly reduced with the benchmark 91-day Treasury Bills closing at 9.8% from 10.61% in 2016/2017. There was a high performance in the securities market with the USE All Shares Index [ALSI] registering a positive index of 24.52% and a Local All Share Index [LSI] of 12.09%³. The shilling depreciated by 6.7% against the US dollar closing at UgX 3,840.5 as at June 2018.

The Kenyan economy experienced a growth rate of 5.5%. Inflation reduced to 4.3% from 6.3% in 2016/2017. The Nairobi Security Exchange had a positive performance with the Nairobi All Share Index [NASI] posting a gain of 14.06%. However, there was poor performance in the Local Stock market with Local All Share Index [NSE 20] of -8.09% during the reporting period³. The Kenyan shilling gained 0.86 % against the US dollar closing at KES 101.0

7.4 Strategy

The Scheme maintained a moderate approach to risk. There was a decline in investments under corporate bonds, fixed deposits and treasury bonds. There was an introduction of the loans in the portfolio.

The portfolio mix at the end of the reporting period was as follows:

Table 3: Portfolio Mix

Asset Class	Amount (UgX.Bn)	Proportions (%)
Equities	45.69	22.34
Government Bonds	92.52	45.23
Treasury Bills	31.13	15.22
Corporate Bonds	0.53	0.26
Others	5.81	2.84
Loans	10.82	5.29
Fixed Deposit	18.05	8.82
Total	204.55	100.00

7.5 Risk Management and Controls

The Board of Trustees is ultimately responsible for the overall management of the Scheme to deliver superior benefits to members without exposing it to undue risks.

The Board has accordingly set up appropriate governance structures, policies, functions and systems to ensure effective management of the Scheme Funds.

The Internal Audit function through Committee of Audit and Risk provides assurance on the operations, investment decisions and internal controls put in place and periodically reviews emerging risk exposures that require mitigation.

7.6 Investment Performance

The investment revenue increased to UgX. 23.06 billion from UgX. 19.85 billion of last year, representing 16.2% growth. The net income after tax was UgX. 18.96 billion compared to UgX. 15.24 billion previously.

The income realized from different asset classes is summarized in Table 4 below: -

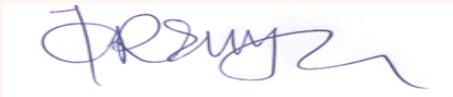
Table 4: Income from different asset classes

Asset Class	Amount (UGX.bn)	Proportions (%)
Equities	1.360	6.50
Government Bonds	15.010	71.74
Treasury Bills	1.600	7.65
Corporate Bonds	0.072	0.34
Other Incomes	0.020	0.10
Loans	1.180	5.64
Fixed Deposit	1.680	8.03
Total	20.922	100.00

The return on investable assets before tax was 13.0% compared to 15.7% in 2017. The decrease was attributed to the poor performance in the bond market, fixed deposits, redemption of corporate bonds and a slight increase in pay

outs were made during the year. The return after tax was 11% compared to the target of 11.5%.

Signed on behalf of the Board of Trustees by:



.....
CHAIRPERSON, BOARD OF TRUSTEES



.....
MEMBER, BOARD OF TRUSTEES



.....
MEMBER, BOARD OF TRUSTEES

8.0 STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Uganda Retirement Benefits Regulatory Authority (URBRA) Act and Regulations require Trustees to make available to the Scheme members and other parties, audited financial statements for each Scheme year which show a true and fair view, of the financial transactions of the Scheme during the reporting period and of the amount and disposition of the assets and liabilities.

It also requires the Trustees to safeguard assets of the Scheme and ensure that the Scheme keeps proper accounting records which disclose with reasonable accuracy at any time in its financial position.

Responsibilities

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by URBRA Act and regulations for the preparation of financial statements.

The Board of Trustees hereby confirm that, during the period under review, in the execution of their duties, they have complied with the duties imposed by URBRA Act 2011, Regulations and the rules of the fund, including the following:

- Ensured that adequate accounting records are kept inclusive of proper minutes of all resolutions passed by the Board of Trustees; and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities,
- Ensured that proper internal control systems were employed by or on behalf of the Trustees
- Ensured that adequate and appropriate information was communicated to the members including their rights, benefits, duties in terms of the rules of the fund etc.
- Took all reasonable steps to ensure that contributions, where applicable, were paid timely to the Fund
- Obtained expert advice on matters where they lacked sufficient expertise;
- Ensured that the rules, operation and administration of the fund complied with the URBRA Act and all applicable legislations; and
- Ensured that Scheme funds were invested and maintained in accordance with the fund's investment policy statement and Investment Regulations issued by URBRA.

Approval of the annual financial statements

The Board of Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS and

Scheme rules. The Trustees are of the opinion that the financial statements give a true and fair view of the financial affairs of the scheme and its operating results.

These financial statements have been reported on by Greenfield & Company Certified Public Accountants as appointed by the Auditor General. They were given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of Trustees believes that all representations made to the independent auditors in the letter of representation during their audit were valid and appropriate. The report of the independent auditor is presented on page 24.

These financial statements:

- were approved by the Board of Trustees on 28th September 2018;
- are to the best of the Board of Trustees knowledge and belief confirmed to be complete and correct;
- fairly represent the net assets of the fund as at 30 June 2018 as well as the results of its activities for the period then ended in accordance with IFRS.

We confirm that for the period under review, the Parliamentary Pension Scheme has submitted all regulatory and other returns and any other information as required by the provision of the URBRA Act 2011 and to the best of our knowledge all applicable legislation.

Nothing has come to the attention of the Trustees to indicate that the scheme will not be able to meet its obligations for the next twelve months from the date of this statement and the requirements of the URBRA Act.



.....
CHAIRPERSON, BOARD OF TRUSTEES

Date: 28th September 2018



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MEMBER, BOARD OF TRUSTEES

Date: 28th September 2018



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MEMBER, BOARD OF TRUSTEES

Date: 28th September 2018

9.0 REPORT OF THE AUDITORS TO THE MEMBERS OF PARLIAMENTARY PENSION SCHEME FOR THE YEAR ENDED 30TH JUNE 2018

THE RT. HON. SPEAKER OF PARLIAMENT

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of Parliamentary Pension Scheme (PPS) for the year ended 30th June, 2018. These financial statements comprise of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, cash flow statement together with other accompanying statements, notes and accounting policies.

In my opinion, the financial statements present fairly in all material respects, the financial position of the Parliamentary Pension Scheme as at 30th June 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the Parliamentary Pensions Act, 2007 as amended and the Uganda Retirement Benefits Regulatory Authority Act 2011.

Basis of Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the Company in accordance with the Constitution of the Republic of Uganda (1995) as amended, the National Audit Act, 2008, the International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics and other independence requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing audits in Uganda. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matters are those matters that, in my professional judgment, are of most significance in my audit of the financial statements of current period. I have determined there are no key audit matters described to communicate in my report.

Other Matters

I consider it necessary to communicate the following matters other than those presented or disclosed in the financial statements:

- **Expired Trustee Licenses**

Section 44(2) of URBRA Act, 2011 requires application for renewal of license to be made at least 3 months before expiry of the license.

I noted that some of the Trustees' licenses had expired, others were soon expiring and one Trustee did not have a license. The licenses had expired as below:

- Two licenses expired on 9th August, 2018
- One license expired on 22nd August, 2018
- Four licenses are expiring on 9th November, 2018
- One Trustee does not have a license

Failure to renew license within stipulated timelines contravenes the URBRA Act, 2011.

Management explained that a monitoring tool shall be developed to track operations of the licenses. Implementation is set by January 2019. Management also explained that Trustees have filed applications for renewal and submitted to URBRA.

I advised Management to expeditiously put in place a process of monitoring the expiry of all licenses and ensuring renewals are done timely.

- **Incomplete Fund Managers' reports**

The Scheme relies on the Fund Manager's reports to update their records and prepare financial statements.

I noted that Gen Africa Ltd and Stanlib reports as at 30th June, 2018 did not accrue interest earned on investments properly as they excluded interest earned on the first day of the investment. I also noted that Stanlib Investment reports did not include accrued interest but a separate report was submitted for interest earned. This is an indication that the Fund Managers were not providing complete and consolidated reports as required.

