



# Annual Report

30<sup>TH</sup> JUNE 2021





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**Abbreviations /Acronyms**

|       |   |
|-------|---|
| ALSI  | All Share Index                                 |
| BoT   | Board of Trustees                               |
| EMDEs | Emerging Markets and Developing Economies       |
| IAS   | International Accounting Standards              |
| IPS   | Investment Policy Statement                     |
| ITA   | Income Tax Act                                  |
| LSI   | Local Share Index                               |
| PPA   | Parliamentary Pensions Act                      |
| PPDA  | Public Procurement and Disposal Act             |
| PPS   | Parliamentary Pension Scheme                    |
| RLS   | Rwanda Local Share Index                        |
| TSI   | Tanzania Local Share Index                      |
| URBRA | Uganda Retirement Benefits Regulatory Authority |
| USA   | United States of America                        |

## SCHEME INFORMATION

### Registered Office

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

### Fund Managers

Gen Africa Asset Managers  
AHA TOWERS  
P.O.BOX 75200 KAMPALA, UGANDA

### Britam Asset Managers

Britam Centre  
Plot 2A, Nakasero, Akii-Bua Road  
P.O.BOX 6583, KAMPALA - UGANDA

### Custodian

Stanbic Bank,  
Hannington Road  
P. O. Box 7131, KAMPALA - UGANDA

### Auditor

Auditor General  
P. O. Box 7083, KAMPALA - UGANDA

### Actuarial Services

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

### Bankers

Centenary Bank,  
Mapeera Branch,  
P. O. Box 1892, KAMPALA - UGANDA

### Standard Chartered Bank,

Plot 5, Speke Road,  
P. O. Box 7111, KAMPALA - UGANDA

### Stanbic Bank,

Hannington Road  
P. O. Box 7131, KAMPALA - UGANDA

### Orient Bank,

Orient Plaza, Kampala Road  
P. O. Box 3072, KAMPALA - UGANDA

### Legal Services

Office of the General Counsel to Parliament  
Parliamentary Commission,  
P. O. Box 7178, KAMPALA - UGANDA

## **ABOUT THE FUND**

### **Vision:**

A Society of dignified retired members of the Scheme.

### **Mission:**

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

### **Values:**

The Core values of Parliamentary Pension Scheme are:

- Trust
- Innovativeness
- Teamwork
- Integrity
- Diligence
- Accountability

### **Strategic Objectives:**

- Improved efficiency and effectiveness in the delivery of the Scheme's business operations.
- Deliver retirement benefits to members that are responsive to the changing economic livehood.
- Optimize investment Fund Management to maintain the Scheme's long-term solvency and sustainability.
- Enhance Members' and Sponsor trust in the Scheme.
- Increase Institutional capacity in pension management.

## OTHER SERVICES

Member Education

Member sensitization seminars on retirement planning, financial literacy tools and solutions and healthy living.

Loans

The Scheme provides loans to its members in active service as one of its investment vehicles. The loans are repaid through monthly deductions from the members' emoluments.

Medical Treatment

When there are no other viable sources of funds to cover critical medical expenses, the Board may approve a proportion of the Members' credit to pay the medical bill in respect of a Member or Pensioner on recommendation from Uganda Medical Board.

Mortgage

The Scheme may guarantee a loan to an active member for purposes of purchasing or construction of his/her residential house. The Scheme issues a guarantee for the down payment to the mortgage provider up to 20% of the mortgage. The exposure guaranteed for the loan is 50% of the members' Scheme credit.



### PPS At A GLANCE



**Members of the Scheme**  
**1199**

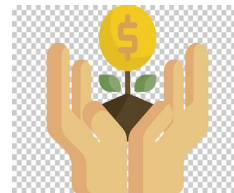


**Members' Contributions**  
**UgX.38,402,234,616**



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**Total revenue**  
**UgX. 38,207,317,899**



**Total Asset Value**  
**UgX. 299,995,095,362**



**Benefits paid**  
**UgX. 90,056,140,048**



**Funding level**  
**102.8%**

## CHAIRPERSON'S STATEMENT

On behalf of the Board of Trustees and Management of Parliamentary Pension Scheme, I welcome you all to the 10<sup>th</sup> Annual General Meeting. It is my pleasure to present the Annual report and Financial Statements for Parliamentary Pension Scheme for the year ended 30<sup>th</sup> June 2021.

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### Review of the Business Environment

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#### Operating Environment

During the Financial Year 2020/2021, the economy grew by 4.3% from 4.2% in 2019/2020<sup>1</sup>. The economy was on a recovery trend after facing the negative impacts of the ongoing COVID-19 pandemic.

The growth in the economy was largely driven by the improvement in the services sector. The services sector continued to be the biggest contributor to the GDP although it registered a setback decline in 2020/21 with its share contribution registering 41.5% in June 2020/2021 from 42.8% in 2019/20. The services sector grew by 2.5% in June 2021 compared to 3.1% the previous year. The poor performance was attributed to the restrictions imposed on Education and Food service activities to combat the spread of COVID-19 pandemic. The performance was further affected by the decline in Arts, Entertainment and recreation activities.

The industry sector registered a growth of 3.4% compared to 3.3 % in the financial year 2019/2020. The main drivers to this slight growth was mainly attributed to improved performance in manufacturing, mining and quarrying activities which grew by 2.1% in 2020/2021 compared to 1.3 % in 2019/2020<sup>2</sup>.

Agriculture, forestry and Fishing activities grew by 3.5% in 2020/2021 compared to 4.8% in 2019/2020, livestock rearing grew by 7.8% in 2020/2021 while fishing activities declined by 11.1%.

Tourism and hospitality were severely hit by global travel restrictions and local containment measures. Retail and wholesale trade were adversely affected as well.

In order to support recovery of businesses, tax reliefs were provided to businesses disrupted by COVID-19. In addition, Government paid arrears to private sector firms it owed in order to ease their liquidity. The Uganda Development Bank was given an allocation to finance manufacturing, agribusinesses and other private sector firms affected by the COVID-19 pandemic. Seed capital was provided to the youth and women entrepreneurs through "Emyooga" and Operations Wealth Creation (OWC).

The Annual Headline Inflation fell from 4.1% in June 2020 to 2.5% in June 2021<sup>3</sup> while Core Inflation reduced from 4.9% in June 2020 to 3.5% in June 2021<sup>3</sup>. There were mixed movements in headline inflation amongst the East African Partner States. During the FY 2020/21 the East African Economies grew by 4.7%, 6.4% and 5.5% for Kenya, Rwanda and Tanzania respectively.

In Kenya, the Nairobi All Share Index (NASI) improved from negative 7.79% in June 2020 to positive 15.21 in June 2021. The Local Share Index (NSE 20) appreciated to – 4.36% from – 26.25% in June 2020. The 91-day Treasury bills posted an average yield of 6.75%. The average inflation was 5.35% by June 2021. The Kenyan shilling slightly depreciated by 1.2 % against the US dollar.

There was an improvement in performance of stocks at the Uganda Securities Exchange. The All-Share Index (ALSI) rose to 9.37% in June 2021 from -15.17% in June 2020. The Local Share Index [LSI] performed well from negative 9.79% in 2020 to positive 1.65% in June 2021<sup>4</sup>. The 91-day Treasury bills registered an average interest rate of 6.77% during the year. On average, the inflation was 2.5%. During the Financial year 2020/2021, the shilling appreciated by 5.3% to the US dollar.

In Tanzania, the All-Share Index [ASLI] greatly improved from negative -6.76% in June 2020 to positive 10.13% in 2021, while the local share Index [TSI] improved from 0.83% in 2020 to 4.76% in 2020<sup>4</sup>. The 91-day Treasury bills registered an average interest rate of 3.30% during the year. The average inflation was 3.2%. During the Financial year 2020/2021, the Tanzanian shilling continued to marginally depreciate by 0.09% to the US dollar.

In Rwanda, the ALSI performed poorly from 10.31% in June 2020 to negative 2.02% in June 2021 while the local share Index [RLS] further declined from negative 3.89% in June 2020 to negative 11.42% in 2021. The 91-day Treasury bills registered an average interest rate of 5.85% during the year. The average inflation was 5.13%. During the financial year ended June 2021, the Rwandan Franc slightly depreciated by 0.09% to the US dollar.

On the Global Scene, the world economy is experiencing an exceptionally strong but highly uneven recovery. Global growth is set to reach 5.6 % in 2021, the strongest post-recession pace in 80 years. The growth is concentrated in a few major economies, with most emerging market and developing economies (EMDEs) still lagging behind. The ongoing pandemic continues to shape the path for global economic activity, with severe outbreaks continuing to weigh on growth in many countries<sup>7</sup>. The development of effective corona virus vaccines and subsequent rapid deployments in some advanced economies, substantial fiscal and monetary policies have improved the prospects for a durable global economic recovery. The global recovery is, however, uneven and largely reflects sharp rebounds in some major economies, while in many EMDEs, obstacles to vaccination against COVID-19 continue to weigh on economic activities<sup>6</sup>.

Eastern Africa was the most resilient region, thanks to less reliance on primary commodities [Agricultural goods and raw materials] and diversification. In 2021, growth of real GDP was projected at 3.0% and 5.6% in 2022. The top performers in 2021 were Djibouti at 9.9% , Kenya at 5.0%, Tanzania 4.1% and Rwanda 3.9%<sup>8</sup>

## **Outlook**

Following a 3.5 % contraction caused by the COVID-19 pandemic in 2020/2021, global economic activity gained significant momentum; however, it remains well below pre-pandemic projections. The global growth is estimated to grow up to 5.6% in 2021 from negative 3.5% in 2020<sup>7</sup>.

In advanced economies, the rebound is expected to accelerate as a result of widespread vaccination and gradually reopening. Growth is projected to moderate to 4% in 2022, partly as fiscal support in the United States. U.S. growth is expected to outperform that of other major advanced economies due to its more rapid vaccine rollout and larger fiscal support. After this year's rebound, growth is expected to moderate but remain robust in 2022 as the removal of pandemic control measures continues. The U.S. economy is recovering from the pandemic shock more quickly than its peers, supported by greater amounts of fiscal relief<sup>7</sup>.

In the Euro zone, economies are projected to pick up further to 4.4 % in 2022 as member countries steadily unwind pandemic controls, enabling the continued release of suppressed demand. Disbursement of European union (EU) grants and loans will continue to contribute to the recovery, helping to finance various growth, enhancing investments, including green and digital infrastructure<sup>7</sup>.

Although improving external demand and higher commodity prices are lifting aggregate activity in emerging market and developing economies (EMDEs), the recovery in many of them is being constrained by a severe resurgence of new COVID-19 cases and lagging vaccination, as well as a partial withdrawal of macroeconomic policy support. The pandemic continues to have a particularly dampening effect on tourism-reliant economies and is further exacerbating domestic challenges in low-income countries. In all, the pace of recovery in EMDEs will be insufficient to recoup the per capita income losses caused by the pandemic by 2022, and poverty rates are expected to rise further. The long-term outlook has also deteriorated, owing to the pandemic's lasting impact on potential output.

In East Asia and Pacific (EAP), growth is projected to accelerate to 7.7% in 2021, largely due to a strong rebound in China. The pandemic is expected to dampen potential growth in many economies, especially those that suffered most from extended outbreaks of COVID-19 and the collapse of global tourism and trade. With accelerated vaccination rollouts and greater-than-expected spillovers regional recovery is expected to be moderate in 2022 as China's growth edges down toward its potential rate. Growth in China is projected to moderate to 5.4 % in 2022, reflecting diminishing fiscal and monetary support and tighter property and macroprudential regulations. By contrast, growth in the rest of the region is projected to accelerate to 5.0 % in 2022. The projected growth would not be sufficient to fully undo the pandemic-related output losses.

In the Middle East and North African region, output is projected to grow by a subdued 2.4% in 2021. Higher oil prices have bolstered growth prospects in oil exporters, but the improvement has been limited by new virus outbreaks and mixed vaccination progress. COVID-19 resurgences have also worsened the outlook for oil importers. Risks to the outlook remain predominantly limited to vaccine progress which suggests that the pandemic may intensify, new variants may emerge, and mobility restrictions may be reimposed. The region is also exposed to risks from conflict and social unrest, high debt in some economies, and unfavorable commodity price developments. These risks could interact and further undermine living standards, increase deprivation for vulnerable communities, and heighten food insecurity<sup>7</sup>.

Southern Africa is the region that was hardest hit by the pandemic, with an economic contraction of 7% in 2020/2021. It is projected to grow to 2.4% in 2022<sup>8</sup>. The recovery

will likely be better with universal access to safe and effective COVID– 19 vaccine, boosting of consumer consumption and business confidence in addition to increased investments. The modest fiscal stimulus packages deployed by African governments and additional aggregate demand could boost private investments and consumption<sup>8</sup>

In the Sub-Saharan Africa, regional activity is expected to modestly expand to 3.3% in 2022. Positive spillovers from strengthening global activity, better international control of COVID-19, and strong domestic activity in agricultural commodity exports are expected to gradually help lift growth. The lukewarm recovery in Sub-Saharan Africa will make little progress in reversing the extreme poverty caused by the pandemic. The region remains vulnerable to renewed outbreaks of COVID-19, financial stress amplified by elevated debt levels, rising social unrest, potentially triggering a rise in food prices.

Nonetheless, the recovery is envisioned to remain fragile given the legacies of the pandemic and the slow pace of vaccinations in the region, increases in food prices that could worsen food insecurity, rising internal tensions and conflicts, and deeper-than expected long-term damage from the pandemic.

In East Africa, growth for 2022 is projected at 4.3%, 4.7%, 6.4%, and 5.5% for Uganda, Kenya, Rwanda and Tanzania respectively<sup>7</sup>. The rebound assumes that economic activity will normalize due to a full reopening of the economy, the economic recovery Strategy being successfully implemented, high infrastructure spending, pick up in the tourism sector as the effects of the pandemic dissipate, implementation of the African Continental Free Trade Area and reopening of trade corridors<sup>8&6</sup>.

The Ugandan economy is expected to continue on the recovery path. In near-term however, the recovery is likely to be hampered by another round of lockdown measures and a slow vaccination rate. In the medium-term, stronger recovery is premised on successful deployment of vaccines and the containment of the spread of Covid-19, continued recovery in global demand, the commencement of construction works on the oil pipeline, a rebound in Foreign Direct Investments [FDI] inflows and a well anchored policy environment supported by the IMF ECF program. Economic growth is projected to rise to 4.3% in the FY2021/22 and above 6 % in the FY 2022/23<sup>6</sup>. Tourism will remain subdued, but manufacturing, construction, retail and wholesale trade should rebound in 2021 though likely to remain below pre-COVID–19 levels<sup>8</sup>

The outlook remains challenging especially given continued disruptions from the pandemic, the emergence of new variants, increased population mobility combined with tighter monetary policy, geo-political tensions, uneven vaccine rollouts and the withdrawal of domestic macroeconomic support measures. These are likely to weigh down on the regional recoveries. Growth in the Europe and Central Asia is forecast to remain at 3.9% in 2022<sup>7</sup>. The recovery is expected to be strongest in East Asia and the Pacific, primarily due to strength in China in 2022. In South Asia, India's recovery was hampered by the largest outbreak of the pandemic in 2021.