Failure by Fund Managers to provide complete and consolidated reports may lead to use of incomplete information to prepare books of accounts, hence misleading the users of the financial statements.

Management explained that they will ensure that the Fund Managers capture interest earned on day one of investment and also ensure that Stanlib provides consolidated reports.

I advised Management to follow up with Fund Managers on the matter.

- **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises the statement of responsibilities of the Accounting Officer and the commentaries by the Head of Accounts and the Accounting Officer, and other supplementary information. The other information does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

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

Management Responsibilities

The Board of Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Parliamentary Pensions Act, 2007 as amended, the Uganda Retirement Benefits Regulatory Authority Act, 2011 and International Financial Reporting Standards on Accrual basis of accounting and for such internal controls 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, the Directors are responsible for assessing the Scheme'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 Scheme or to cease operations, or have no realistic alternative but to do so. The Directors are responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that audit conducted in accordance with ISSAIs will always detect material misstatement when it exists. Misstatement 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 ISSAIs, I exercised professional judgment and maintained professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of 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 basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in 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 reasonableness of accounting estimates and related disclosures made by management.
- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast doubt on the Authority's ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Directors regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with him/her all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

From the matters communicated with the Directors, I determine those matters that were of most significance in audit of financial statements of current period and are therefore key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my 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 Parliamentary Pensions Act, 2007 as amended, the Uganda Retirement Benefits Regulatory Authority Act 2011, I report to you, based on my audit that;

- i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit;

- ii) In my opinion, proper books of account have been kept by the Scheme so far, as appears from my examination of those books; and
- iii) The statement of financial position and statement of Support, Revenue and Expenses are in agreement with the books of account.



John F. S. Muwanga
AUDITOR GENERAL

KAMPALA

2nd October, 2018

PARLIAMENTARY PENSION SCHEME

PARLIAMENTARY PENSION SCHEME

AUDIT REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

2018

Audited and Submitted by:
GREENFIELD & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
Premier Complex Building
Tel: +256 755 757595, +256 703 300089, +256 772 508029
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P. O. Box 54, Ntinda
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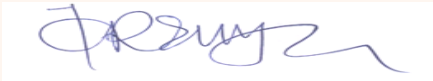
10.0 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2018

	Notes	2018 UGX	2017 UGX
Income from dealing with members			
Member Contributions	14.1.1	12,135,111,068	11,793,585,812
Government Contributions	14.1.2	24,270,222,139	23,587,171,624
Total Contributions		36,405,333,207	35,380,757,436
Outgoing from dealings with members			
Benefits to Members	14.2	(3,746,879,161)	(2,051,330,950)
Net additions / (withdrawals) from the dealings with members		32,658,454,046	33,329,426,486
Returns on Investments			
Investment Income	14.3	20,922,274,173	17,013,747,378
Fund expenses	14.4	(1,568,832,549)	(1,085,406,980)
Net investment income		19,353,441,624	15,928,340,398
Net Investment Income before tax		19,353,441,624	15,928,340,398
Other comprehensive incomes			
Change in the value of the Equities	14.7.1.6	7,332,160,522	508,267,514
Changes in the value of Bonds	14.7.1.4.	(3,502,297,935)	3,420,784,847
Foreign exchange gain/(loss)	14.7.1.10	(94,074,045)	(1,230,310)
Impairment Loss	14.7.1.11	(3,955,476)	0
Profit/Loss on sale of Investments	14.7.1.9	(25,968,039)	(2,682,080)
Gain (loss) in the value in the investments		3,705,865,027	3,925,139,971
Change available for members before Tax and and guaranteed Interest		55,717,760,697	53,182,906,855
Other incomes			
Management expenses	14.5.0	2,743,180,781	2,730,616,568
	14.6	(2,846,654,736)	(2,165,932,580)
Net Administrative Surplus / (deficit)	14.12	(103,473,955)	564,683,988
Increase in Net Asset before tax		55,614,286,742	53,747,590,843
Income Tax Charge	14.23	(4,094,126,507)	(4,612,125,707)
Increase in Net Asset after tax during the Year		51,520,160,235	49,135,465,136
Guaranteed Interests to Members	14.15	(10,973,687,615)	(7,699,827,129)

Net Increase (Decrease) in Net Assets

40,546,472,620

41,435,638,007



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CHAIRPERSON, BOARD OF TRUSTEES

Date: 28th September 2018



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Date: 28th September 2018

**PARLIAMENTARY PENSION SCHEME
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

11.0 STATEMENT OF NET ASSETS AS AT JUNE 30, 2018

	Notes	2018 UGX	2017 UGX
Non-Current Assets			
Property Plant and Equipment	14.20	315,010,114	231,305,351
Computer Software	14.20.2	63,800,256	-
Medium/ Long term Investments	14.7.1	142,724,850,901	110,435,352,370
Sub total		143,103,661,271	110,666,657,721
Current Assets			
Short term Investments	14.8.2	56,024,388,814	41,763,648,686
Receivables	14.9	437,341,097	256,136,856
Tax Asset	14.26	1,254,386,745	1,027,720,774
Withholding Tax receivable	14.26	227,324,272	496,827,373
Cash and Bank balances	14.10	6,709,295,601	1,087,076,767
Subtotal		64,652,736,529	44,631,410,456
Current Liabilities			
Creditors and Accruals	14.11	2,041,254,949	1,193,449,140
General Reserve Account	14.17	57,034,207	67,560,237
Deferred Tax	14.27	1,103,957,906	1,210,375,797
Subtotal		3,202,247,062	2,471,385,174
Total Net Current Assets		61,450,489,467	42,160,025,282
Net Total Assets	14.16	204,554,150,738	152,826,683,003



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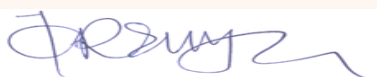


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MEMBER, BOARD OF TRUSTEES

Date: 28th September 2018

12.0 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	Notes	2018 UGX	2017 UGX
Cash-flows from operating activities			
Contributions during the year	14.1.1/2	36,405,333,207	35,380,757,436
Taxes paid	14.24	(478,793,536)	0
Gain (Loss) in the Value of Investments		3,705,865,027	3,925,139,971
Unvested benefits		(4,795,806)	(465,011,656)
Other incomes		2,741,512,285	2,728,081,004
Expenses paid		(8,162,366,446)	(5,211,939,919)
Decrease(Decrease) in Payables		784,283,127	(1,920,318,983)
Decrease (increase) in Receivables		(123,943,803)	223,458,922
Net cash from operating activities		<u>34,867,094,055</u>	<u>34,660,166,775</u>
Cash-flows from investing activities			
Investment income (net)		17,489,250,736	13,962,615,585
Increase(Decrease) in investment		(46,470,407,312)	(54,616,393,618)
Purchase of assets		(263,718,645)	(115,584,678)
Net cash used in investing activities		<u>(29,244,875,221)</u>	<u>(40,769,362,711)</u>
Net Increase / (decrease) in cash and cash equivalents		5,622,218,834	(6,109,195,936)
Movement in cash and cash equivalents			
Cash balance at start of the year		1,087,076,767	7,196,272,703
Net Increase / (decrease) during the year		<u>5,622,218,834</u>	<u>(6,109,195,936)</u>
Cash balance at June 30		<u>6,709,295,601</u>	<u>1,087,076,767</u>



CHAIRPERSON, BOARD OF TRUSTEES

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MEMBER, BOARD OF TRUSTEES

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Date: 28th September 2018

13.0 STATEMENT OF CHANGES IN THE MEMBERS' FUND

		2018	2017
	Notes	UGX	UGX
Accumulated fund at the start of the year		152,131,344,122	104,006,971,900
Actuarial Surplus at the start of the year	14.13	(8,360,744,000)	-
Declared Interest to members	14.13	2,735,996,663	-
Net change available for members	9.0	40,649,946,575	40,870,954,019
Guaranteed interest to members	14.15	10,973,687,615	7,699,827,129
Unvested reserve	14.14	18,909,759	(446,408,926)
Accumulated Actuarial Reserve	14.13	5,624,747,337	-
Members Accumulated fund as at June 30.		203,773,888,071	152,131,344,122

14.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Accounting policies

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

(a) Basis of Preparation

The financial statements are prepared in compliance with the International Financial Reporting Standards. The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Board of Trustees.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements.

The Board identifies all significant accounting policies as documented in the accounting manual. The Financial statements have been prepared on accrual basis.

(b) Contributions and Contributions Receivable

The contributions from Members and the Sponsor are accounted for in the period in which they fall due.

(c) Benefits Payable

Pension and Benefits payable to members are taken into account in the period in which they fall due. Benefits due are accounted for in the period in which the Sponsor notifies the Trustees.

(d) Cash and Cash Equivalents

For the purpose of the cash flow, cash and cash equivalent comprises cash at hand, cash at bank and cash deposits held on call.

(e) Revenue Recognition

Revenue is recognised on accrual basis.

(f) Investment Income

Investment income includes interest and dividends from investments. The Interest income is recognised on an accruals basis using the effective yield method based on the actual purchase price.

(g) Funding Policy

Parliamentary Pensions Scheme is a contributory Hybrid Cash Balance Retirement Benefit Plan for Members of Parliament and Staff of the Parliamentary Commission. Members of Parliament may serve for five years or more whereas staff members of the Parliamentary Commission are generally on long term engagement.

The benefits of Members are based on the accumulated Scheme Credit. The rate of return on the Scheme credit is reviewed by the Board of Trustees based on investment performance.

The Board of Trustees is required under the Parliamentary Pensions Act to maintain long-term solvency and sustainability of the Scheme. The Board is therefore committed to ensure full funding of the Scheme liabilities.

To realise the funding objective, the Scheme has a clear Contribution Schedule of 15% and 30% of the basic salary by the Member and Sponsor respectively. Further, investment of Scheme assets forms a major strategy in funding the Scheme liabilities.

(h) The Presentation Currency

The financial statements are presented in the functional currency of Uganda Shillings (UGX).

(i) Financial Instruments

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. Financial instruments held by the Scheme include term Fixed deposits, Treasury bills, corporate bonds and shares. The Board determines the appropriate classification of its financial instruments at the time of purchase.

Recognition

The Scheme recognises fixed deposits, treasury bills, Government bonds, shares and Corporate Bonds on the date at which they are purchased. Regular purchases of financial assets are recognised on the trade date at which the Scheme commits to purchase.

For a financial asset initially measured at cost, the transaction costs that are directly attributable to its acquisition or issue shall be part of the value of the financial asset.

Measurement:

Amortised cost measurement

Fixed income investments (Fixed deposits, Treasury bills and Corporate Bonds) are held to maturity and are measured at amortised cost less impairment losses if any. Amortised cost is calculated using the effective Interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Mark to Market

Financial instruments (Government bonds and shares) are measured initially at cost, including transaction costs. Subsequently, all available-for-sale assets are measured at fair value, except any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, plus transaction costs, less impairment losses. In the case of marketable securities, the fair value is market value.

Fair value measurement principles

The fair value of financial instruments is based on their market price at the period end date without any deduction for transaction costs.

A financial asset is derecognised when the Scheme loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Investments that have a fixed redemption value and that have been acquired to match the obligations of the Scheme, or specific parts thereof, are carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity. Fair value gains/ (losses) arising on investments are credited/ (debited) to the statement of changes in net assets.

De-recognition

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Impairment

At each statement of net assets date, the Scheme assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when the objective evidence demonstrates that a loss event has occurred after the initial recognition of the

asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include indications that an issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in issuers in the Scheme, or economic conditions that correlate with defaults in the scheme.

During the year there was evidence of impairment loss. The counter of Atlas Development and Support Services were closed at the Nairobi Securities Exchange [NSE] and the Company is under liquidation. The impairment loss has been made through the Statement of Other comprehensive Incomes.

Valuation of the listed equities

The Scheme invested in listed equities at the NSE and Uganda Securities Exchange [USE]. The regional listed equities were valued using the Bank of Uganda average rate as at 30th June 2018 while the local listed equities were valued using the share price issued by the USE.

The Scheme did not have unlisted equities.

Re-classifications;

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held to maturity, it is reclassified as available for sale and re-measured at fair value, and the difference between its carrying amount and fair value is recognised in other comprehensive income. Held to Maturity are revalued at Amortized cost. There where no re-classifications done in the period.

(j) Government Grants

The Government grant is recognised over the period in which the Scheme qualifies to receive it.

(k) Property, Plant and Equipment

The Property, Plant and Equipment are stated at historical cost, less adjustment for depreciation.

The depreciation rates:

Depreciation is calculated on straight-line basis at annual rate estimated to write down the cost of each asset to its residual value as follows:

Furniture and Fitting	12.5%
Motor Vehicles	25.0%
Office Equipment	20.0%

Computer Equipment 33.3%

Computer software 33.3%

Depreciation for assets acquired in the course of the year is calculated on a pro rata basis depending on the number of months the asset has been in use.

(l) Foreign Currency Transactions

Transactions in foreign currencies are converted into Uganda Shillings (UGX) at the exchange rate ruling on the transaction dates. Gains or losses resulting from these transactions are recognised in the Statement of Changes in Net Assets under other Comprehensive Incomes. Gains or losses as a result of revaluation as at 30th June 2018 have been recognized in the Statement of Changes in Net Assets under other Comprehensive Incomes.

(m) Employment Benefits

The Scheme makes contributions to a Statutory Provident Fund, the National Social Security Fund (NSSF). The contributions are determined under a statute and are shared between the employer and employee at 10% and 5% respectively. The Scheme also provides for staff gratuity based on the employee basic salary.

(n) Donated Assets

The transferred assets acquired from Parliamentary Commission have been recognized in the records of the Scheme using the IAS 20 which applies to government non monetary grant using the Income approach.

(o) Comparatives

Where necessary, the comparative figures have been adjusted to conform to changes in presentation in the current year.

(p) Expenses

Expenses are accounted for on an accrual basis.

14.1 CONTRIBUTION INCOME

14.1.1 Member's Contribution

	2018	2017
	UGX	UGX
Staff Contributions	3,153,099,068	2,878,653,812
MPs Contributions	8,982,012,000	8,914,932,000
Total Members' Contributions	12,135,111,068	11,793,585,812

14.1.2 Government Contribution

	2018	2017
	UGX	UGX
Govt's Contributions for Staff	6,306,198,139	5,757,307,624
Govt's Contributions for MPs	17,964,024,000	17,829,864,000
Total Government's Contributions	24,270,222,139	23,587,171,624

14.2 BENEFIT TO MEMBERS

	2018	2017
	UGX	UGX
Staff Retirement Lump-sum	432,333,430	240,175,000
Staff Withdrawal Benefit	-	47,274,398
Staff - Death in service benefit	121,203,098	176,756
MPs - Death in service benefit	608,147,238	6,440,264
MPs - Withdrawal benefit	550,334,250	12,773,455
MPs - Retirement Lump-sum	153,600,886	-
Pensions	1,881,260,259	1,744,491,077
Total Benefits to Members	3,746,879,161	2,051,330,950

14.3 INVESTMENT INCOME

		2018		2017
		UGX		UGX
Interest on Treasury Bills		1,600,326,754		1,567,693,970
Interest on Fixed Deposits		1,676,931,334		2,653,112,381
Interest from Corporate Bonds		72,708,557		115,866,946
Interest from Government Bonds		15,010,980,429		11,214,990,200
Other Incomes		21,066,858		-
Dividend Income		1,360,983,920		1,462,083,881
Interest Income from Loans		1,179,276,321		-
Total Investment Income		20,922,274,173		17,013,747,378

14.4. FUND EXPENSES

		2018		2017
	Note	UGX		UGX
Annual General Meeting and Board Election		111,358,520		110,385,220
Fund Management Fees		493,283,702		361,410,672
Board of Trustees Costs	14.4.1	732,902,993		506,899,985
URBRA Levy		79,694,034		55,590,745
Benefits Administrations Costs		104,848,300		38,559,482
Personnel Costs		-		12,560,876
Actuarial Valuation fees		46,745,000		-
Total Fund Expenses		1,568,832,549		1,085,406,980