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## Performance review

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In the year ended June 2021, the Scheme continued to implement the annual operational plan as per the Strategic Plan 2018-2023. The Board invested members' funds in the most prudent way.

The Board constantly provided guidance to Management through Board resolutions and the Parliamentary Commission offered support to the Scheme through subvention grants, logistical and technical support.

The investment income before tax increased from UgX. 29.55 billion to UgX. 50.84 billion, representing an increase of 72.02% compared to 47.98% in 2020. The increase was due to the good performance of fixed income investments and the equity market. The assets under management slightly reduced from UgX. 313.61 to UgX. 299.99 billion due to the large payouts. The Fund posted a return on average investable fund of 16.69% before tax and 12.41% after tax.

The benefits paid out amounted to UgX. 90.06 billion compared to UgX. 4.171 billion paid out last year.

The Board shall continue to ensure superior service delivery to the Members, prudent investment of Scheme funds and prompt payment of members' benefits.

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## Achievements

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### During the year, the Scheme registered the following achievements:

1. Promptly paid out retirement benefits of UgX. 90.06 billion.
2. Paid out overdue Death benefits amounting to UgX. 251 million.
3. Disbursed Loans totaling to UgX. 10.09 billion to 143 members.
4. Enhanced capacity of the Board of Trustees and staff through training.
5. Operationalized the Strategic Plan 2018 - 2023 for year Three.
6. Developed a Compendium of Scheme policies.
7. Registered good attendance of Members at the Annual General Meeting.

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## Challenges

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The Scheme's main challenge during the year:

Members' slow response and failure to update their files.

## Appreciation

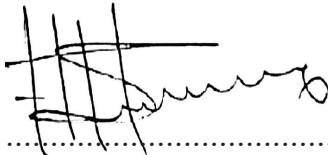
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We express our deepest thanks to our Members' for their tireless efforts and support to the Scheme. The Board appreciates the Parliamentary Commission for the timely remittance of Members' contributions, subvention grant, office space for the Secretariat, provision of Human Resource, Legal and Procurement advisory services which would otherwise have been a heavy cost to the Scheme. In an exceptional way, we further extend our gratitude to the Commission for the support they have given in the Management of the Loan Scheme.

I would like to appreciate the Board of Trustees for their diligent commitment and oversight role that ensured proper running of the Scheme operations.

On behalf of the Board, I would like to acknowledge the service providers, Uganda Retirement Regulatory Benefits Authority and business partners for their contribution to the success and growth of the Fund and the Retirement Benefits Industry at large.

I take this chance to thank Management and Staff of the Parliamentary Pension Scheme for their commitment and services offered to the Scheme.



.....  
**ARINAITWE RWAKAJARA (MP)**  
**CHAIRPERSON, BOARD OF TRUSTEES**

## CHIEF OPERATIONS MANAGER'S STATEMENT

The Scheme was well steered by the Board of Trustees, received all Members' contributions for the year and diligently undertook investments guided by the Investment Policy Statement of 2018-2021. The staff capacity was enhanced through training and skill acquisition, enabling the staff to handle Scheme business efficiently.

The investment environment during the year FY 2020/2021 was not unfavorably affected by the outbreak of Covid-19. There was good performance of the equity and bond markets. The Scheme is solid and a going concern.

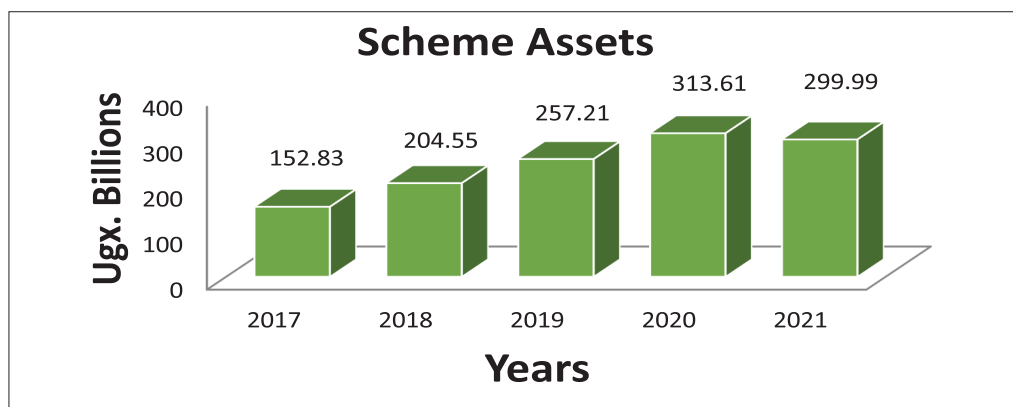
Some operations such as member education and help desks were greatly affected by the country lockdown and observance of the standard operating procedures to combat spread of the Covid-19 pandemic. The Scheme is gradually adjusting to the new normal mode of doing business in the Covid and post Covid environment.

### Financial highlights and review

The Scheme assets slightly declined from UgX. 313.61 billion to UgX. 299.99 billion which is 4.34% reduction compared to a rate of 21.93% in 2020. The decrease in growth was attributed to the large payouts to the exiting Members of the 10<sup>th</sup> Parliament.

The growth in Members' contributions was 1.92% compared to negative 0.34% the previous year. The Increase was due to increase in the number of Members joining the Scheme. During the period, there was no conversion of pensions into lump sums, since no pensioners were re-elected into active service.

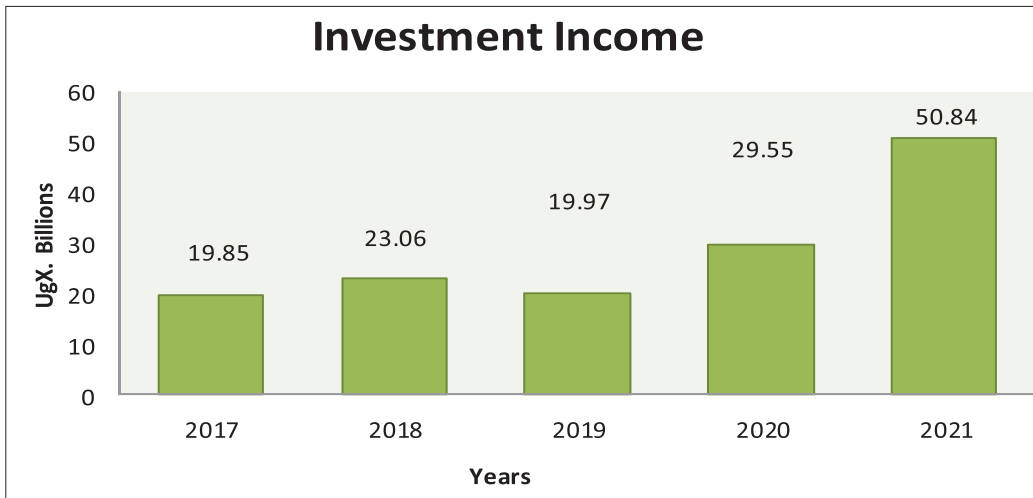
The graphs below show the 5-year performance trends of the Scheme  
**Scheme Assets**



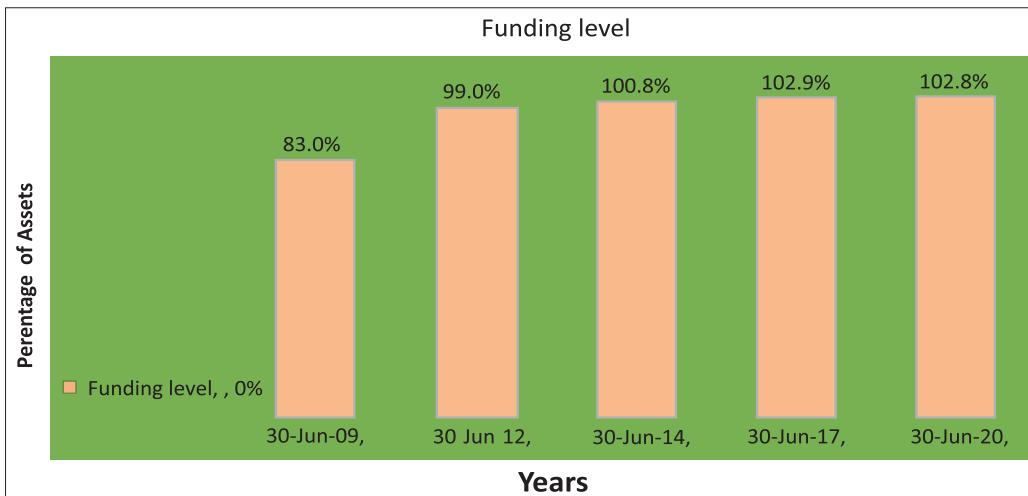
**Figure 1: 5- Year trend for the Scheme Assets**



**Investment Income**



**Figure 2: 5- Year trend for Investment Income Funding Level**



**Figure 3: Funding Level since 2007**

The audited Financial Statements for the year ended 30<sup>th</sup> June 2021, are herewith presented to Members on Pages 35 to 68.

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**SUSTAINABILITY REPORT**

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The Scheme’s sustainability and business success is linked to the Investment Policy Statement developed with a goal to create shared prosperity and promote the wellbeing of the societies in which we operate. The Board invested in assets that seek to promote Social, Economic and Environmentally [SEE] friendly activities while avoiding high risk investments.

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## RISK MANAGEMENT AND CONTROL

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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 Scheme's activities expose it to a variety of risks such as credit risk, market risk, interest rate risk, currency risk, non-financial risk, business risk and exchange rate risk. The overall risk management programme focuses on the identification and management of these risks in order to minimise adverse effects.

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 the Committee of Audit and Risk provides assurance on the operations, systems, investment decisions and internal controls put in place to ensure their effectiveness in risk mitigation. On annual basis the Scheme profiles the risk environment and monitors effectiveness of mitigation strategies in accordance with the Risk Management framework.

In addition to the Internal Audit function, other risk management measures include creation of the Loan protection fund, insurance of loans and enforcement of credit limits. The Investment Policy Statement provides guidance on investment classes, the strategic and tactical ranges in which investments should be done.

The Board ensures engagement of competent staff who ably ensure compliance to relevant laws, regulations and policies to effectively avoid unnecessary risks.

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## ACKNOWLEDGMENT

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I take this opportunity to thank the Board of Trustees for the guidance they have offered to Management and staff. I thank the Members for the exceptional cordial relationship they have accorded to the Scheme during the year. I also thank the staff, for their committed services they have given to the Scheme.

Much appreciation goes to the Regulator for the continued support and guidance given to the Scheme to ensure compliance and safe guard of the Members' fund. The Scheme also acknowledges contributions from other key players in the pension industry such as the Investment Managers, Custodians, Auditors, Insurers and other Pension Schemes.

A handwritten signature in blue ink, appearing to read 'Nightingale Mirembe Ssenoga'.

.....  
**NIGHTINGALE MIREMBE SSENOGA**  
**CHIEF OPERATIONS MANAGER**

**BOARD OF TRUSTEES' STATEMENT  
CORPORATE GOVERNANCE****BOARD OF TRUSTEES**

Hon. Achia Remigio  
**CHAIRPERSON**



Hon. Haruna Kyeyune



Hon. Francis Mwijukye



Hon. Roland Mugume



Hon. Dr. Francis Epetait



Mr. Aloysius Makata



Mr. Solomon Kirunda



Jane L. Kibirige (Mrs.)  
**SECRETARY**

## Board Size, Composition and Appointment

The Scheme is governed on behalf and in the interest of Members by Eight [8] Trustee's appointed in accordance with Section 18 of the Parliamentary Pensions Act. 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. Francis Mwijukye       | Member           | Parliamentary Commission                               |
| Hon. Kyeyune Haruna Kasolo  | Member           | Minister of Finance, Planning and Economic Development |
| Hon. Roland Mugume          | Member           | Backbench Members                                      |
| Hon. Dr. Francis Epetait    | 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                      |

In July 2021, there was a change in the composition of the Board of Trustees.

## Statement of Corporate Governance

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 1<sup>st</sup> July 2001. Since 2007 a number of amendments have been made and incorporated in the Act.

The mandate 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.

## Role of the Board

The Board offers strategic guidance, leadership 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.

## Skills, Training and Experience

The Board appreciates the importance of training and skills acquisition in the efficient management of the Scheme. During the year ended June 2021, the Board undertook trainings to enhance knowledge and skills in Pension Management.

## **Board Meetings**

The Board meets on a quarterly basis as guided by the approved Annual Board Calendar. The meetings have an agenda informed by priority decisions and discussions necessary to drive the Scheme forward. Board business is based on areas of operations of the Scheme namely Benefits, Administration, Investments and Financial Performance, Human Resource and Assurance on internal controls. During the year the Board held 7 meetings to review investments performance, develop Strategic documents for effective management of the Scheme and payment of Member benefits among others.

## **Board Evaluation**

The Board developed a Performance Assessment Tool to assess its performance and nurture continuous improvement. During the year, the Board of Trustees were evaluated and they met the standards of good governance.

## **Conflict of Interest**

The Board of Trustees are under a fiduciary duty to act in honesty and in the best interest of the Scheme. Any business transacted with the Scheme must be at arm's length and fully disclosed to the Board. During the year, there were no conflicts of Interest recorded.

## **Board Committees**

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 mandates are detailed hereunder: -

### ■ **Finance and Administration Committee (FAC)**

|                            |   |                 |
|----------------------------|---|-----------------|
| Hon. Mugume Roland         | - | Chairperson     |
| Hon. Mwijukye Francis      | - | Member          |
| Hon. Haruna Kyeyune Kasolo | - | Member          |
| Mr. Solomon Kirunda        | - | Member          |
| Mr. Okello .G. Obabaru     | - | 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)**

|                         |   |                 |
|-------------------------|---|-----------------|
| Mr. Solomon Kirunda     | - | Chairperson     |
| Hon. Dr. Francis Epetai | - | Member          |
| Hon. Mugume Roland      | - | 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 rates of return without exposing the Fund to undue risk.

■ **Benefits Administration Committee (BAC)**

|                            |   |                 |
|----------------------------|---|-----------------|
| Hon. Dr. Francis Epetai    | - | Chairperson     |
| Hon. Mwijukye Francis      | - | Member          |
| Hon. Haruna Kyeyune Kasolo | - | Member          |
| Hon. Alice Alaso Asianut   | - | Co-opted Member |
| Mr. Charles Olichó         | - | Co-opted Member |

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

■ **Audit and Risk Committee (A&RC)**

|                     |   |                 |
|---------------------|---|-----------------|
| Mr. Aloysius Makata | - | Chairperson     |
| Mr. Mugisha Steven  | - | 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.