14.4.1 Board of Trustees costs

		2018		2017
	Note	UGX		UGX
Board of Trustees Capacity Building		477,602,993		367,574,440
Honorarium		255,300,000		139,325,545
Total Board of Trustees costs	14.4	732,902,993		506,899,985

14.5 OTHER INCOMES

14.5.0 Other Incomes

	2018	2017
	UGX	UGX
Grant revenue	2,728,081,004	2,728,081,004
Donation income	1,668,496	2,535,564
Investment income on operational funds	13,431,281	-
Total other Incomes	2,743,180,781	2,730,616,568

14.6 MANAGEMENT EXPENSES

	2018	2017
	UGX	UGX
Board of Trustees meetings	143,560,275	128,002,060
Personnel costs	2,143,579,883	1,493,700,999
Staff Capacity Building	294,863,633	229,442,450
Traveling expenses	10,707,850	15,763,902
Consultancy services	-	34,600,000
Organization structures	48,000,000	88,482,530
Office Administration, supplies/others	66,948,393	70,003,059
Audit fees	24,308,000	24,308,000
Publicity and Communications	6,600,000	5,000,000
Bank Charges	5,313,276	4,508,450
Depreciation	102,773,426	72,121,130
Total	2,846,654,736	2,165,932,580

14.7 INVESTMENTS

14.7.1 Long-term Investments

	Note	2018	2017
		UGX	UGX
Corporate Bonds	14.7.1.1	504,050,000	630,062,500
Government Treasury Bonds	14.7.1.2	89,888,049,237	80,839,247,970
Loan Portfolio	14.7.1.3	6,640,771,846	-
Shares& Equities	14.7.1.5	45,691,979,818	28,966,041,900
Total		142,724,850,901	110,435,352,370

14.7.1.1 Corporate Bonds

	2018	2017
	UGX	UGX
African Development Bank - maturing in 2023	504,050,000	630,062,500
Total	504,050,000	630,062,500

14.7.1.2 Government Treasury Bonds (Government of Uganda)

	2018	2017
	UGX	UGX
Two-Year Government Treasury Bond	2,163,926,545	12,489,106,217
Three-Year Government Treasury Bond	16,931,225,082	11,109,794,550
Four -Year Government Treasury Bond	3,273,359,521	-
Five-Year Government Treasury Bond	39,745,109,552	32,801,548,140
Ten-Year Government Treasury Bond	18,667,467,013	15,947,146,159
Fifteen-Year Government Treasury Bond	9,106,961,524	8,491,652,904
Total	89,888,049,237	80,839,247,970

14.7.1.3 Long term Outstanding Loan Portfolio

	2018	2017
	UGX	UGX
Loans (Recoverable in more than one year)	6,640,771,846	-
Total	6,640,771,846	-

14.7.1.4 Changes in the value of Bonds

The changes in the value of Bonds arise as a result of the increase or decrease in the market price of the Government Bonds in the active market. The market prices are obtained as published by the Central Bank of Uganda for the bonds being traded in the market. In the financial year ended 30th June 2018, the fund increased its investment in Government Bonds which had high yields. Although the general increase in interest rates lowered the values of the existing bonds, this was offset by the new acquisitions of bonds with higher yields that will be realized on receipt of the coupons. The net decrease (unrealized) in value of the bonds is UGX 3,502,297,935 as reported in the statement of changes.

14.7.1.5 INVESTMENT IN SHARES

The Scheme invested in equities as follows as at 30th June 2018

	No. of shares No	2018 Value UGX	2017 Value UGX
Equities at the Uganda Securities Exchange (USE)			
Bank of Baroda (U) Ltd	23,159,563	3,473,934,450	2,501,232,804
DFCU (U) Ltd	4,198,728	4,072,766,160	2,417,932,638
Stanbic Bank (U) Ltd	137,142,827	4,388,570,464	3,520,403,829
Umeme	4,880,592	1,464,177,600	2,025,376,600
Total Market value of Equities at the USE	169,381,710	13,399,448,674	10,464,945,871
Equities at the Nairobi Securities Exchange (NSE)			
ARM Cement Ltd	-	-	253,963,625
Atlas Development and Support Services	98,000	-	3,559,826
Bamburi	210,400	1,447,711,904	1,353,854,568
Barclays Bank Kenya	1,969,000	866,631,722	677,769,672
BAT Kenya	15,000	345,960,000	439,529,475
Centum Investments	48,240	68,610,787	173,144,516
CFC Stanbic of Kenya Holding Ltd	54,720	192,464,467	336,014,316

Cooperative Bank of Kenya	3,150,727	2,119,494,187	1,133,470,961
Diamond Trust Bank	41,800	319,751,608	231,371,360
East African Breweries Ltd	307,352	2,575,585,172	624,380,074
Equity Group Holding	1,947,300	3,462,007,305	1,578,770,501
Flame Tree Group Holding	171,864	23,452,905	75,063,643
I&M Holdings Ltd	21,680	95,838,608	193,130,047
Jubilee Holdings Ltd	8,612	167,177,866	131,090,142
Kenya Commercial Bank	2,676,667	4,758,712,426	1,893,813,587
KenGen Company	287,800	77,441,224	197,884,265
Kenol Kobil Ltd	742,280	516,451,702	898,771,181
Kenya Power and Lighting	1,340,800	355,628,429	368,760,559
National Media Group	38,771	134,132,152	112,087,800
NIC Bank (K)	844,482	1,152,397,027	889,725,229
Nairobi Stock Exchange Ltd	56,160	38,210,590	81,114,205
SafariCom Ltd	11,263,515	12,772,600,740	5,768,031,269
Stanlib Fahari I-Reit	1,149,200	499,180,302	498,945,004
Standard Chartered Bank (K) Bank	39,822	303,090,021	586,850,207
Total Market value of Equities at the NSE	26,484,192	32,292,531,144	18,501,096,032
Total Market value of Equities	195,865,902	45,691,979,818	28,966,041,900

14.7.1.6 Changes in the value of Equities (Shares)

The change in the value of equities (shares) arises as a result of the increase or decrease in the market price of the shares in the active market. The market prices are obtained as published by the Uganda Securities Exchange for the Ugandan listed equities and Nairobi Securities Exchange for the Kenyan listed equities. In the financial year ended 30th June 2018, there was general fair increase in the market prices and acquisitions of the shares that resulted into a cumulative gain of UgX 7,332,160,522 as reported in the statement of Changes in net assets.

14.7.1.7 Valuation of Equities (Shares)

The Scheme has used the Bank of Uganda value average exchange rate in the valuation of regional equities.

14.7.1.8 Bonus Shares

The Scheme received 76,771 bonus shares from NIC Bank, worth UgX 104,763,242 as at 30th June 2018.

14.7.1.9 Profit / Loss on sale of Investment

During the period, the Scheme sold equities as shown in Table 4 below:

Table 4: Shares sold as at 30th June 2018

Company	Number of Shares sold	Current holding
Athi River Mining	358,100	0
CFC Stanlib	82,020	54,720
Standard Chartered Bank	41,733	39,822
KenGen	431,700	287,800
I&M Holdings	32,520	21,680
Kenokobil	1,113,420	742,280
Flame Tree Group	257,796	171,864
Centum	72,360	48,240
	2,389,649	1,366,406

The proceeds from the sale resulted into a net loss of UgX 25,968,039. The net loss has been reported in the statement of Changes in net assets.

14.7.1.10 Foreign Exchange gain/Loss

During the period, the Scheme made a net unrealized loss of UgX.94, 074,045. This arose as a result of the revaluation of Kenyan dividends and Kenya Shillings. The net loss has been reported in the statement of Changes in net assets.

14.7.1.11 Impairment of Atlas Shares

In 2015, the Scheme purchased 98,000 shares with Atlas Development and Support Services. In 2017, the counters for Atlas were closed by NSE. At 30th June 2018, the value of the shares was UgX. 3,955,476. During the period ended 30th June 2018, there was no active trading in Atlas shares and the company had been put under liquidation.

14.8.2 SHORT TERM INVESTMENT

	Note	2018 UGX	2017 UGX
Fixed Deposits Investments	14.8.2.1	18,047,796,537	27,888,387,882
Treasury Bills Investments	14.8.2.2	31,133,933,436	11,651,966,786
Corporate Bonds due in 12 months	14.8.2.3	27,985,928	36,145,639
Loan Portfolio	14.8.2.5	4,183,790,642	-
Treasury Bonds due in 12 months	14.8.2.4	2,630,882,271	2,187,148,379
Total		56,024,388,814	41,763,648,686

14.8.2.1 Fixed Deposits (Commercial Banks)

	2018 UGX	2017 UGX
Fixed deposits (maturing within 0-12 month)	17,865,406,135	27,145,000,000
Interest receivable on all Fixed Deposits	182,390,402	743,387,882
Total	18,047,796,537	27,888,387,882

14.8.2.2 Treasury Bills (Bank of Uganda)

	2018 UGX	2017 UGX
91-Day Treasury Bills	930,671,000	-
182-Day Treasury Bills	7,187,836,000	85,090,500
364-Day Treasury Bills	22,515,140,771	10,862,339,385
Interest Receivable on all Treasury Bills	500,285,665	704,536,901
Total	31,133,933,436	11,651,966,786

14.8.2.3 Corporate Bonds Interest receivable in 12 months

	2018 UGX	2017 UGX
African Development Bank Bond	27,985,928	36,145,639
Total	27,985,928	36,145,639

14.8.2.4 Government Treasury Bonds Interest receivable in 12 months

	2018	2017
	UGX	UGX
Two-Year Government Treasury Bond	58,407,176	385,112,582
Three-Year Government Treasury Bond	728,976,119	397,119,090
Four -Year Government Treasury Bond	104,153,425	-
Five-Year Government Treasury Bond	997,235,158	1,151,628,865
Ten-Year Government Treasury Bond	518,606,988	112,525,431
Fifteen-Year Government Treasury Bond	223,503,405	140,762,411
Total	2,630,882,271	2,187,148,379

14.8.2.5 Short term Outstanding Loan Portfolio

	2018	2017
	UGX	UGX
Loans(recoverable within one year)	4,042,687,760	
Interest Receivable on outstanding Loans	141,102,882	-
Total	4,183,790,642	-

14.9 RECEIVABLES

		2018	2017
	Notes	UGX	UGX
Dividend Income Receivable		236,858,437	179,597,999
NALECO SACCO		39,447,000	39,447,000
Other Debtors		159,510,139	36,873,600
Contributions Receivables	14.9.1	1,525,521	218,257
Total		437,341,097	256,136,856

14.9.1 Contributions Receivables

		2018	2017
	Notes	UGX	UGX
Contributions due for 30 days		1,525,521	218,257
Total		1,525,521	218,257

14.10 CASH AND CASH EQUIVALENTS

	2018	2017
	UGX	UGX
Centenary Bank	396,368,123	260,008,816
Kenya Commercial Bank (UGX)AA	-	429,781
Kenya Commercial Bank (UGX)GA	-	10,733,522
Kenya Commercial Bank (Kesh)	-	32,918,413
Kenya Commercial Bank (Kesh)	-	119,755,526
Standard Chartered Bank (Operations)	378,717,303	663,230,609
Standard Chartered Bank (Loans)	953,651,094	-
Orient Bank	190,066,237	-
Standard Chartered Bank (UGX)SL	36,539,289	-
Standard Chartered Bank (UGX)GA	623,955	-
Standard Chartered Bank (KES)SL	4,690,132,535	-
Standard Chartered Bank (KES)GA	62,937,065	-
Cash book	260,000	100
Total	6,709,295,601	1,087,076,767

14.11 CREDITORS AND ACCRUALS

		2018	2017
	Notes	UGX	UGX
Benefits Payable		852,207,743	687,600,820
Pensions Payable		399,715,512	175,509,279
WHT		8,684,836	-
Parliamentary Commission		1,730,027	-
Staff Gratuity		248,961,187	127,332,471
Sundry Creditors		529,955,644	203,006,570
Total		2,041,254,949	1,193,449,140

14.11.1 Benefits Payable

		2018	2017
	Notes	UGX	UGX
MPs Death in Service Benefits due for over a year.		563,018,703	547,546,842
MPs Death in Service Benefits between 30- 60 days.		139,651,877	-
MPs withdrawal Benefits between 30- 60 days		121,018,079	-
MPs Withdrawal Benefits due over one year.		28,519,084	28,519,084
Staff Withdrawal Benefits between 30- 60 days.		-	47,274,398
Staff Retirement Benefits due in 60 days.		-	64,260,496
MPs Retirement Benefits between 30- 60 days.		-	-
Total	14.11	852,207,743	687,600,820

14.12 MOVEMENT IN THE ADMINISTRATIVE RESERVE ACCOUNT

	Notes	2018	2017
		UGX	UGX
Administrative Reserve at the start of the year		693,039,434	128,355,446
Administrative Surplus /(Deficit) during the year		(103,473,955)	564,683,988
Administrative reserve as at June 30.		589,565,479	693,039,434

14.13 MOVEMENT IN THE ACTUARIAL REVALUATION RESERVE ACCOUNT

For the year ended 30 June 2017, the Board carried out an actuarial review of the Scheme as required. The results revealed that the Scheme assets had increased with a Surplus of UgX. 8,360,744,000.

The Scheme has created a reserve account in the financial year 2017/2018.

	2018
	UGX
Actuarial Surplus at the start of the year	8,360,744,000
Declared interest to members as at June 30 2017	(2,735,996,663)
Accumulated Actuarial Reserve as at June 30.	5,624,747,337

14.14 MOVEMENT IN UNVESTED RESERVE ACCOUNT

	2018	2017
	UGX	UGX
Unvested Reserve at the start of the year	37,694,411	484,103,337
Net change during the year	18,909,759	(446,408,926)
Unvested Reserve as at June 30.	56,604,170	37,694,411

14.15 INTEREST TO MEMBERS

The Parliamentary Pensions Act provides a Guaranteed Interest rate of 8% which was equivalent to UGX 10,973,687,615 for the year 2017/18. This rate serves as a provisional rate pending declaration of the final rate by the Board. The amount reported for the year is derived by computing 8% interest on individual members' balances on a monthly basis and this is accumulated over the year for all members.

	2018	2017
	UGX	UGX
Guaranteed Interest (8%)	10,973,687,615	7,699,827,129
Total Guaranteed Interest members.	10,973,687,615	7,699,827,129

14.15.1 Interest to Members 2017

During the Annual General Meeting held on 20th April 2018, the Board declared an additional Interest of 3% for the active members for Financial year 2016/2017 of UgX. 2,683,000,000 for the active members and UgX. 52,996,663 for the Pensioners to cater for inflationary depreciation in earnings.

14.16 TOTAL NET ASSETS

	Notes	2018 UGX	2017 UGX
Members Accumulated Fund	12.0	203,773,888,071	152,131,344,122
Administrative reserves	14.12	589,565,479	693,039,434
Loan protection fund	14.19	190,066,237	-
Deferred Income	14.18	630,951	2,299,447
Total net assets as at June 30.		204,554,150,738	152,826,683,003

14.17 GENERAL RESERVE ACCOUNT

	2018 UGX	2017 UGX
General reserves account at the start of the year	67,560,237	67,560,237
Movement of the general reserve during the year	(10,526,030)	
General reserve as at June 30.	57,034,207	67,560,237

14.18 DEFERRED INCOME

	2018	2017
	UGX	UGX
Deferred Income opening balance	2,299,447	4,835,011
Donated Income recognized during the year	(1,668,496)	(2,535,564)
Deferred Income as at June 30.	630,951	2,299,447

14.19 Loan Protection Fund

As stipulated in the lending Regulations, a Loan protection fund of 2% was charged on all loans disbursed. Part of it was used to purchase an Insurance Policy on default due to death or permanent disability.