### Committee Meetings

During the reporting period, the Committees held a number of meetings as follows: -

|                                      |   |            |
|--------------------------------------|---|------------|
| Finance and Administration Committee | - | 3 meetings |
| Investment and Custody Committee     | - | 3 meetings |
| Audit and Risk Committee             | - | 4 meetings |
| Benefits Administration Committee    | - | 3 meetings |
| Loans Committee                      | - | 3 meetings |

### Management

The Scheme is internally administered by a team of Ten (10) qualified staff under the supervision of the Chief Operations Manager.

The Board has continued to strengthen the professional capacity of staff through training in order to improve service delivery. The Scheme's Management is comprised of:

| <b>Name</b>                     | <b>Designation</b>              |
|---------------------------------|---------------------------------|
| Ms. Nightingale Mirembe Ssenoga | Chief Operations Manager        |
| Ms. Elsie Kizito                | Finance Manager                 |
| Mr. Edward Basheka              | Benefits Administration Manager |
| Ms. Susan Nyamwezi              | Internal Audit Manager          |

## SCHEME MEMBERSHIP

At the end of the Financial Year, the Scheme had a membership of 1199 composed of 967 active members (345 women and 622 men), 2 deferred members, 191 pensioners and 39 beneficiaries as shown in Table 2 below:

**Table 2: Scheme Membership**

|  | Active Members |            | Deferred members |          | Pensioners |            | Beneficiaries |           |
|--|----------------|------------|------------------|----------|------------|------------|---------------|-----------|
|  | MPs            | Staff      | MPs              | Staff    | Staff      | MPs        | Staff         | MPs       |
| 1st July 2020  | <b>453</b>     | <b>390</b> | <b>0</b>         | <b>2</b> | <b>34</b>  | <b>83</b>  | <b>4</b>      | <b>23</b> |
| New Entrants   | 334            | 42         |                  |          | 3          | 80         |               | 12        |
| Deceased   | (4)            |            |                  |          | (1)        | (2)        |               |           |
| Leavers  | (164)          | (1)        |                  |          |            | (6)        |               |           |
| Retired  | (80)           | (3)        |                  |          |            |            |               |           |
| At 30th June 2021  | <b>539</b>     | <b>428</b> | <b>0</b>         | <b>2</b> | <b>36</b>  | <b>155</b> | <b>4</b>      | <b>35</b> |
| <b>Membership in Audited Financial statements as at June 2021.</b> | <b>969</b>     |            |                  |          | <b>230</b> |            |               |           |

## Financial Review

The Scheme had net assets worth Ugx. 299,995,059,362 as shown in the statement of Net assets in Table 3 below:

**Table 3: Net Assets as at the period ended 30<sup>th</sup> June 2021**

|                                      | <b>Jun-21</b>       | <b>Jun-20</b>      | <b>Jun-19</b>      |
|--------------------------------------|---------------------|--------------------|--------------------|
|                                      | <b>UgX ('000)</b>   | <b>UgX ('000)</b>  | <b>UgX ('000)</b>  |
| Contributions                        | 38,402,097          | 37,679,215         | 37,808,893         |
| Members' payments                    | (90,056,140)        | (4,171,558)        | (2,786,352)        |
| <b>Net Additions from Members</b>    | <b>(51,654,043)</b> | <b>33,507,657</b>  | <b>35,022,541</b>  |
| Net Returns on Investments           | 37,958,859          | 22,472,963         | 17,715,437         |
| Net Administration surplus           | 79,934              | 418,521            | (80,960)           |
| <b>(Decrease) Increase in fund</b>   | <b>(13,615,250)</b> | <b>56,399,141</b>  | <b>52,657,018</b>  |
| Net assets at start of the year      | 313,610,309         | 257,211,168        | 204,554,150        |
| <b>Net assets at end of the year</b> | <b>299,995,059</b>  | <b>313,610,309</b> | <b>257,211,168</b> |
| <b>Growth</b>                        | <b>(4.34%)</b>      | <b>21.93%</b>      |                    |

The Table 3 (a) below shows the explanations for the variances in the performance as at June 2021.

**Table 3(a): Explanations for the variances in the performance as at June 2021**

|  | <b>Jun-21</b>       | <b>Jun-20</b>      | <b>Explanations for the Variance</b>  |
|--|---------------------|--------------------|---|
|  | <b>UgX ('000)</b>   | <b>UgX ('000)</b>  |   |
| Contributions                          | 38,402,097          | 37,679,215         | There was increase in the number of Members of 11 <sup>th</sup> Parliament by 98 Members. |
| Members' payments                      | (90,056,140)        | (4,171,558)        | Increase in paid benefits for the exiting Members of the 10 <sup>th</sup> Parliament.     |
| <b>Net Additions from Members</b>      | <b>(51,654,043)</b> | <b>33,507,657</b>  |   |
| Net Returns on Investments             | 37,958,859          | 22,472,963         | Good performance of investments during the year.  |
| Net Administration surplus             | 79,934              | 418,521            | Better budget utilization during the year.  |
| <b>Net (Decrease) Increase in fund</b> | <b>(13,615,250)</b> | <b>56,399,141</b>  | Decrease due to the large pay-outs.   |
| Net assets at start of the year        | 313,610,309         | 257,211,168        |   |
| <b>Net assets at end of the year</b>   | <b>299,995,059</b>  | <b>313,610,309</b> | Decrease was due to payment of exiting Members of the 10 <sup>th</sup> Parliament.        |

## CUSTODY AND INVESTMENT ARRANGEMENTS

In compliance with the Uganda Retirement Benefits Regulatory Authority Act (2011), the Board of Trustees appointed Stanbic Bank to provide custody services to the Scheme. Britam and GenAfrica Asset Managers were responsible for the management of the Scheme's investment assets.

## LOANS TO MEMBERS

The Scheme disbursed loans worth Ugx. 10,091,000,000 to 143 members for the year ended 30<sup>th</sup> June 2021 and the return on the loan portfolio was Ugx. 1,532,779,119, contributing 4.01% of the total investment income.

## INTEREST TO MEMBERS

During the Annual General Meeting held on 26<sup>th</sup> February 2021, the Board of Trustees declared 8% interest to active members for the financial year 2019/2020. For the year 2020/2021, a total of UgX. 21,997,154,118 representing the 8% guaranteed interest has been provided for and posted to the Members' accounts. For the Financial Year 2021/22 the Board has declared additional interest of 2.5% and this shall be credited to the members accounts after the AGM.

## FUNDING STATUS

The Board of Trustees conducts periodic actuarial valuation of Scheme assets in accordance with Section 71 of Uganda Retirement Benefits Regulatory Act. The Actuarial Valuation done as at 30<sup>th</sup> June 2020 indicated that the Scheme was financially sound with a funding



level of 102.8%.

## **INVESTMENT REPORT AND STRATEGY**

### **Investment Policy**

The Board has adopted a moderate risk approach to drive the investment strategy of the Scheme. The Investment Policy Statement for the period 2018 – 2021 has been used to guide the Investments of the Scheme for the FY 2020/2021.

The policy carefully balances the intent of maximizing the long-term returns while minimizing short-term volatility and other risks.

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

### **Strategic Asset Allocation**

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

| <b>Asset Class</b>     | <b>Minimum (%)</b> | <b>Strategic Weight (%)</b> | <b>Maximum (%)</b> |
|------------------------|--------------------|-----------------------------|--------------------|
| Treasury bills         | 3.00               | 5.00                        | 10.00              |
| Term Deposit           | 2.00               | 3.00                        | 5.00               |
| Call Deposits          | 0.00               | 1.00                        | 5.00               |
| Uganda Treasury Bonds  | 40.00              | 48.00                       | 60.00              |
| Uganda Corporate Bonds | 0.00               | 7.00                        | 12.50              |
| Domestic Equities      | 5.00               | 9.00                        | 15.00              |
| EAC Equities           | 10.00              | 20.00                       | 25.00              |
| Loans*                 | 3.00               | 5.00                        | 7.00               |
| Private Equity         | 0.00               | 1.00                        | 2.00               |
| Property               | 0.00               | 1.00                        | 4.00               |

\* Loans asset class is administered internally by the Scheme Management.

### **Investment Environment**

The majority of the Investments were held in Uganda at 83% while 17% was in Kenya.

The Ugandan economy was fairly tough due to the country lockdown restrictions which led to reduced activities of companies, businesses and tertiary institutions. In the bid to revive the economy, the Central bank reduced the interest rate from 7% to 6.5%. This was done to try and support the repayment of loans and provide cheaper cashflows to the small and medium enterprises. This led to a reduction in the return on the 91-day Treasury Bills closing at 6.77% from 8.69% 2019/2020. The Uganda shilling appreciated by 5.35% against the

US dollar, closing at UgX 3,540 in June 2021.

In the first quarter of 2020/2021, the economy in Kenya was tough which led to the poor performance in the stock market. However, from December 2020, there was recovery in the economy due government's quick policy responses. This also led to the recovery of the stock market. In order to manage the contraction in the economy resulting from the lockdown, the Kenya central bank rate was retained at 7%<sup>9</sup> to try and support economic recovery especially for small businesses. The corporation tax rate was reduced from 30% to 25%.

The good performance in the Stock and Equity markets improved the Scheme's return on investments during the reporting period. The Kenya shilling depreciated by 1.2% against the US dollar closing at KES 107.95.

### Strategy

The Scheme maintained a moderate approach to risk. There was a decline in investments under corporate bonds. The Member loans were maintained in the Investment portfolio at an average of 4.2% of total investment assets. The Scheme slightly increased its investments in long term Treasury bonds to take advantage of the of the low withholding tax rate on bonds of 10 years and above and the high interest rates on bonds. The yields on short term bonds were low yet with a high tax rate thus making them unattractive in the course of the year. The strategy on regional equities was a conservative one due to the pandemic.

The Scheme concentrated to hold on counters that would rebound with recovery of the economy, which included the telecommunication and banking sectors. The Scheme focused on short term investments particularly the 182 and 365-day Treasury bills for liquidity purposes in preparation for the massive payout at the end of the financial year.

The breakdown of net assets as at the end of the reporting period was as follows:

**Table 4: Net asset breakdown**

| Asset Class                      | Amount (UgX.Bn) | Proportions (%) | Amount (UgX.Bn) |
|----------------------------------|-----------------|-----------------|-----------------|
|                                  | Jun-21          | Jun-21          | Jun-20          |
| Equities                         | 64.53           | 21.00           | 50.36           |
| Government Bonds                 | 210.70          | 68.56           | 207.87          |
| Treasury Bills                   | 0.803           | 0.26            | 26.94           |
| Corporate Bonds                  | 0.132           | 0.04            | 0.290           |
| Loans                            | 11.49           | 3.74            | 10.78           |
| Fixed Deposit                    | 19.65           | 6.39            | 12.02           |
| Net current assets / Liabilities | (7.31)          | (2.44)          | 5.35            |
| <b>Total</b>                     | <b>299.995</b>  | <b>100.00</b>   | <b>313.610</b>  |

### Investment Performance

The gross investment income earned during the year increased from 35.48 billion to 38.21 billion in June 2021, representing a 7.67% growth. This was due to increased volume in

fixed income investments during the year.

The net investment return increased from 29.55 billion in the previous year to UgX.50.84 billion, representing 72.05% increase. The net investment return after tax was UgX. 37.78 billion compared to UgX. 22.32 billion in FY 2019/2020.

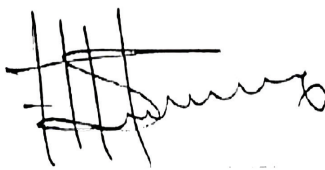
The income realized from different asset classes is summarized in Table 5 below:

**Table 5: Income from different asset classes**

| Asset Class      | Amount       | Proportions   | Amount       |
|------------------|--------------|---------------|--------------|
|                  | (UGX.bn)     | (%)           | (UGX.bn)     |
|                  | Jun-21       | Jun-21        | Jun-20       |
| Equities         | 2.61         | 6.83          | 2.83         |
| Government Bonds | 28.20        | 73.80         | 26.25        |
| Treasury Bills   | 3.95         | 10.34         | 2.590        |
| Corporate Bonds  | 0.02         | 0.05          | 0.03         |
| Loans            | 1.53         | 4.00          | 2.01         |
| Fixed Deposit    | 1.90         | 4.97          | 1.78         |
| <b>Total</b>     | <b>38.21</b> | <b>100.00</b> | <b>35.49</b> |

The return on investable assets before tax was 16.69% compared to 10.49% in 2020. The return after tax was 12.41% in 2021 compared to 7.92% the previous year.

Signed on behalf of the Board of Trustees by: -



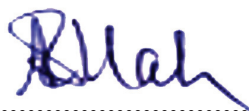
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**CHAIRPERSON, BOARD OF TRUSTEES**



.....

**MEMBER, BOARD OF TRUSTEES**



.....

**MEMBER, BOARD OF TRUSTEES**

## STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The PPS Act, URBRA Act and regulations oblige the Trustees to make available to Scheme members and other parties, audited financial statements for each 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 at the end of the Scheme year of the assets and liabilities.

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

### 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, and for such internal controls as Trustees determined necessary to enable the preparation of financial statements, whether due to fraud or error.

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

- I. 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;
- II. Ensured that proper internal control systems were employed by or on behalf of the Fund;
- III. Ensured that adequate and appropriate information was communicated to the members including their rights, benefits, duties in terms of the rule of the fund;
- IV. Obtained expert advice on matters where they lacked sufficient expertise;
- V. Ensured that the rules, operation and administration of the fund complied with the URBRA Act and all other applicable legislations; and
- VI. 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.

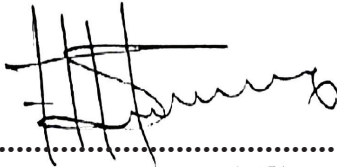
These financial statements have been reported on by **M/s Goldgate Certified Public Accountants** who were given unrestricted access to all financial records and related data, including minutes of all relevant meetings.

The Board of Trustees believes that all their representations made to the independent auditors in the representation letter during their audit were valid and appropriate. The report of the independent auditor is presented on pages 24-27.

These financial statements were approved by the Board of Trustees on 6<sup>th</sup> October 2021 and are to the best of the Board of Trustees' knowledge and belief, confirmed to be complete and correct and fairly represent the net assets of the fund as at 30<sup>th</sup> June 2021 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 registration.

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.



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**CHAIRPERSON, BOARD OF TRUSTEES**

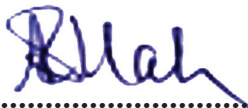
Date: **6<sup>th</sup> October 2021**



.....

**MEMBER, BOARD OF TRUSTEES**

Date: **6<sup>th</sup> October 2021**



.....

**MEMBER, BOARD OF TRUSTEES**

Date: **6<sup>th</sup> October 2021**

## **REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF PARLIAMENTARY PENSION SCHEME (PPS) FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

### **Opinion**

I have audited the financial statements of the Parliamentary Pension Scheme (PPS) for the year ended 30th June 2021. These financial statements comprise of the statement of changes in Net Assets, Statement of Net Assets, and Statement of Changes in Member Funds, Cash Flow Statement together with 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 2021 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, Public Finance and Management Act 2015 and the Uganda Retirement Benefits Regulatory Authority and Management Act 2015.

### **Basis for Opinion**

I conducted my audit in accordance with International Standards on Auditing (ISAs) and Guidelines issued by the Institute of Certified Public Accountants of Uganda. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Scheme in accordance with the International Ethics Standards Board for 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 independent 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 Matters (KAM)**

Key audit matters are those matters that in my professional judgments are of most significance of my audit of the financial statements of the current period. These matters are addressed in context of my audit of the financial statements as a whole and in forming my opinion, and I do not provide separate opinion on these matters. I have nothing to report in this regard.

### **Other matter**

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

### **Under absorption of resources**

While reviewing the performance of the Scheme, I observed that a total of UGX. 5,557,452,584 was utilized in the year against the approved budget of UGX. 6,601,744,660.

However, despite the under absorption indicated above, I noted an improvement in budget performance from 67% of the previous year to 84% of the current year. Management was commended for the improved performance given the prevailing and continuous Covid-19 pandemic conditions.

Under absorption of resources could imply that the Scheme did not carry out all the intended year's activities, hence not meeting its intended objectives. Some of the activities involving a sum of UGX. 765,997,924 are not or are partially implemented and these include;

- Recruitment of staff
- Development of IT Annual Maintenance Plans
- Undertaking of Strategic Partnership meetings

Management explained that the implementation of these activities was affected by the observance of the Standard Operating Procedures for the Covid 19 pandemic and the country-wide lockdown.

I advised Management to ensure that activities not implemented in the current year (un-absorbed resources of 16%) should be rolled over and implemented in the subsequent financial year if the Scheme is to achieve its intended objectives.

### **Segregation of Duties**

Good Corporate Governance practices require the Board to develop policies and oversee the implementation of those policies.

As observed last Financial Year 2019/2020, I again noted that some members on the Board of Trustees are still signatories to the Bank Accounts of the Scheme.

The Board's involvement in the day-to-day operations of the Scheme erodes its oversight role. There ceases to be a distinction between the Board and Management. For instance, the Board cannot hold Management to account for failure, to implement agreed activities when the Board is actively participating in the daily operations of the Scheme.

Although Management explained that the current arrangement is in compliance with the Parliamentary Pensions Act (PPA) 2007, I advise that the Board should look into this matter and consider amending the law to harmonize the functions of the Board and those of Management in response to corporate governance concerns raised.

### **Other information**

Management is responsible for other information. This information does not include the financial statements and my independent auditor's report. My opinion on the financial statements does not cover other information, and I do not express any form of assurance 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

inconsistent with the financial statements, or my knowledge obtained in audit, or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

### **Management Responsibilities for the Financial Statements**

Management is responsible for the preparation and presentation of financial statements in accordance with International Financial Reporting Standards and for such internal controls as Management determines necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing financial statements, Management is responsible for assessing the Schemes' ability to continue as going concern, disclosing, as applicable, matters relating to going concern using the going concern basis of accounting unless Management either intends to liquidate the Scheme or to cease operation or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

### **Auditor's Responsibility 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 misstatements, whether due to fraud or error, and to issue an auditor report that includes my opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain 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 a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty



exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, I determine those matters that I re of most significant in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my 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, I report to you, based on my audit, that;

1. I have obtained all the information and explanations, which to the best of my knowledge and belief, I re necessary for the purpose of my audit.
2. In my opinion, proper books of account have been kept by the Scheme in so far, as appears from my examination of those books; and
3. The Scheme's Statement of Changes in Net Assets, Statement of Net Assets and Statement of Changes in Members Fund are in agreement with the books of account.



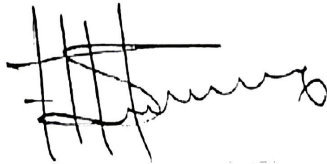
**John F. S. Muwanga**  
**AUDITOR GENERAL**

6th October, 2021

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED  
JUNE 30, 2021**

|   | Notes | Jun-21<br>UGX           | Jun-20<br>UGX          |
|---|-------|-------------------------|------------------------|
| <b>Income from dealing with members</b>                             |       |                         |                        |
| Member Contributions  | 1.1   | 12,800,699,204          | 12,559,738,418         |
| Government Contributions  | 1.2   | 25,601,398,412          | 25,119,476,834         |
| <b>Total Contributions</b>  |       | <b>38,402,097,616</b>   | <b>37,679,215,252</b>  |
| <b>Outgoing from dealings with members</b>                          |       |                         |                        |
| Benefits to Members   | 2     | <b>(90,056,140,048)</b> | <b>(4,171,558,706)</b> |
| <b>Net additions / (withdrawals) from the dealings with members</b> |       | <b>(51,654,042,432)</b> | <b>33,507,656,546</b>  |
| <b>Returns on Investments</b>                                       |       |                         |                        |
| Investment Income   | 3     | 38,207,317,899          | 35,489,117,247         |
| Fund expenses   | 4     | (2,372,129,493)         | (2,067,164,411)        |
| <b>Net investment income before tax</b>                             |       | <b>35,835,188,406</b>   | <b>33,421,952,836</b>  |
| <b>Other comprehensive incomes</b>                                  |       |                         |                        |
| Change in the value of the Equities                                 | 8.1   | 9,496,678,611           | (7,045,382,819)        |
| Changes in the value of Bonds                                       | 7.5   | 5,500,016,168           | 3,254,291,013          |
| Foreign exchange gain/(loss)  | 8.5   | (23,087,451)            | (227,958,457)          |
| Profit/Loss on sale of Investments                                  | 8.4   | 30,085,543              | 150,471,906            |
| <b>Gain (Loss) in the value in the investments</b>                  |       | <b>15,003,692,871</b>   | <b>(3,868,578,357)</b> |

|  |           |                         |                        |
|--|-----------|-------------------------|------------------------|
| <b>Change available for members before Tax and guaranteed Interest</b> |           | <b>(815,161,155)</b>    | <b>63,061,031,025</b>  |
| Other incomes  | <b>5</b>  | 2,910,747,673           | 2,805,505,755          |
| Management expenses  | <b>6</b>  | (2,830,813,091)         | (2,386,984,020)        |
| Net Administrative Surplus/Deficit                                     | <b>13</b> | 79,934,582              | 418,521,735            |
| <b>(Decrease) Increase in Net Asset before tax</b>                     |           | <b>(735,226,573)</b>    | <b>63,479,552,760</b>  |
| Income Tax Charge (Credit)   | <b>27</b> | <b>(13,052,217,384)</b> | <b>(7,236,691,570)</b> |
| <b>(Decrease) Increase in Net Asset after tax during the Year</b>      |           | <b>(13,787,443,957)</b> | <b>56,242,861,190</b>  |
| Guaranteed Interests to Members  | <b>16</b> | (21,997,154,118)        | (19,246,863,765)       |
| <b>Net (Decrease) Increase in Net Assets</b>                           |           | <b>(35,784,598,075)</b> | <b>36,995,997,425</b>  |



CHAIRPERSON, BOARD OF TRUSTEES

Date: **6th October 2021**



MEMBER, BOARD OF TRUSTEES

Date: **6th October 2021**

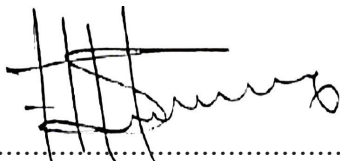


MEMBER, BOARD OF TRUSTEES

Date: **6th October 2021**

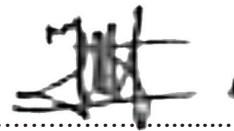
**STATEMENT OF NET ASSETS AS AT JUNE 30 2021**

|                                 | Notes | Jun-21<br>UGX          | Jun-20<br>UGX          |
|---------------------------------|-------|------------------------|------------------------|
| <b>Non-Current Assets</b>       |       |                        |                        |
| Property Plant and Equipment    | 22    | 198,971,116            | 276,049,373            |
| Computer Software               | 23.3  | 944,266,572            | 999,157,980            |
| Medium/ Long term Investments   | 7.1   | 277,353,071,467        | 256,983,755,069        |
| <b>Sub total</b>                |       | <b>278,496,309,155</b> | <b>258,258,962,422</b> |
| <b>Current Assets</b>           |       |                        |                        |
| Short term Investments          | 9     | 29,953,746,421         | 51,281,612,705         |
| Receivables                     | 10    | 461,270,929            | 220,012,522            |
| Tax Asset                       | 30.1  | 95,906,434             | 13,263,471             |
| Withholding Tax Receivables     | 30.1  | 37,633,377             | 393,087,994            |
| Deferred Tax Asset              |       | 0                      | 1,200,910,219          |
| Cash and Bank balances          | 11    | 3,893,954,030          | 3,441,802,544          |
| <b>Subtotal</b>                 |       | <b>34,442,511,191</b>  | <b>56,550,689,457</b>  |
| <b>Current Liabilities</b>      |       |                        |                        |
| Creditors and Accruals          | 12    | 8,473,627,105          | 897,380,849            |
| General Reserve Account         | 19    | 961,917                | 961,917                |
| Deferred Tax Liability          | 31    | 4,469,171,962          | 0                      |
| <b>Subtotal</b>                 |       | <b>12,943,760,984</b>  | <b>898,342,766</b>     |
| <b>Other Liabilities</b>        |       |                        |                        |
| Long term liability             | 12.2  | 0                      | 301,000,000            |
| <b>Total Net Current Assets</b> |       | <b>21,498,750,207</b>  | <b>55,351,346,691</b>  |
| <b>Total Net Assets</b>         | 21    | <b>299,995,059,362</b> | <b>313,610,309,112</b> |



CHAIRPERSON, BOARD OF TRUSTEES

Date: 6th October 2021



MEMBER, BOARD OF TRUSTEES

Date: 6th October 2021



MEMBER, BOARD OF TRUSTEES

Date: 6th October 2021

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021**

|   |              | <b>Jun-21</b>           | <b>Jun-20</b>           |
|---|--------------|-------------------------|-------------------------|
|   | <b>Notes</b> | <b>UGX</b>              | <b>UGX</b>              |
| <b>Cash-flows from operating activities</b>                   |              |                         |                         |
| Contributions during the year                                 | <b>1.1/2</b> | 38,402,097,616          | 37,679,215,252          |
| Taxes paid  | <b>28</b>    | (1,403,278,314)         | (459,323,168)           |
| Gain (Loss) in the Value of Investments                       |              | 15,003,692,871          | (3,868,578,357)         |
| Other incomes   | <b>5</b>     | 2,910,747,673           | 2,805,505,755           |
| Expenses paid   |              | (95,259,082,632)        | (8,625,707,137)         |
| Increase (Decrease ) in Payables                              |              | 7,275,246,256           | (588,941,623)           |
| Decrease (increase) in Receivables                            |              | 21,086,607,877          | 2,040,475,015           |
| <b>Net cash from operating activities</b>                     |              | <b>(11,983,968,653)</b> | <b>28,982,645,737</b>   |
| <b>Cash-flows from investing activities</b>                   |              |                         |                         |
| Investment income (net)                                       |              | 32,708,224,141          | 30,192,786,561          |
| (Decrease)/ Increase in investment                            |              | (20,218,594,002)        | (57,838,208,862)        |
| Purchase of assets  | <b>22</b>    | (53,510,000)            | (119,332,470)           |
| <b>Net cash used in investing activities</b>                  |              | <b>12,436,120,139</b>   | <b>(27,764,754,771)</b> |
| <b>Net Increase / (Decrease) in cash and cash equivalents</b> |              | <b>452,151,486</b>      | <b>1,217,890,966</b>    |
| <b>Movement in cash and cash equivalents</b>                  |              |                         |                         |
| <b>Cash balance at start of the year</b>                      |              | 3,441,802,544           | 2,223,911,578           |
| Net Increase / (decrease) during the year                     |              | 452,151,486             | 1,217,890,966           |
| <b>Cash balance at June 30</b>                                |              | <b>3,893,954,030</b>    | <b>3,441,802,544</b>    |

**STATEMENT OF CHANGES IN THE MEMBERS FUND AS AT 30<sup>th</sup> JUNE 2021**

|  |              | <b>Jun 21</b>          | <b>Jun 20</b>          |
|--|--------------|------------------------|------------------------|
|  | <b>Notes</b> | <b>UGX</b>             | <b>UGX</b>             |
| Accumulated fund at the start of the year      |              | 312,113,516,866        | 256,289,177,410        |
| Increase in Actuarial reserve as at June 2021  | 14           | (2,929,094,663)        |                        |
| Actuarial Surplus at the start of the year     | 14           | (5,624,747,337)        | (5,624,747,337)        |
| Unvested reserve                               | 15           | (37,591,448)           | 0                      |
| Net change available for members               |              | (35,864,532,657)       | 36,577,475,690         |
| Guaranteed interest to members                 | 16           | 21,997,154,118         | 19,246,863,765         |
| Unvested reserve                               | 15           | 37,591,448             | 0                      |
| Accumulated Actuarial Reserve                  | 14           | 8,553,842,000          | 5,624,747,337          |
| <b>Members Accumulated fund as at June 30.</b> | <b>21</b>    | <b>298,246,138,327</b> | <b>312,113,516,866</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 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 of 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. This rate 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 and Bonds, 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 no evidence of impairment loss. Any impairment losses are made through the Statement of Other Comprehensive Incomes.

## **Valuation of the unlisted equities**

The Scheme as at 30<sup>th</sup> June 2021 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.

### (j) Government Grants

Government grant is recognised over the period in which the Scheme qualifies to receive it and expense the related costs for which the grant is intended.

### (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 30<sup>th</sup> June 2021 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 contributes to 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. All donated assets have been fully depreciated.

**(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.

**(q) Revaluation of Assets**

A revaluation account created is periodically reduced by the depreciation value during the period.