	2018
	UGX
Loan Protection Fund at the start of the year	-
2% Loan Protection fee accumulated during the Year	263,596,000
Insurance Policy Purchased	(75,343,444)
Bank Charges	(462,412)
Interest Earned	2,276,093
Loan Protection Fund as at 30 June 2018.	190,066,237

PARLIAMENTARY PENSION SCHEME
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

14.20 PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED JUNE 30, 2018. [Current Position]

	Furniture & Fittings 12.50%	Computer Equipment 33.30%	Donated		Office Equipment 20%	Motor Vehicle 25%	Total
			Computer Equipment 33.30%	Furniture & Fittings 12.50%			
Cost:	UGX	UGX	UGX	UGX	UGX	UGX	UGX
As at July 01, 2017	103,512,130	95,863,503	12,372,120	20,285,380	92,500,175	111,056,880	435,590,188
Additions	-	167,388,248	-	-	19,785,400	0	187,173,645
						0	0
As at June 30, 2018	103,512,130	263,251,751	12,372,120	20,285,380	112,285,575	111,056,880	622,763,833
Depreciation:							
As at July 01, 2017	22,469,610	51,240,247	12,372,120	18,171,927	41,690,067	74,037,920	219,981,891
Disposals	-	-	-	-	-	-	-
Charge for the year	12,764,112	33,369,149	-	1,668,496	14,462,705	27,764,220	90,028,682
As at June 30, 2018	35,233,722	84,609,396	12,372,120	19,840,423	56,152,772	101,802,140	310,010,573
As at June 30, 2017	81,042,520	44,623,256	-	2,113,453	50,810,108	37,018,960	215,608,297
Assets Held for Sale	-	-	-	-	-	-	2,256,854
WIP June 30,2017	-	-	-	-	-	-	13,440,200
As at June 30, 2018	68,278,408	178,642,352	-	444,957	56,132,803	9,254,740	315,010,114

14.20.1 PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED JUNE 30, 2017 [Previous Position]

	Furniture & Fittings 12.50%	Computer Equipment 33.30%	Donated		Office Equipment 20%	Motor Vehicle 25%	Total
			Computer Equipment 33.30%	Furniture & Fittings 12.50%			
Cost:	UGX	UGX	UGX	UGX	UGX	UGX	UGX
As at July 01, 2016	70,176,000	63,441,029	12,372,120	20,285,380	53,857,440	111,056,880	331,188,849
Additions	33,336,130	32,422,474	-	-	38,642,735	0	104,401,339
As at June 30, 2017	103,512,130	95,863,503	12,372,120	20,285,380	92,500,175	111,056,880	435,590,188
Depreciation:							
As at July 01, 2016	11,994,202	29,357,836	12,372,120	15,636,363	32,226,540	46,273,700	147,860,761
Disposals	-	-	-	-	-	0	0
Charge for the year	10,475,408	21,882,411	-	2,535,564	9,463,527	27,764,220	72,121,130
As at June 30, 2017	22,469,610	51,240,247	12,372,120	18,171,927	41,690,067	74,037,920	219,981,891
Net Book value:							
As at June 30, 2016	58,181,798	34,083,193	-	4,649,017	21,630,900	64,783,180	183,328,088
Assets Held for Sale	-	-	-	-	-	-	2,256,854
WIP June 30, 2017	-	-	-	-	-	-	13,440,200
As at June 30, 2017	81,042,520	44,623,256	-	2,113,453	50,810,108	37,018,960	231,305,351

PARLIAMENTARY PENSION SCHEME
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

14.20 .2 Computer Software for the year ended June 30, 2018

	2018
	33.30%
	UGX
Cost:	
As at July 01, 2017	-
Additions	76,545,000
As at June 30, 2018	76,545,000
Amortization :	
As at July 01, 2017	-
Charge for the year	12,744,744
As at June 30, 2018	12,744,744
Net Book value:	
As at June 30, 2017	-
As at June 30, 2018	63,800,256

14.21 Tax Computation for the Year 2018

	Notes	Total	Total
		2018	2017
		UGX	UGX
Investment Income	14.22	20,935,705,454	17,013,747,378
Less: Income where WHT is final tax	14.22.1	(17,972,291,103)	(14,244,768,051)
Income subject to income tax		2,963,414,351	2,768,979,327
Less: Fund Expenses	14.22.3	(1,568,832,549)	(1,085,406,980)
Less: Operating Expenses	14.6	(2,846,654,736)	(2,165,932,580)

Add back disallowables :			
Fund Expenses	14.22.3	1,346,766,906	908,757,508
Operational Expenses	14.6	2,743,881,310	2,093,811,450
Depreciation	14.6	102,773,426	72,121,130
Impairment Loss	14.7.1.11	(3,955,476)	-
Loss on sale of Investments	14.7.1.9	(25,968,039)	(2,682,080)
Less: Wear and Tear (W&T)		(153,021,993)	(73,935,706)
Taxable Income after W&T	14.23	2,558,403,200	2,515,712,069

14.22. TOTAL INVESTMENT INCOME

14.22.1. Income Where WHT Is Final.

	Note	2018	2017
		UGX	UGX
Interest on Treasury Bills	14.3	1,600,326,754	1,567,693,970
Interest from Government Bonds	14.3	15,010,980,429	11,214,990,200
Dividend Income	14.3	1,360,983,920	1,462,083,881
Total Investment Income where WHT is Final		17,972,291,103	14,244,768,051

The withholding tax (WHT) deducted at source on the above investments is the final tax charged on the incomes.

14.22.2 Income where WHT is not final

	Note	2018	2017
		UGX	UGX
Interest on Fixed Deposits	14.3	1,676,931,334	2,653,112,381
Interest from Corporate Bonds	14.3	72,708,557	115,866,946
Other Incomes	14.3	21,066,858	-
Interest Income from Operations	14.5.0	13,431,281	13,431,281
Interest Income from Loans	14.3	1,179,276,321	-
Total Investment Income where WHT is not Final		2,963,416,369	2,768,981,344

Total Investment Income	14.21	20,935,705,454	17,013,747,378
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The withholding tax (WHT) charged on the above investments is not the final tax. A full tax computation has been done for this income.

14.22.3 FUND MANAGEMENT FEES

Section 122 of the Income Tax Act states that all expenses where withholding tax is final shall not be allowed for purposes of computing Tax liability /assets for the Year. The Scheme has apportioned the Fund Management fees based on the Income approach as at June 30,2018.

	Notes	2018	2017
		UGX	UGX
Total fund Expenses	14.4	1,568,832,549	1,085,406,980
Total Investment Income	14.22	20,935,705,454	17,013,747,378
Income where WHT is final	14.22	17,972,291,103	14,244,768,051
Investment Income where WHT is not final	14.22	2,963,414,351	2,768,979,327
Proportion of total investment where WHT is final		86%	84%

Proportion of total Investment where WHT is not final		14%	16%
Disallowed Expenses:			
Fund expenses	14.21	1,346,766,906	908,757,508

14.23 TAX EXPENSE

	Notes	Portfolio	Totals	Totals
		2018	2018	2017
		UGX	UGX	UGX
Taxable Income	14.21	2,558,403,200	2,558,403,200	2,515,712,069
Tax Charge	30%	767,520,960	767,520,960	754,713,621
Deferred Tax Charge	14.27	(106,417,890)	(106,417,890)	1,210,375,797
Add: Tax deducted at source (WHT)		3,433,023,437	3,433,023,437	2,647,036,289
Tax charge for the year		4,094,126,507	4,094,126,507	4,612,125,707

14.24 TAX PAYMENT

A provisional tax of UgX. 478,793,536 was paid.