## 1 CONTRIBUTION INCOME

| <b>1.1 Member's Contribution</b>    |       |                       |                       |
|-------------------------------------|-------|-----------------------|-----------------------|
|                                     | Notes | Jun 21                | Jun 20                |
|                                     |       | UGX                   | UGX                   |
| Staff Contributions                 |       | 3,663,357,349         | 3,404,995,418         |
| MPs Contributions                   |       | 9,137,341,855         | 9,154,743,000         |
| <b>Total Members' Contributions</b> |       | <b>12,800,699,204</b> | <b>12,559,738,418</b> |

## 1.2 Government Contribution

|   | Jun 21                | Jun 20                |
|---|-----------------------|-----------------------|
|   | UGX                   | UGX                   |
| Govt's Contributions for Staff          | 7,326,714,703         | 6,809,990,834         |
| Govt's Contributions for MPs            | 18,274,683,709        | 18,309,486,000        |
| <b>Total Government's Contributions</b> | <b>25,601,398,412</b> | <b>25,119,476,834</b> |

## 2 BENEFIT TO MEMBERS

|                                  | Jun 21                | Jun 20               |
|----------------------------------|-----------------------|----------------------|
|                                  | UGX                   | UGX                  |
| Staff - Retirement Lump-sum      | 608,511,741           | 533,179,447          |
| Staff - Death in service benefit | 7,379,261             | -                    |
| Staff - Withdrawal benefit       | 343,131,524           | 162,148,934          |
| MPs - Death in service benefit   | 1,070,289,017         | 1,980,562            |
| MPs - Withdrawal benefit         | 65,641,062,953        | 1,030,587,088        |
| MPs - Retirement Lump-sum        | 19,890,927,547        | 400,496,554          |
| Pensions                         | 2,494,838,005         | 2,043,166,121        |
| <b>Total Benefits to Members</b> | <b>90,056,140,048</b> | <b>4,171,558,706</b> |

## 3 INVESTMENT INCOME

|                                | Jun 21                | Jun 20                |
|--------------------------------|-----------------------|-----------------------|
|                                | UGX                   | UGX                   |
| Interest on Treasury Bills     | 3,947,428,771         | 2,593,210,003         |
| Interest on Fixed Deposits     | 1,902,437,641         | 1,775,651,146         |
| Interest from Corporate Bonds  | 18,490,410            | 31,363,545            |
| Interest from Government Bonds | 28,197,580,085        | 26,251,020,413        |
| Dividend Income                | 2,608,601,873         | 2,828,547,517         |
| Interest Income from Loans     | 1,532,779,119         | 2,009,324,623         |
| <b>Total Investment Income</b> | <b>38,207,317,899</b> | <b>35,489,117,247</b> |

#### 4 FUND EXPENSES

|   |      | Jun 21               | Jun 20               |
|---|------|----------------------|----------------------|
|   | Note | UGX                  | UGX                  |
| Annual General Meeting and Board Election |      | 154,130,200          | 142,110,095          |
| Fund Management Fees                      |      | 816,413,400          | 701,131,772          |
| Board of Trustees Costs                   | 4.1  | 940,520,411          | 681,865,779          |
| Administration costs                      |      | 0                    | 49,081,073           |
| Audit fees                                |      | 24,308,000           | 24,308,000           |
| Board of Trustees meetings                |      | 89,949,229           | 98,101,363           |
| Organization structures                   |      | 52,832,300           | 65,699,226           |
| URBRA Levy                                |      | 158,194,529          | 131,164,726          |
| Benefits Administrations Costs            |      | 135,781,424          | 112,557,377          |
| Actuarial Valuation fees                  |      | 0                    | 61,145,000           |
| <b>Total Fund Expenses</b>                |      | <b>2,372,129,493</b> | <b>2,067,164,411</b> |

##### 4.1 Board of Trustees costs

|                                      | Note     | Jun 21             | Jun 20             |
|--------------------------------------|----------|--------------------|--------------------|
|                                      |          | UGX                | UGX                |
| Board of Trustees Capacity Building  |          | 667,070,411        | 429,235,779        |
| Honorarium                           |          | 273,450,000        | 252,630,000        |
| <b>Total Board of Trustees costs</b> | <b>4</b> | <b>940,520,411</b> | <b>681,865,779</b> |

#### 5 OTHER INCOMES

|  | Jun 21               | Jun 20               |
|--|----------------------|----------------------|
|  | UGX                  | UGX                  |
| Grant revenue                          | 2,728,081,004        | 2,728,081,004        |
| Other Sundry Incomes                   | 21,083,920           | 20,707,165           |
| Investment income on operational funds | 161,582,749          | 56,717,586           |
| <b>Total other Incomes</b>             | <b>2,910,747,673</b> | <b>2,805,505,755</b> |

#### 6 MANAGEMENT EXPENSES

|  | Jun 21               | Jun 20               |
|--|----------------------|----------------------|
|  | UGX                  | UGX                  |
| Personnel costs                        | 2,128,190,279        | 1,932,196,559        |
| Staff Capacity Building                | 371,874,873          | 192,543,027          |
| Traveling expenses                     | 9,082,255            | 21,565,811           |
| Organization structures                | -                    | 15,765,000           |
| Office Administration, supplies/others | 124,266,851          | 57,585,791           |
| Publicity and Communications           | 1,900,000            | 2,200,000            |
| Bank Charges                           | 11,016,286           | 14,087,941           |
| Depreciation                           | 184,482,565          | 151,039,891          |
| <b>Total</b>                           | <b>2,830,813,091</b> | <b>2,386,984,020</b> |

## 7 INVESTMENTS

### 7.1 Long-term Investments

|                           | Note    | Jun 21                 | Jun 20                 |
|---------------------------|---------|------------------------|------------------------|
|                           |         | UGX                    | UGX                    |
| Corporate Bonds           | 9.7.1.1 | 126,012,500            | 252,025,000            |
| Government Treasury Bonds | 9.7.1.2 | 204,136,882,664        | 200,997,983,984        |
| Loan Portfolio            | 9.7.1.3 | 8,562,294,355          | 5,367,200,233          |
| Shares & Equities         | 9.7.1.5 | 64,527,881,948         | 50,366,545,852         |
| <b>Total</b>              |         | <b>277,353,071,467</b> | <b>256,983,755,069</b> |

### 7.2 Corporate Bonds

|   | Jun 21             | Jun 20             |
|---|--------------------|--------------------|
|   | UGX                | UGX                |
| African Development Bank - maturing in 2023 | 126,012,500        | 252,025,000        |
| <b>Total</b>                                | <b>126,012,500</b> | <b>252,025,000</b> |

### 7.3 Government Treasury Bonds (Government of Uganda)

|                                       | Jun 21                 | Jun 20                 |
|---------------------------------------|------------------------|------------------------|
|                                       | UGX                    | UGX                    |
| Three-Year Government Treasury Bond   | 2,956,130,660          | 6,665,003,055          |
| Four-Year Government Treasury Bond    | 3,197,269,484          | 3,263,430,002          |
| Five-Year Government Treasury Bond    | 30,633,158,808         | 38,662,286,034         |
| Ten-Year Government Treasury Bond     | 91,931,538,237         | 100,331,606,249        |
| Fifteen-Year Government Treasury Bond | 68,766,014,509         | 52,075,658,644         |
| Twenty-Year Government Treasury Bond  | 6,652,770,966          | 0                      |
| <b>Total</b>                          | <b>204,136,882,664</b> | <b>200,997,983,984</b> |

### 7.4 Long term outstanding Loan Portfolio

|                            | Jun 21               | Jun 20               |
|----------------------------|----------------------|----------------------|
|                            | UGX                  | UGX                  |
| Loans (More than one year) | 8,562,294,355        | 5,367,200,233        |
| <b>Total</b>               | <b>8,562,294,355</b> | <b>5,367,200,233</b> |

### 7.5 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 period ended 30<sup>th</sup> June 2021, the fund increased its investment in Government Bonds which had high yields.

The reduction in interest rates by the Central Bank in order to boost the economy led to the increase the values of the bonds. The net increase in value of the bonds was Ugx. 5,500,016,168 as reported in the statement of changes in net assets.

## 8 INVESTMENT IN SHARES

The Scheme invested in equities as follows;

|   | No. of shares      | Jun 21                | Jun 20                |
|---|--------------------|-----------------------|-----------------------|
|   | No                 | Value UGX             | Value UGX             |
| <b>Equities at the Uganda securities Exchange (USE)</b>                       |                    |                       |                       |
| Bank Of Baroda (U) Ltd  | 23,159,563         | 2,779,147,560         | 2,547,551,930         |
| DFCU (U) Ltd  | 4,198,728          | 2,477,249,520         | 2,708,179,560         |
| Stanbic Bank (U) Ltd  | 180,120,690        | 4,773,198,285         | 4,322,896,560         |
| Umeme   | 4,880,592          | 1,068,849,648         | 1,195,745,040         |
| <b>Total Market Value of Equities at the Uganda securities Exchange (USE)</b> | <b>212,359,573</b> | <b>11,098,445,013</b> | <b>10,774,373,090</b> |
| <b>Equities at the Nairobi securities Exchange (USE)</b>                      |                    |                       |                       |
| Atlas Development and Support Services  | 98 000             | 0                     | 0                     |
| Bamburi Cement Limited  | 126 240            | 146,432,911           | 206,528,166           |
| Barclays Bank Kenya   | 2 698 000          | 883,222,243           | 945,839,544           |
| BAT Kenya   | 9 000              | 133,650,751           | 100,254,434           |
| Centum Investments  | 48 240             | 27,699,564            | 43,208,951            |
| CFC Stanbic of Kenya Holding Ltd  | 54 720             | 146,267,382           | 161,618,667           |
| Cooperative Bank of Kenya   | 6 500 527          | 2,960,356,631         | 2,768,855,976         |
| Diamond Trust Bank  | 207 080            | 404,895,445           | 513,617,866           |
| East African Breweries Ltd  | 595 352            | 3,551,145,797         | 5,273,562,732         |
| Equity Group Holding  | 5 645 600          | 8,337,186,650         | 2,882,293,512         |
| Flame Tree Group Holding  | 0                  | 0                     | 5,865,239             |
| I&M Holdings Ltd  | 0                  | 0                     | 105,171               |
| Jubilee Holdings Ltd  | 5 167              | 59,764,441            | 73,062,564            |
| Kenya Commercial Bank   | 6,407,246          | 9,017,929,058         | 6,727,980,764         |
| NIC Bank (K)  | 928,928            | 781,697,305           | 786,013,364           |
| Nairobi Stock Exchange Ltd  | 0                  | 0                     | 15,238,548            |
| Safaricom Ltd   | 19,509,215         | 26,685,829,695        | 18,751,377,800        |
| Stanlib Fahari I-Reit   | 689,520            | 139,711,882           | 142,618,019           |
| Standard Chartered Bank (K) Bank  | 35,884             | 153,647,180           | 194,131,445           |
| <b>Equities at the Nairobi securities Exchange (USE)</b>                      | <b>43,558,719</b>  | <b>53,429,436,935</b> | <b>39,592,172,762</b> |
| <b>Total</b>  | <b>255,918,292</b> | <b>64,527,881,948</b> | <b>50,366,545,852</b> |

**Note:** There was no active trading for Atlas Shares.

### 8.1 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 and the Nairobi Securities Exchange. In the financial year ended 30<sup>th</sup> June 2021, there was increase in market prices for equities that resulted into a cumulative unrealized gain of Ugx. 9,496,678,611.

### 8.2 Valuation of Equities (Shares)

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

### 8.3 Bonus Shares

The Scheme received no bonus shares as at 30<sup>th</sup> June 2021.

### 8.4 Profit / Loss on sale of Investment

During the period, the Scheme sold equity shares as shown in Table 6 and 7 below:

**Table 6: Shares sold as at 30<sup>th</sup> June 2021**

| Company                     | Number of Shares sold |
|-----------------------------|-----------------------|
| Bamburi Cement Limited      | 84,160                |
| Flame Tree                  | 106,564               |
| I&M Holdings                | 60                    |
| Jubilee insurance           | 3,445                 |
| Nairobi Securities Exchange | 56,160                |

**Table 6: Treasury bills and Bonds sold as at 30<sup>th</sup> June 2021**

| Britam Asset Manager | Cost of Treasury bills sold |
|----------------------|-----------------------------|
| Treasury bills       | 4,381,397,350               |
| Treasury Bonds       | 3,149,972,000               |

The proceeds from the sale of equity holdings resulted into a loss of Ugx 4,278,175. The scheme also sold part of the treasury bills and Bonds with net gain of Ugx. 34,363,718. The net gain of Ugx. 30,085,543 from the sale of investments has been reported in the statement of Changes in net assets.

### 8.5 Foreign Exchange gain/Loss

During the period, the Scheme registered a net unrealized loss of UgX. 23,087,451. This arose from the revaluation of Kenyan dividends and the currency translation of Kenya Shillings. The net unrealized loss has been reported in the statement of Changes in net assets.



## 9. SHORT TERM INVESTMENT

|                                  | Note | Jun 21                | Jun 20                |
|----------------------------------|------|-----------------------|-----------------------|
|                                  |      | UGX                   | UGX                   |
| Fixed Deposits Investments       | 9.1  | 19,649,741,372        | 12,027,196,832        |
| Treasury Bills Investments       | 9.2  | 802,980,419           | 26,947,481,635        |
| Corporate Bonds due in 12 months | 9.3  | 5,893,423             | 12,298,866            |
| Loan Portfolio                   | 9.5  | 2,933,035,199         | 5,414,832,715         |
| Treasury Bonds due in 12 months  | 9.4  | 6,562,096,008         | 6,879,802,657         |
| <b>Total</b>                     |      | <b>29,953,746,421</b> | <b>51,281,612,705</b> |

### 9.1 Fixed Deposits (Commercial Banks)

|   | Jun 21                | Jun 20                |
|---|-----------------------|-----------------------|
|   | UGX                   | UGX                   |
| Fixed deposits (maturing within 1-12 month) | 19,619,345,856        | 11,857,019,900        |
| Interest receivable on all Fixed Deposits   | 30,395,516            | 170,176,932           |
| <b>Total</b>                                | <b>19,649,741,372</b> | <b>12,027,196,832</b> |

### 9.2 Treasury Bills (Bank of Uganda)

|   | Jun 21             | Jun 20                |
|---|--------------------|-----------------------|
|   | UGX                | UGX                   |
| 182-Day Treasury Bills                    | -                  | 1,337,168,000         |
| 364-Day Treasury Bills                    | 776,366,825        | 24,474,064,725        |
| Interest Receivable on all Treasury Bills | 26,613,594         | 1,136,248,910         |
| <b>Total</b>                              | <b>802,980,419</b> | <b>26,947,481,635</b> |

### 9.3 Corporate Bonds Interest receivable in 12 months

|                               | Jun-21           | Jun-20            |
|-------------------------------|------------------|-------------------|
|                               | UGX              | UGX               |
| African Development Bank Bond | 5,893,423        | 12,298,866        |
| <b>Total</b>                  | <b>5,893,423</b> | <b>12,298,866</b> |

### 9.4 Government Treasury Bonds Interest receivable in 12 months

|                                       | Jun-21               | Jun-20               |
|---------------------------------------|----------------------|----------------------|
|                                       | UGX                  | UGX                  |
| Three-Year Government Treasury Bond   | 22,701,089           | 115,234,786          |
| Four -Year Government Treasury Bond   | 107,703,298          | 106,615,387          |
| Five-Year Government Treasury Bond    | 585,738,867          | 940,976,463          |
| Ten-Year Government Treasury Bond     | 2,937,624,730        | 3,369,061,724        |
| Fifteen-Year Government Treasury Bond | 2,821,894,274        | 2,347,914,297        |
| Twenty -Year Government Treasury Bond | 86,433,750           | 0                    |
| <b>Total</b>                          | <b>6,562,096,008</b> | <b>6,879,802,657</b> |

**9.5 Short term outstanding Loan Portfolio**

|                                      | <b>Jun 21</b>        | <b>Jun 20</b>        |
|--------------------------------------|----------------------|----------------------|
|                                      | <b>UGX</b>           | <b>UGX</b>           |
| Loans recoverable (within 12 months) | 2,782,390,147        | 5,274,992,793        |
| Interest receivable                  | 150,645,052          | 139,839,922          |
| <b>Total</b>                         | <b>2,933,035,199</b> | <b>5,414,832,715</b> |

**10. RECEIVABLES**

|                            |              | <b>Jun 21</b>      | <b>Jun 20</b>      |
|----------------------------|--------------|--------------------|--------------------|
|                            | <b>Notes</b> | <b>UGX</b>         | <b>UGX</b>         |
| Dividend Income Receivable |              | 263,606,870        | 47,787,244         |
| NALECO SACCO               |              | 39,447,000         | 39,447,000         |
| Other Debtors              |              | 112,397,700        | 132,778,278        |
| Contributions Receivables  | 10.1         | 45,819,359         | 0                  |
| <b>Total</b>               |              | <b>461,270,929</b> | <b>220,012,522</b> |

**10.1 Contributions Receivables**

|                               |              | <b>Jun 21</b>     | <b>Jun 20</b> |
|-------------------------------|--------------|-------------------|---------------|
|                               | <b>Notes</b> | <b>UGX</b>        | <b>UGX</b>    |
| Contributions due for 30 days | 10           | 45,819,359        | 0             |
| Contributions due for 60 days |              | 0                 | 0             |
| <b>Total</b>                  |              | <b>45,819,359</b> | <b>0</b>      |

**11. CASH AND CASH EQUIVALENTS**

|                                      | <b>Jun 21</b>        | <b>Jun 20</b>        |
|--------------------------------------|----------------------|----------------------|
|                                      | <b>UGX</b>           | <b>UGX</b>           |
| Centenary Bank                       | 1,585,633,069        | 403,623,795          |
| Standard Chartered Bank (Operations) | 296,257,716          | 464,785,691          |
| Standard Chartered Bank (Loans)      | 0                    | 858,345,158          |
| Orient Bank                          | 680,184,571          | 522,665,961          |
| Stanbic Bank (Loans)                 | 1,106,573,442        | 0                    |
| Stanbic Bank (UGX)BTM                | 199,403              | 0                    |
| Stanbic Bank (UGX)GA                 | 15                   | 0                    |
| Stanbic Bank (KES)BTM                | 77,278,615           | 0                    |
| Stanbic Bank (KES)GA                 | 147,317,199          | 0                    |
| Standard Chartered Bank (UGX)BTM     | 0                    | 576,555,904          |
| Standard Chartered Bank (UGX)GA      | 0                    | 428,931,590          |
| Standard Chartered Bank (KES)BTM     | 0                    | 186,578,545          |
| Standard Chartered Bank (KES)GA      | 0                    | 200                  |
| Cash book                            | 510,000              | 315,700              |
| <b>Total</b>                         | <b>3,893,954,030</b> | <b>3,441,802,544</b> |

## 12. CREDITORS AND ACCRUALS

|                          |       | Jun 21               | Jun 20             |
|--------------------------|-------|----------------------|--------------------|
|                          | Notes | UGX                  | UGX                |
| Benefits Payable         | 12.1  | 7,494,598,961        | 186,133,853        |
| Pensions Payable         |       | 39,379,463           | 91,048,877         |
| Parliamentary Commission |       | 24,111,117           | 38,452,527         |
| Staff Gratuity           |       | 256,151,468          | 257,362,295        |
| Sundry Creditors         |       | 659,386,096          | 324,383,297        |
| <b>Total</b>             |       | <b>8,473,627,105</b> | <b>897,380,849</b> |

### 12.1 Benefits Payable

|  |           | Jun 21               | Jun 20             |
|--|-----------|----------------------|--------------------|
|  |           | UGX                  | UGX                |
| MPs Death in Service Benefits due for over a year. |           | 0                    | 14,871,405         |
| MPs Death in Service Benefits due in 60 days.      |           | 818,917,277          | 0                  |
| MPs withdrawal Benefits due in 60 days             |           | 5,669,228,608        | 0                  |
| Staff Death in service Benefits due in 60 days.    |           | 15,789,781           | 68,601,639         |
| Staff Withdrawal Benefits due in 60 days.          |           | 445,792,333          | 102,660,809        |
| MPs Retirement Benefits due in 60 days.            |           | 544,870,962          | 0                  |
| <b>Total</b>                                       | <b>12</b> | <b>7,494,598,961</b> | <b>186,133,853</b> |

### 12.2 Other Long-Term Liabilities

The Scheme commenced upgrade of the Pension Administration System to improve services to the members. The Liability ends in 2021.

|                |       | Jun-21   | Jun-20             |
|----------------|-------|----------|--------------------|
|                | Notes | UGX      | UGX                |
| Systech Africa |       | 0        | 301,000,000        |
| <b>Total</b>   |       | <b>0</b> | <b>301,000,000</b> |

Note: The long-term liability of UgX. 301 million has been transferred to current liability as it will be due within one year.

## 13 MOVEMENT IN THE ADMINISTRATIVE RESERVE ACCOUNT

|   | Notes     | Jun 21               | Jun 20             |
|---|-----------|----------------------|--------------------|
|   |           | UGX                  | UGX                |
| Administrative Reserve at the start of the year   |           | 945,730,458          | 515,458,719        |
| Movement in the Revaluation Reserve               |           | 11,750,004           | 11,750,004         |
| Administrative Surplus /(Deficit) during the year |           | 79,934,582           | 418,521,735        |
| <b>Administrative reserve as at June 30.</b>      | <b>21</b> | <b>1,037,415,044</b> | <b>945,730,458</b> |

#### 14. MOVEMENT IN THE ACTUARIAL REVALUATION RESERVE ACCOUNT

For the year ended 30<sup>th</sup> June 2020, the Board carried out an actuarial review of the Scheme assets and by 30<sup>th</sup> June 2020, there was a surplus of UgX. 8,553,842,000

|   | Note | Jun 21               | Jun 20               |
|---|------|----------------------|----------------------|
|   |      | UGX                  | UGX                  |
| Actuarial Surplus at the start of the year                    |      | 5,624,747,337        | 5,624,747,337        |
| Increase in Actuarial Valuation as 30 <sup>th</sup> June 2020 |      | 2,929,094,663        |                      |
| <b>Accumulated Actuarial Reserve as at June 30.</b>           |      | <b>8,553,842,000</b> | <b>5,624,747,337</b> |

**Note:** The increase in Actuarial Valuation as 30<sup>th</sup> June 2020 is a prior adjustment after the Board of Trustees adopted the Valuation report on 25<sup>th</sup> February 2021 of the assets as at June 2020.

#### 15. MOVEMENT IN UNVESTED RESERVE ACCOUNT

|   | Note | Jun-21            | Jun-21            |
|---|------|-------------------|-------------------|
|   |      | UGX               | UGX               |
| Unvested Reserve at the start of the year |      | 37,591,448        | 37,591,448        |
| Net change during the year                |      | 0                 | 0                 |
| <b>Unvested Reserve as at June 30.</b>    |      | <b>37,591,448</b> | <b>37,591,448</b> |

#### 16. INTEREST TO MEMBERS

The PPA provides a Guaranteed Interest rate of 8% and a provision of UGX 21,997,154,118 for the year ended 30<sup>th</sup> June 2021 was made. The amount reported is derived by computing 8% interest on individual members' balances on a monthly basis and accumulated over the period for all members.

|   | Jun-21                | Jun-21                |
|---|-----------------------|-----------------------|
|   | UGX                   | UGX                   |
| Guaranteed Interest (8%)                  | 21,997,154,118        | 19,246,863,765        |
| <b>Total Guaranteed Interest members.</b> | <b>21,997,154,118</b> | <b>19,246,863,765</b> |

#### 17. DECLARED INTEREST

During the Annual General Meeting held on 26<sup>th</sup> February 2021, the Board of Trustees declared no additional interest for the financial year 2019/2020.

#### 18. REVALUATION ACCOUNT

The revaluation account created as a result of the revaluation of the motor vehicle is reduced by the depreciation value of each year. The changes have been credited to the Administrative reserve.

|   | Notes     | Jun-21            | Jun-20            |
|---|-----------|-------------------|-------------------|
|   |           | UGX               | UGX               |
| Revaluation of the Motor Vehicle          |           | 28,395,827        | 40,145,831        |
| Changes in the Administrative Reserve     | 13        | (11,750,004)      | (11,750,004)      |
| <b>Revaluation Reserve as at June 30.</b> | <b>21</b> | <b>16,645,823</b> | <b>28,395,827</b> |

## 19. GENERAL RESERVE ACCOUNT

|   | Jun-21         | Jun-20         |
|---|----------------|----------------|
|   | UGX            | UGX            |
| General reserves account at the start of the year | 961,917        | 961,917        |
| Movement of the general reserve during the year   | 0              | 0              |
| <b>General reserve as at June 30.</b>             | <b>961,917</b> | <b>961,917</b> |

## 20. LOAN PROTECTION FUND

During the period, 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.

|  | Notes     | Jun 21             | Jun 20             |
|--|-----------|--------------------|--------------------|
|  |           | UGX                | UGX                |
| Loan Protection Fund at the start of the year      |           | 522,665,961        | 366,386,092        |
| 2% Loan Protection fee accumulated during the Year |           | 201,820,000        | 200,778,000        |
| Insurance Policy Purchased                         |           | (63,025,560)       | (56,452,860)       |
| Bank Charges                                       |           | (609,500)          | (586,500)          |
| Interest Earned on Account Balance                 |           | 34,009,267         | 12,541,229         |
| <b>Loan Protection Fund as at June 30.</b>         | <b>21</b> | <b>694,860,168</b> | <b>522,665,961</b> |

## 21 TOTAL NET ASSETS

|  | Notes | Jun 21                 | Jun 20                 |
|--|-------|------------------------|------------------------|
|  |       | UGX                    | UGX                    |
| Members accumulated fund               |       | 298,246,138,327        | 312,113,516,866        |
| Administrative reserves                | 13    | 1,037,415,044          | 945,730,458            |
| Loan Protection fund                   | 20    | 694,860,168            | 522,665,961            |
| Revaluation Reserve                    | 18    | 16,645,823             | 28,395,827             |
| <b>Total net assets as at June 30.</b> |       | <b>299,995,059,362</b> | <b>313,610,309,112</b> |

## 22. PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED JUNE 30, 2021

|  | Furniture & Fittings | Computer Equipment | Computer Equipment | Computer Equipment | Furniture & Fittings | Office Equipment  | Motor Vehicle (revalued) | Total |
|--|----------------------|--------------------|--------------------|--------------------|----------------------|-------------------|--------------------------|-------|
| <b>Cost:</b>   | 12.50%<br>UGX        | 33.30%<br>UGX      | 33.30%<br>UGX      | 33.30%<br>UGX      | 12.50%<br>UGX        | 20%<br>UGX        | 25%<br>UGX               | UGX   |
| As at July 01, 2020  | 108,012,130          | 293,827,198        | 12,372,120         | 20,285,380         | 200,885,575          | 47,000,000        | 682,382,403              |       |
| Additions from WIP   | 0                    | 34,159,820         | 0                  | 0                  | 4,950,100            | 0                 | 39,109,920               |       |
| Fully depreciated assets as at July 01, 2020                             | (5,090,000)          | (95,863,503)       | (12,372,120)       | (20,285,380)       | (40,957,985)         | 0                 | (174,568,988)            |       |
| Additions during the Year  | 1,850,000            | 0                  | 0                  | 0                  | 51,660,000           | 0                 | 53,510,000               |       |
| <b>As at June 30, 2021</b>   | <b>104,772,130</b>   | <b>232,123,515</b> | <b>0</b>           | <b>0</b>           | <b>216,537,690</b>   | <b>47,000,000</b> | <b>600,433,335</b>       |       |
| <b>Depreciation:</b>   |                      |                    |                    |                    |                      |                   |                          |       |
| As at July 01, 2020  | 61,555,851           | 222,648,953        | 12,372,120         | 20,285,380         | 110,973,573          | 18,604,173        | 446,440,050              |       |
| Accumulated depreciated for fully depreciated assets as at July 01, 2020 | (5,090,000)          | (95,863,503)       | (12,372,120)       | (20,285,380)       | (40,957,985)         | 0                 | (174,568,988)            |       |
| Charge for the year  | 12,949,856           | 67,675,018         | 0                  | 0                  | 37,216,279           | 11,750,004        | 129,591,157              |       |
| <b>As at June 30, 2021</b>   | <b>69,415,707</b>    | <b>194,460,468</b> | <b>0</b>           | <b>0</b>           | <b>107,231,867</b>   | <b>30,354,177</b> | <b>401,462,219</b>       |       |
| <b>Net Book value:</b>   |                      |                    |                    |                    |                      |                   |                          |       |
| As at June 30, 2020  | 46,456,279           | 71,178,245         | 0                  | 0                  | 89,912,002           | 28,395,827        | 235,942,353              |       |
| WIP as June 30, 2020   |                      | 40,107,020         |                    |                    |                      |                   | 40,107,020               |       |
| <b>As at June 30, 2021</b>   | <b>35,356,423</b>    | <b>37,663,047</b>  | <b>0</b>           | <b>0</b>           | <b>109,305,823</b>   | <b>16,645,823</b> | <b>198,971,116</b>       |       |

**Note:** Costs for the fully depreciated assets and their accumulated depreciation have been removed

The purchased assets during the year ended June 2021 comprise of the following:

| No. | Asset class          | Asset          | Note | Amount [UGX]      |
|-----|----------------------|----------------|------|-------------------|
| 1   | Office Equipment     | Copier         | 9.20 | 43,660,000        |
| 2   |                      | Paper Shredder | 9.20 | 8,000,000         |
| 3   | Furniture & Fittings | Office Chair   | 9.20 | 1,850,000         |
|     | <b>Total</b>         |                |      | <b>53,510,000</b> |

The WIP comprises of the following assets as in the PPE schedule as at June 2021:

| No. | Asset class        | Asset                         | Note | Amount [UGX]      |
|-----|--------------------|-------------------------------|------|-------------------|
| 1   | Computer Equipment | Laptops                       | 9.20 | 8,850,000         |
| 2   |                    | Environment Monitoring System | 9.20 | 16,046,820        |
| 3   |                    | UPS                           | 9.20 | 4,484,000         |
| 4   |                    | Printer                       | 9.20 | 4,779,000         |
| 5   | Office Equipment   | Paper Shredder                | 9.20 | 4,950,100         |
|     | <b>Total</b>       |                               |      | <b>39,109,920</b> |

### 23. COMPUTER SOFTWARE FOR THE YEAR ENDED JUNE 30, 2021

#### 23.1 Oracle Software

|                            | Jun 21             | Jun 20            |
|----------------------------|--------------------|-------------------|
|                            | <b>33.30%</b>      | <b>33.30%</b>     |
| <b>Cost:</b>               | <b>UGX</b>         | <b>UGX</b>        |
| As at July 01, 2020        | 76,545,000         | 76,545,000        |
| Transfer from WIP          | 77 366,700         | 0                 |
| Transfer from WIP          | 48,970,000         | 0                 |
| <b>As at June 30, 2021</b> | <b>202,881,700</b> | <b>76,545,000</b> |
| <b>Amortization:</b>       |                    |                   |
| As at July 01, 2020        | 63,723,720         | 38,234,232        |
| Charge for the year        | 54,891,408         | 25,489,488        |
| <b>As at June 30, 2021</b> | <b>118,615,128</b> | <b>63,723,720</b> |
| <b>Net Book value:</b>     |                    |                   |
| As at June 30, 2020        | <b>12,821,280</b>  | <b>12,821,280</b> |
| <b>As at June 30, 2021</b> | <b>84,266,572</b>  | <b>12,821,280</b> |

#### 23.2 Work in Progress Account [WIP]

The Scheme signed a 3-year contract to upgrade the Pension Administration System, installation of a Document Management System and Development of the website.