14.25 TAX PAYABLE

	Notes	2018	2017
		UGX	UGX
Tax Charge Payable	14.23	767,520,960	754,713,621
Less: Provisional Tax Paid	14.24	(478,793,536)	-
Less: WHT certificates		(515,385,297)	(482,956,634)
Tax Credit (payable)	14.26	(226,657,873)	271,756,987

14.26 TAX ASSET ACCOUNT

	Notes	2018	2017
		UGX	UGX
Tax Credit Account		1,524,548,147	1,877,423,118
Tax Credit (payable) for the year	14.25	226,657,873	(271,756,987)
Add: WHT during the year		245,890,294	401,838,650
Less: WHT Claimed		(515,385,297)	(482,956,634)
Tax Asset at year end		1,481,711,017	1,524,548,147

Cumulative split of Tax Asset and WHT Receivables

	2018	2017
	UGX	UGX
Tax Credit with URA	1,254,386,745	1,027,728,872
WHT Receivables	227,324,272	496,819,275
Tax Asset at year end	1,481,711,017	1,524,548,147

14.27 DEFERRED TAX

Deferred tax is calculated in accordance with IAS 12 on all temporary differences under the liability method using a principal tax rate of 30%. The temporary differences arise between tax bases of assets and liabilities and their carrying amounts in the financial statements. The reconciliation of the deferred tax is as highlighted below:

Arising from:		2018	2017
		UGX	UGX
Accelerated Tax Depreciation			
Carrying value as at 30 June		376,553,516	215,608,297
Written down Value as at 30 June		(312,440,279)	(202,483,966)
Difference		64,113,237	13,124,331
Deferred Tax on Fixed assets	30%	19,233,971	3,937,299
Prior Year Adjustment		-	28,091,829
Total Deferred Tax for the Year on assets		19,233,971	32,029,128
Changes in fair value			
Changes in fair value during the Year		3,705,865,027	3,929,052,361
Deferred Tax Charge for the period	30%	1,112,946,148	1,178,715,708
Foreign Exchange losses			
Foreign Exchange losses during the Year		(94,074,045)	(1,230,310)
Deferred Tax Charge for the period	30%	(28,222,214)	(369,039)

Changes in the Deferred Tax during the Year ended 30th June 2018

Arising from :	At 1 July	Credit/ Charge	At 30 June
	2017	for the Period	2018
	UGX	UGX	UGX
Accelerated Tax Depreciation	32,029,128	(12,795,157)	19,233,971
Foreign Exchange losses	(369,039)	(27,853,175)	(28,222,214)
Changes in fair Value	1,178,715,708	(65,769,558)	1,112,946,148
Net Deferred Tax (asset) / Liability	1,210,375,797	(106,417,890)	1,103,957,906

14.28 Investment Allocation

		2018	2017
	Notes	UGX	UGX
Government Treasury Bond	14.7.1.2/14.8.2.4	92,518,931,508	83,026,396,349
Fixed Deposits Investments	14.8.2.1	18,047,796,537	27,888,387,882
Treasury Bills Investments	14.8.2.2	31,133,933,436	11,651,966,786
Corporate Bonds	14.7.1.1/14.8.2.3	532,035,928	666,208,139
Loans	14.7.1.3/14.8.2.5	10,824,562,488	-
Shares/ Equities	14.7.1.5	45,691,979,818	28,966,041,900
Total Investments(Short & Long term)		198,749,239,715	152,199,001,056

Allocation per fund Manager		2018	2017
		UGX	UGX
African Alliance		-	88,883,083,207
Gen Africa		83,114,696,633	63,315,917,849
Stanlib		104,809,980,594	-
Parliamentary Pension Scheme		10,824,562,488	-
Total		198,749,239,715	152,199,001,056

14.28.1 Detailed Allocation per Fund Manager African Alliance

		2018	2017
		UGX	UGX
Government Treasury Bond		-	36,968,582,470
Fixed Deposits Investments		-	26,771,467,793
Treasury Bills Investments		-	7,982,806,767
Corporate Bonds		-	398,978,654
Shares/ Equities		-	16,761,247,523
Total		-	88,883,083,207

Gen Africa

	2018	2017
	UGX	UGX
Government Treasury Bond	46,735,434,568	46,057,813,879
Fixed Deposits Investments	3,871,747,991	1,116,920,089
Treasury Bills Investments	8,194,994,244	3,669,160,019
Corporate Bonds	212,814,371	267,229,485
Shares/ Equities	24,099,705,459	12,204,794,377
Total	83,114,696,633	63,315,917,849

Stanlib

	2018	2017
	UGX	UGX
Government Treasury Bond	45,783,496,939	-
Fixed Deposits Investments	14,176,048,546	-
Treasury Bills Investments	22,938,939,192	-
Corporate Bonds	319,221,557	-
Shares/ Equities	21,592,274,360	-
Total	104,809,980,594	-

Parliamentary Pension Scheme

	2018	2017
	UGX	UGX
Loans	10,824,562,488	-
Total	10,824,562,488	-

14.28.2 INVESTMENT RECONCILIATION

	Value as at 01/07/2017	Purchases at cost	Capita- lized/Interest discounts	Sales /Proceeds/ Redemptions / Impairment Loss	Changes in the Fair value	Value at 30.06.2018
	UGX	UGX	UGX	UGX	UGX	UGX
Fixed Deposits	27,888,387,882	202,856,709,270	182,390,402	(212,879,691,017)	-	18,047,796,537
Treasury Bills	11,651,966,786	44,411,895,230	500,285,665	(25,430,214,245)	-	31,133,933,436
Corporate Bonds	666,208,139		27,985,928	(162,158,139)	-	532,035,928
Shares	28,966,041,900	11,267,503,685	-	(1,873,726,289)	7,332,160,522	45,691,979,818
Loans	-	13,107,280,000	141,102,882	(2,423,820,394)	-	10,824,562,488
Treasury Bonds	83,026,396,349	23,238,581,205	2,630,882,271	(12,874,630,382)	(3,502,297,935)	92,518,931,508
Total	152,199,001,056	294,881,969,390	3,482,647,148	(255,644,240,466)	3,829,862,587	198,749,239,715

14.29. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

In the opinion of the Trustees, there were no contingent liabilities or capital commitments as at 30 June 2018.

14.30 FINANCIAL RISK MANAGEMENT

The Scheme's trustees have overall responsibility for the establishment and oversight of the Scheme's risk management framework. The trustees are responsible for developing and monitoring the risk management policies. The trustees are responsible for identifying and analyzing the risks faced by the Scheme, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(a) Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations on its financial liabilities. The Scheme undertakes regular Cash flow projections to identify and provide for financial obligations that may fall due. Immediate liquidity needs are settled from monthly contributions from the Sponsor.

Management of liquidity risk

The pension fund has access to a diverse funding base. Funds are raised mainly from contributions received from both Sponsor and members of the Scheme.

This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Scheme strives to maintain a balance between continuity of funding and flexibility through the use of assets with a range of maturities. The Scheme continually assesses liquidity risk by identifying and monitoring changes in funding, required to meet business goals and targets set in terms of the overall Scheme strategy.

Exposure to liquidity risk

Key measures used by the Scheme for managing liquidity risk are the asset mix limits. Details of the asset mix at the reporting date were as follows:

Asset Mix 2018

	Limit	2018 UgX	%	2017 UgX	%
Government securities	40%- 50%	92,518,931,508	45.03	83,026,396,349	54.40
Treasury bills	40%- 50%	31,133,933,436	15.15	11,651,966,786	7.63
Corporate Bonds	2.50%-12.5%	532,035,928	0.26	666,208,139	0.44
Fixed deposits	7.5%-17.5%	18,047,796,537	8.78	27,888,387,882	18.27
Domestic Equities	10%- 15%	13,399,448,674	6.52	10,464,945,871	6.86
Regional Equities	10%-25%	32,292,531,144	15.72	18,501,096,029	12.12
Others (loans)	2.5%-10%	10,824,562,488	5.27	-	-
Cash	3%-10%	6,709,295,601	3.27	423,846,058	0.28
		205,458,535,316	100	152,622,847,114	100

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period as at 30th June 2018 to the contractual maturity dates:

Maturity Groupings 2018

	Up to 3 months	3-12 months	1 - 5 years	Over 5 years	Total
Government securities	-	2,630,882,271	62,113,620,700	27,774,428,537	92,518,931,508
Treasury Bills	942,575,912	30,191,357,524	-	-	31,133,933,436
Corporate Bonds	-	27,985,928	504,050,000	-	532,035,928
Fixed deposits	9,464,900,000	8,582,896,537	-	-	18,047,796,537
Domestic Equities	-	-	13,399,448,674	-	13,399,448,674
Regional Equities	-	1,614,824,331	30,677,706,813	-	32,292,531,144

Loans	141,102,882	4,042,687,760	6,640,771,846	-	10,824,562,488
Cash at Bank	6,709,295,601	-	-	-	6,709,295,601
Receivables	1,525,521	236,858,437	198,957,139	-	437,341,097
Total Assets	17,259,399,916	47,327,492,788	113,534,555,172	27,774,428,537	205,895,876,413
Other Liabilities and accrued expenses	213,097,135	1,289,511,985	595,680,036	-	2,098,289,156
Deferred Tax		55,604,533	1,048,353,373	-	1,103,957,906
Total Liabilities	213,097,135	1,345,116,518	1,644,033,409	-	3,202,247,062
Liquidity gap	-	-	-	-	-
At 30 June 2018	17,046,302,781	45,982,376,270	111,890,521,763	27,774,428,537	202,693,629,351

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates will affect the Scheme's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within the acceptable parameters, while optimizing the return on risk.