The three systems are work in progress as they are in their final stages of being designed and have not been installed.

|   | Jun 21             | Jun 20             |
|---|--------------------|--------------------|
|   | UGX                | UGX                |
| Opening Balance   | 986,336,700        | 937,366,700        |
| <b>Additions during the year:</b>                           | -                  | -                  |
| Transfer of Document Management System to Computer Software | (77,366,700)       | -                  |
| Transfer of Website to Computer Software                    | (48,970,000)       | -                  |
| Web Site Development  | 0                  | 48,970,000         |
| <b>Work in Progress as at June 30.</b>                      | <b>860,000,000</b> | <b>986,336,700</b> |

Note: The Document Management system and Website have been transferred to Computer software.

### 23.3 Total computer Software

|  | Notes | Jun-21             | June-20            |
|--|-------|--------------------|--------------------|
|  |       | UGX                |                    |
| Document Management System                   | 23.1  | 84,266,572         | 12,821,280         |
| WIP  | 23.2  | 860,000,000        | 986,336,700        |
| <b>Total Computer Software as at June 30</b> |       | <b>944,266,572</b> | <b>999,157,980</b> |

## 24. TAX COMPUTATION FOR THE PERIOD ENDED JUNE 2021

|                                     | Notes       | Total                | Total                |
|-------------------------------------|-------------|----------------------|----------------------|
|                                     |             | Jun-21               | Jun-20               |
|                                     |             | UGX                  | UGX                  |
| Investment Income                   | 25.2        | 38,389,984,568       | 35,566,541,998       |
| Less: Income where WHT is final tax | 25.1        | (34,753,610,729)     | (31,672,777,933)     |
| <b>Income subject to income tax</b> | <b>25.2</b> | <b>3,636,373,839</b> | <b>3,893,764,065</b> |
| Less: Fund Expenses                 | 4           | (2,372,129,493)      | (2,067,164,411)      |
| Less: Operating Expenses            | 6           | (2,830,813,091)      | (2,386,984,020)      |
| <b>Add back disallowables:</b>      |             |                      |                      |
| Fund Expenses                       | 26          | 2,147,436,784        | 1,840,854,794        |
| Operational Expenses                | 6           | 2,646,330,526        | 2,235,944,129        |
| Depreciation                        | 6           | 184,482,565          | 151,039,891          |
| Gain on sale of Investments         |             | 30,085,543           | 150,471,906          |
| Less: Wear and Tear (W&T)           |             | (155,484,743)        | (109,948,295)        |
| <b>Taxable Income after W&amp;T</b> | <b>27</b>   | <b>3,286,281,930</b> | <b>3,707,978,059</b> |



## 25. TOTAL INVESTMENT INCOME

### 25.1 Income where WHT is final

|   | Notes | Jun 21<br>UGX         | Jun 20<br>UGX         |
|---|-------|-----------------------|-----------------------|
| Interest on Treasury Bills                        | 3     | 3 947,428,771         | 2,593,210,003         |
| Interest from Government Bonds                    | 3     | 28,197,580,085        | 26,251,020,413        |
| Dividend income                                   | 3     | 2,608,601,873         | 2,828,547,517         |
| <b>Total Investment Income where WHT is Final</b> |       | <b>34,753,610,729</b> | <b>31,672,777,933</b> |

The Withholding tax [WHT] deducted at source on the above investments is the final tax charged on the incomes.

### 25.2 Income where WHT is not final

|   | Notes | Jun 21               | Jun 20               |
|---|-------|----------------------|----------------------|
| Interest from Corporate Bonds                         | 3     | 18,490,410           | 31,363,545           |
| Other Sundry Incomes                                  | 5     | 21,083,920           | 20,707,165           |
| Interest Income from Operations                       | 5     | 161,582,749          | 56,717,586           |
| Interest on Fixed Deposits                            | 3     | 1,902,437,641        | 1,775,651,146        |
| Interest Income from Loans                            | 3     | 1,532,779,119        | 2,009,324,623        |
| <b>Total Investment Income where WHT is not Final</b> |       | <b>3,636,373,839</b> | <b>3,893,764,065</b> |

|                                |    |                       |                       |
|--------------------------------|----|-----------------------|-----------------------|
| <b>Total Investment Income</b> | 24 | <b>38,389,984,568</b> | <b>35,566,541,998</b> |
|--------------------------------|----|-----------------------|-----------------------|

## 26. TAX IN RELATION TO FUND EXPENSES

Section 122 of the ITA states that all expenses where withholding tax is final shall not be allowed for the purposes of computing Tax liability /asset for the Year. The Scheme has apportioned the Fund management fees based on the Income approach as at 30<sup>th</sup> June 2021

|   | Notes | Jun 21<br>UGX        | Jun 20<br>UGX        |
|---|-------|----------------------|----------------------|
| Total fund Expenses                                   | 4     | 2,372,129,493        | 2,067,164,411        |
| Total Investment Income                               |       | 38,389,984,568       | 35,566,541,998       |
| Income where WHT is final                             |       | 34,753,610,729       | 31,672,777,933       |
| Investment Income where WHT is not final              |       | 3,636,373,839        | 3,893,764,065        |
| Proportion of total investment where WHT is final     |       | <b>91%</b>           | <b>89%</b>           |
| Proportion of total Investment where WHT is not final |       | <b>9%</b>            | <b>11%</b>           |
| <b>Disallowed Expenses:</b>                           |       |                      |                      |
| Fund expenses   | 24    | <b>2,147,436,784</b> | <b>1,840,854,794</b> |

**Note:** Percentage rounded off to whole numbers

**27. TAX EXPENSE**

|  | Notes      | Portfolio            | Totals                | Totals               |
|--|------------|----------------------|-----------------------|----------------------|
|  |            | Jun 21               | Jun 21                | Jun 20               |
|  |            | UGX                  | UGX                   | UGX                  |
| Taxable Income                         | 24         | <b>3,286,281,930</b> | <b>3,286,281,930</b>  | <b>3,707,978,059</b> |
| <b>Tax Charge</b>                      | <b>30%</b> | 985,884,579          | <b>985,884,579</b>    | 1,112,393,418        |
| Deferred Tax Charge                    | <b>31</b>  | 5,670,082,182        | <b>5,670,082,182</b>  | 827,967,466          |
| Add: Tax deducted at source (WHT)      |            | 6,396,250,623        | <b>6,396,250,623</b>  | 5,296,330,686        |
| <b>Tax Expense charge for the year</b> |            | 13,052,217,384       | <b>13,052,217,384</b> | <b>7,236,691,570</b> |

**28. TAX PAYMENT**

During the year ended 30<sup>th</sup> June 2021, the Scheme paid provisional tax of UgX. 912,472,914 for the financial year June 2021 and a final tax of UgX. 490,805,400 for the financial year ended 30<sup>th</sup> June 2020.

**29. TAX PAYABLE**

|  | Notes     | Jun-21              | Jun-20             |
|--|-----------|---------------------|--------------------|
|  |           | UGX                 | UGX                |
| Tax Charge Payable                         | <b>27</b> | 985,884,579         | 1,112,393,418      |
| Opening Tax Liability                      |           | 490,805,400         |                    |
| Less: Provisional Tax Paid during the year | <b>28</b> | (912,472,914)       | (459,232,168)      |
| Less: Final Tax Paid during the year       | <b>28</b> | (490,805,400)       | -                  |
| Less: WHT certificates                     |           | (169,318,099)       | (162,355,850)      |
| <b>Tax Credit (Payable)</b>                | <b>30</b> | <b>(95,906,434)</b> | <b>490,805,400</b> |

**30. TAX ASSET ACCOUNT**

|                                      | Notes     | Jun-21             | Jun-20             |
|--------------------------------------|-----------|--------------------|--------------------|
|                                      |           | UGX                | UGX                |
| Opening Balance                      |           | 406,351,465        | 807,498,412        |
| Opening tax Asset                    |           | 490,805,400        | -                  |
| Tax credit (payable) for the year    | <b>29</b> | 95,906,434         | (490,805,400)      |
| WHT written off                      |           | (897,156,865)      | -                  |
| Add: Withholding Tax during the year |           | 206,951,476        | 252,014,303        |
| <b>Less:</b>                         |           |                    |                    |
| Less: WHT Claimed                    |           | (169,318,099)      | (162,355,850)      |
| <b>Tax Asset at year end</b>         |           | <b>133,539,811</b> | <b>406,351,465</b> |

**Note:** Withholding tax written off relates to withholding tax certificates not received by the Scheme and shall not be used as they have expired due to passage of time. The Tax credit accumulated over years has also been written off because it was accumulated on Withholding tax certificates that were not received prorata to time.

### 30.1 Cumulative split of Tax Asset and WHT Receivables

|                              | Notes | Jun 21             | Jun 20             |
|------------------------------|-------|--------------------|--------------------|
|                              |       | UGX                | UGX                |
| Tax Credit with URA          |       | 95,906,434         | 13 263 471         |
| WHT Receivables at year end  |       | 37,633,377         | 393 087 994        |
| <b>Tax Asset at year end</b> |       | <b>133,539,811</b> | <b>406 351 465</b> |

### 31. 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:

|  |                        | Jun 21                | Jun 20                 |
|--|------------------------|-----------------------|------------------------|
|  |                        | UGX                   | UGX                    |
| <b>Accelerated Tax Depreciation</b>              |                        |                       |                        |
| Carrying value as at 30 June                     |                        | 250,574,704           | 248,763,633            |
| Written down Value as at 30 June                 |                        | (326,942,156)         | (232,747,434)          |
| Difference                                       |                        | (76,367,452)          | 16,016,199             |
| Deferred Tax on Fixed assets                     | <b>30%</b>             | (22,910,236)          | 4,804,860              |
| <b>Total Deferred Tax for the Year on assets</b> |                        | <b>(22,910,236)</b>   | <b>4,804,860</b>       |
| <b>Changes in fair value</b>                     |                        |                       |                        |
| Changes in fair value during the Year            |                        | 14,996,694,779        | (3,791,091,806)        |
| <b>Deferred Tax Charge for the period</b>        | <b>30%</b>             | <b>4,499,008,434</b>  | <b>(1,137,327,542)</b> |
| <b>Foreign Exchange losses</b>                   |                        |                       |                        |
| Foreign Exchange losses during the Year          |                        | (23,087,451)          | (227,958,457)          |
|  | <b>30%</b>             | <b>(6,926,236)</b>    | <b>(68,387,537)</b>    |
| <b>Deferred Tax Charge for the period</b>        |                        |                       |                        |
|  | <b>At 1 July</b>       | <b>Credit/ Charge</b> | <b>At 30 June</b>      |
|  |                        | <b>for the Period</b> |                        |
|  | <b>2020</b>            |                       | <b>2021</b>            |
|  | <b>UGX</b>             | <b>UGX</b>            | <b>UGX</b>             |
| Accelerated Tax Depreciation                     | 4,804,860              | (27,715,095)          | (22,910,236)           |
| Foreign Exchange losses                          | (68,387,537)           | 61,461,302            | (6,926,236)            |
| Changes in fair Value                            | (1,137,327,542)        | 5,636,335,976         | 4,499,008,434          |
| <b>Net Deferred Tax ( asset) / Liability</b>     | <b>(1,200,910,219)</b> | <b>5,670,082,182</b>  | <b>4,469,171,962</b>   |

## 32. INVESTMENTS ALLOCATIONS

|  |         | Jun 21                 | Jun 20                 |
|--|---------|------------------------|------------------------|
|  | Notes   | UGX                    | UGX                    |
| Government Treasury Bond                         | 7.3/9.4 | 210,698,978,672        | 207,877,786,641        |
| Fixed Deposits Investments                       | 9.1     | 19,649,741,372         | 12,027,196,832         |
| Treasury Bills Investments                       | 9.2     | 802,980,419            | 26,947,481,635         |
| Corporate Bonds                                  | 7.2/9.3 | 131,905,923            | 264,323,866            |
| Loans  | 7.4/9.5 | 11,495,329,554         | 10,782,032,948         |
| Shares& Equities                                 | 8       | 64,527,881,394         | 50,366,545,852         |
| <b>Total Investments (Short &amp; Long term)</b> |         | <b>307,306,817,334</b> | <b>308,265,367,774</b> |

| Allocation per fund Manager  |  | Jun-21                 | Jun-20                 |
|------------------------------|--|------------------------|------------------------|
|                              |  | UGX                    | UGX                    |
| Gen Africa                   |  | 156,415,473,076        | 154,905,988,686        |
| Britam                       |  | 137,991,866,258        | 141,707,346,140        |
| Parliamentary Pension Scheme |  | 12,899,477,999         | 11,652,032,948         |
|                              |  | <b>307,306,817,334</b> | <b>308,265,367,774</b> |