Management of market risks

Overall authority for market risk is vested with the Scheme's investment managers.

Interest rate risk

The Scheme's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest bearing liabilities mature or reprice at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rates levels consistent with the Scheme business strategies. Interest rate monitoring is done by Scheme's trustees as well as the investment managers. The Scheme does not have any significant interest rate risk exposures.

Currency risk

The Scheme is exposed to currency risk through transactions in foreign currencies. The Scheme's transactional exposures give rise to foreign currency gains and losses that are recognized in the statement of changes in net assets available for benefits. In respect of monetary assets and liabilities in foreign currencies, the Scheme ensures that its net exposure is kept to an acceptable level. Monitoring of foreign currency fluctuations is done through the Scheme's investment managers. The Scheme's assets and liabilities are reported in the Uganda shillings

(c) Non-financial risk

In addition to the risks discussed above, the Scheme also faces a number of other risks which it groups and manages under Non-financial risk. Non-financial risk encompasses operational risk and business risk.

Operational risk

This is the risk of direct or indirect impacts resulting from inadequate or failed internal processes or systems or from external events. Major sources of operational risk include: implementation of strategic change, outsourcing of operations, fraud, error, regulatory compliance among others. Operational risk is managed and monitored by the Scheme's Trustees and the presence of the Internal Audit function.

Business risk

This is the risk of adverse impact resulting from poor choice of strategy, markets, products, activities or structures. Major potential sources of business risk include: revenue volatility due to factors outside our control; inflexible cost structures; uncompetitive products or pricing; and structural inefficiencies. Parliamentary Pension Scheme is continuously reinforcing its commitment to the management of these risks. The Scheme will continue to enhance its non-financial practices and methodologies where appropriate and will implement advanced non-financial risk management to enhance member value.

14.31 RELATED PARTY TRANSACTION

There were no related party transactions during the period ended 30th June 2018.

15.0 ABRIDGED ACTUARIAL VALUATION REPORT

Purpose

The actuarial valuation was done in order to determine the funding status of the Scheme as at 30th June 2017.

Valuation Basis:

A summary of the valuation assumptions is as follows: -

Financial assumptions

- A long-term investment returns of 10% p.a is used to place a present value on future benefit payment.
- Pension increase of 4% p.a. and a guaranteed period of 15 years.

Demographic assumptions

- Rates of mortality after retirement was based on the PA (90) ultimate mortality tables with mortality improvement of 1% per annum from age 60.

Valuation Results	JUNE 2017 (UGX. 000)	JUNE 2014 (UGX. 000)
Total Value of Assets	152,201,204	66,384,457
Total value of Liabilities	(143,840,460)	(65,834,199)
Surplus	8,360,744	550,258
Funding Level	105.8%	100.8%

Valuator Statement

The Valuator hereby certifies that the Scheme is in a financially sound condition as at 30th June 2017.

The actuarial valuation was undertaken by **Mr. T.W. Doubell of ARGEN Actuarial Solutions.**

16.0 FIVE YEAR FINANCIAL STATISTICS

The financial statistics shows the performance and growth of the Scheme over a period of 5 years.

Table 5: 5 year financial statistics (in Shs Billion)

	2014	2015	2016	2017	2018
Contributions	7.77	26.04	31.69	35.38	36.41
Benefits to Members	3.19	1.27	38.49	2.05	3.75
Return on Investment (B/T)	7.77	10.56	12.54	19.85	23.06
Interest to Members	4.9	7.64	8.02	7.70	10.97
Total Fund & Reserve	67.33	100.87	104.14	152.83	204.55
Bank Balance	1.84	1.34	7.20	1.08	6.71
Fixed Deposit	8.87	20.66	5.62	27.89	18.05
Treasury Bills	12.86	22.94	8.94	11.65	31.13
Corporate Bonds	2.26	1.52	1.1	0.67	0.53
Government Bonds	24.96	27.86	53.87	83.03	92.52
Quoted Shares	15.76	25.62	29.92	28.97	45.69
Loans	-	-	-	-	10.82
Net Current Liabilities (as- sets)	0.78	0.93	(2.51)	(0.46)	(0.9)
Net Assets	67.33	100.87	104.14	152.83	204.55

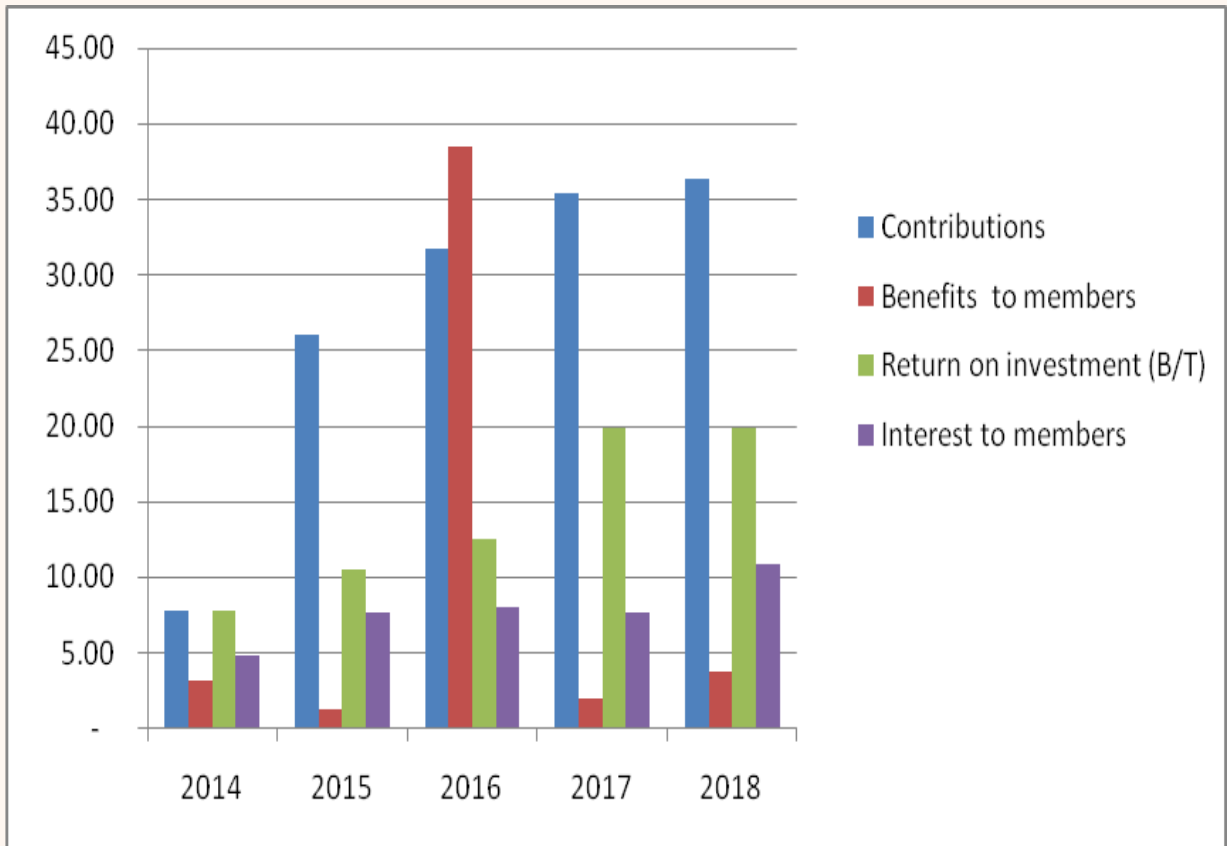


Figure 4: Summary of 5 year financial statistics