### 32.1 Detailed Allocation per Fund Manager

#### GenAfrica

|                            |  | Jun-21                 | Jun-20                 |
|----------------------------|--|------------------------|------------------------|
|                            |  | UGX                    | UGX                    |
| Government Treasury Bond   |  | 103,716,374,016        | 105,508,200,587        |
| Fixed Deposits Investments |  | 13,156,071,232         | 1,551,063,802          |
| Treasury Bills Investments |  | 0                      | 17,748,182,274         |
| Corporate Bonds            |  | 52,821,610             | 105,612,238            |
| Shares& Equities           |  | 39,490,206,218         | 29,992,929,785         |
| <b>Total</b>               |  | <b>156,415,473,076</b> | <b>154,905,988,686</b> |

#### Britam

|                            |  | Jun-21                 | Jun-20                 |
|----------------------------|--|------------------------|------------------------|
|                            |  | UGX                    | UGX                    |
| Government Treasury Bond   |  | 106,982,604,656        | 102,369,586,055        |
| Fixed Deposits Investments |  | 5,089,521,695          | 9,606,133,029          |
| Treasury Bills Investments |  | 802,980,419            | 9,199,299,361          |
| Corporate Bonds            |  | 79,084,313             | 158,711,628            |
| Shares& Equities           |  | 25,037,675,176         | 20,373,616,067         |
| <b>Total</b>               |  | <b>137,991,866,258</b> | <b>141,707,346,140</b> |

**Parliamentary Pension Scheme**

|                            | <b>Jun-21</b>         | <b>Jun-20</b>         |
|----------------------------|-----------------------|-----------------------|
|                            | <b>UGX</b>            | <b>UGX</b>            |
| Loans                      | 11,495,329,554        | 10,782,032,948        |
| Fixed Deposits Investments | 1,404,148,445         | 870,000,000           |
| <b>Total</b>               | <b>12,899,477,999</b> | <b>11,652,032,948</b> |

## 33. INVESTMENT RECONCILIATION

|                 | Value as at<br>01/07/2020 | Purchases at cost      | Capitalized/<br>Interest discounts | Sales /Proceeds/<br>Redemptions /Im-<br>pairment loss | Changes in the<br>Fair value | Value at 30.06.2021    |
|-----------------|---------------------------|------------------------|------------------------------------|---|------------------------------|------------------------|
|                 | UGX                       | UGX                    | UGX                                | UGX   | UGX                          | UGX                    |
| Fixed Deposits  | 12,027,196,832            | 330,475,148,021        | 30,395,516                         | (322,882,998,997)                                     | 0                            | 19,649,741,372         |
| Treasury Bills  | 26,947,481,635            | 63,121,245,550         | 26,613,594                         | (89,292,360,360)                                      | 0                            | 802,980,419            |
| Corporate Bonds | 264,323,866               |                        | 5,893,423                          | (138,311,366)   | 0                            | 131,905,923            |
| Shares          | 50,366,545,852            | 4,767,071,592          | 0                                  | (102,414,661)   | 9,496,678,611                | 64,527,881,394         |
| Loans           | 10,782,032,948            | 10,091,000,000         | 150,645,052                        | (9,528,348,446)                                       | -                            | 11,495,329,554         |
| Treasury Bonds  | 207,877,786,641           | 25,703,902,117         | 6,562,096,008                      | (34,944,822,262)                                      | 5,500,016,168                | 210,698,978,672        |
| <b>Total</b>    | <b>308,265,367,774</b>    | <b>434,158,367,280</b> | <b>6,775,643,593</b>               | <b>(456,889,256,092)</b>                              | <b>14,996,694,779</b>        | <b>307,306,817,334</b> |

## 34 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments as at 30<sup>th</sup> June 2021.

## 35 FINANCIAL RISK MANAGEMENT

The Trustees are charged with the overall responsibility of oversight of the Scheme's risk management framework. The Trustees are responsible for developing and monitoring the risk management policies, identifying, analyzing and mitigating the risks faced by the Scheme.

### (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 Scheme funds are raised mainly from contributions received from both Sponsor and members of the Scheme. The Scheme strives to maintain a balance between continuity of funding and flexibility through the use of investment assets with a range of maturities. The Scheme continually assesses liquidity risk by identifying and monitoring changes in funding and adjust investment plans accordingly.

#### 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 follow:

|                       | <b>Limit</b> | <b>Jun 21</b>          | <b>%</b>   | <b>June 2020</b>       | <b>%</b>   |
|-----------------------|--------------|------------------------|------------|------------------------|------------|
|                       |              | <b>UgX</b>             |            | <b>UgX</b>             |            |
| Government securities | 40%- 50%     | 210,698,978,672        | 67,71      | 207,877,786,641        | 66.69      |
| Treasury bills        | 40%- 50%     | 802,980,419            | 0,26       | 26,947,481,635         | 8.65       |
| Corporate Bonds       | 2.50%-12.5%  | 131,905,923            | 0,04       | 264,323,866            | 0.08       |
| Fixed deposits        | 7.5%-17.5%   | 19,649,741,372         | 6,31       | 12,027,196,832         | 3.86       |
| Domestic Equities     | 10%- 15%     | 11,098,445,013         | 3,57       | 10,774,373,090         | 3.46       |
| Regional Equities     | 10%-25%      | 53,429,436,935         | 17,17      | 39,592,172,762         | 12,70      |
| Loans                 | 2.5%-10%     | 11,495,329,554         | 3,69       | 10,782,032,948         | 3.46       |
| Cash                  | 3%-10%       | 3,893,954,030          | 1,25       | 3,441,802,544          | 1.10       |
|                       |              | <b>311,200,771,918</b> | <b>100</b> | <b>311,707,170,318</b> | <b>100</b> |

The table below analyzes assets and liabilities into relevant maturity groupings based on the remaining period to the contractual maturity dates:

|  | Up to 3 months       | 3-12 months           | 1 - 5 years           | Over 5 years           | Total                  |
|--|----------------------|-----------------------|-----------------------|------------------------|------------------------|
| Government securities                  | -                    | 6,562,096,008         | 51,729,617,771        | 152,407,264,893        | 210,698,978,672        |
| Corporate Bonds                        |                      | 5,893,423             | 126,012,500           | -                      | 131,905,923            |
| Treasury Bills                         | -                    | 26,613,594            | 776,366,825           | -                      | 802,980,419            |
| Fixed deposits                         | 3,000,000,000        | 16,649,741,372        | -                     | -                      | 19,649,741,372         |
| Domestic Equities                      | 324,071,923          | 538,718,655           | 430,974,927           | 9,804,679,508          | 11,098,445,013         |
| Regional Equities                      | 1,000,000,000        | 18,000,000,000        | 1,891,026,963         | 32,538,409,972         | 53,429,436,935         |
| Loans                                  | -                    | 2,933,035,199         | 8,562,294,355         | -                      | 11,495,329,554         |
| Cash at Bank                           | 3,893,954,030        | -                     | -                     | -                      | 3,893,954,030          |
| Receivables                            | -                    | 421,823,929           | 39,447,000            | -                      | 461,270,929            |
| <b>Total Assets</b>                    | <b>8,218,025,953</b> | <b>45,137,922,180</b> | <b>63,555,740,341</b> | <b>194,750,354,373</b> | <b>311,662,042,847</b> |
| Other Liabilities and accrued expenses | 8,217,475,637        | 961,917               | 256,151,468           | -                      | 8,474,589,022          |
| Deferred Tax                           | -                    | 134,716,486           | 670,652,224           | 3,663,803,252          | 4,469,171,962          |
| <b>Total Liabilities</b>               | <b>8,217,475,637</b> | <b>135,678,403</b>    | <b>926,803,692</b>    | <b>3,663,803,252</b>   | <b>12,943,760,984</b>  |
| Liquidity gap                          |                      |                       |                       |                        |                        |
| <b>At 30 June 2021</b>                 | <b>550,316</b>       | <b>45,002,243,777</b> | <b>62,628,936,649</b> | <b>191,086,551,121</b> | <b>298,718,281,863</b> |



**(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 investment.

**Management of market risks**

The authority of management of the 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 the investment managers and Investment and Custody Committee of the Board. 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 acceptable levels. 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

**Non-financial risk**

In addition to the risks discussed above, the Scheme is also exposed to a number of Non-financial risks. 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 implement advanced financial and non-financial risk management processes to mitigate losses and reduce exposure.

## **36 RELATED PARTY TRANSACTION**

There were no related party transactions during the period ended 30<sup>th</sup> June 2021.

## **37 IMPACT OF COVID 19 PANDEMIC**

The pandemic has contracted national economies globally and in particular the South African economy. Resultantly many organizations will suffer reduction in operations and income.

Given the unforeseen circumstances; it's difficult to anticipate the likely impact of such disruptions to the going concern of the Scheme. Management will continue to closely monitor the effects of such disruptions on the operations of the Scheme and make regular reports to the Board and the Regulator for appropriate remedial action.

## ABRIDGED ACTUARIAL VALUATION REPORT

### Purpose

The actuarial valuation was done in order to determine the funding status of the Scheme as at 30<sup>th</sup> June 2020.

### Valuation Basis

A summary of the valuation assumptions is as follows: -

#### Financial assumptions

- A long-term investment return 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 “Pensioner Annuity”, PA (90) ultimate mortality tables with mortality improvement of 1% per annum from age 60.

| <b>Valuation Results</b>   | <b>JUNE 2020<br/>(UGX. 000)</b> | <b>JUNE 2017<br/>(UGX. 000)</b> | <b>JUNE 2014<br/>(UGX. 000)</b> |
|----------------------------|---------------------------------|---------------------------------|---------------------------------|
| Total Value of Assets      | 312,113,763                     | 152,133,644                     | 66,384,457                      |
| Total value of Liabilities | (303,559,921)                   | (147,811,769)                   | (65,834,199)                    |
| <b>Surplus</b>             | <b>8,553,842</b>                | <b>4,321,874</b>                | <b>550,258</b>                  |
| <b>Funding Level</b>       | <b>102.8%</b>                   | <b>102.9%</b>                   | <b>100.8%</b>                   |

### Valuator Statement

The Valuator hereby certifies that the Scheme is in a financially sound condition as at 30<sup>th</sup> June 2020.

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

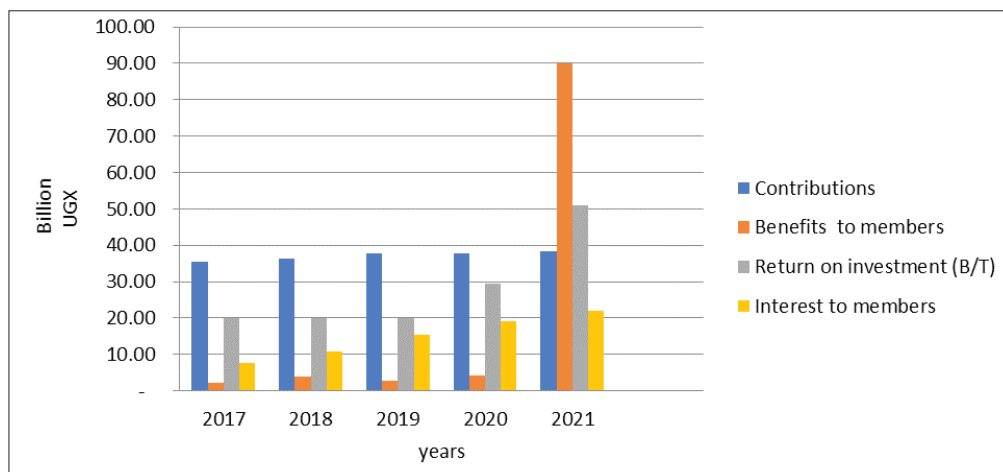
## FIVE YEAR FINANCIAL STATISTICS

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

**Table 8: 5 year financial statistics (in UGX Billion)**

|                                  | 2017          | 2018          | 2019          | 2020          | 2021          |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Contributions                    | 35.38         | 36.41         | 37.81         | 37.67         | 38.4          |
| Benefits to Members              | 2.05          | 3.75          | 2.78          | 4.17          | 90.06         |
| Return on Investment (B/T)       | 19.85         | 23.06         | 19.97         | 29.55         | 50.84         |
| Interest to Members              | 7.7           | 10.97         | 15.3          | 19.24         | 21.99         |
| <b>Total Fund &amp; Reserve</b>  | <b>152.83</b> | <b>204.55</b> | <b>257.21</b> | <b>313.61</b> | <b>299.99</b> |
| Bank Balance                     | 1.08          | 6.71          | 2.22          | 3.44          | 3.89          |
| Fixed Deposit                    | 27.89         | 18.05         | 20.51         | 12.02         | 19.65         |
| Treasury Bills                   | 11.65         | 31.13         | 19.34         | 26.94         | 0.803         |
| Corporate Bonds                  | 0.67          | 0.53          | 0.42          | 0.29          | 0.132         |
| Government Bonds                 | 83.03         | 92.52         | 149.15        | 207.87        | 210.69        |
| Quoted Shares                    | 28.97         | 45.69         | 47.95         | 50.36         | 64.53         |
| Loans                            | -             | 10.82         | 14.65         | 10.78         | 11.490        |
| Net Current Liabilities (assets) | (0.46)        | (0.9)         | 2.97          | 1.91          | (11.20)       |
| <b>Net Assets</b>                | <b>152.83</b> | <b>204.55</b> | <b>257.21</b> | <b>313.61</b> | <b>299.99</b> |

**Figure 4: Summary of 5 year financial statistics**



## ONE YEAR FINANCIAL PROJECTIONS

The projection shows the incomes and Benefits to be made by the Scheme for a period of 1-year 2021/2022.

**Table 9: 1 Year Projections (in UGX Billion)**

|                                      | Amount [UgX Bn] |
|--------------------------------------|-----------------|
| <b>Income</b>                        |                 |
| Income from Fixed Deposits.          | 2.25            |
| Interest Income from Corporate Bonds | 0.01            |
| Interest Income from Loans           | 1.54            |
| Income From Treasury Bills           | 4.24            |
| Interest Income from Treasury Bonds  | 33.52           |
| Income from Quoted Shares            | 1.48            |
| <b>Total Projected Income.</b>       | <b>43.04</b>    |
|                                      |                 |
| <b>Benefits</b>                      |                 |
|                                      |                 |
| Withdrawal benefits                  | 2.13            |
| Retirement Lumpsum                   | 1.41            |
| Death in Service benefits            | 6.24            |
| Pensions                             | 3.55            |
|                                      |                 |
| <b>Projected Benefits</b>            | <b>13.33</b>    |
|                                      |                 |

### Assumptions

1. There will be stability in the inflation, interest and exchange rates.
2. There will be local demand for goods and services.
3. Recovery in the private sector.
4. Peace and security will be maintained.
5. Favorable weather conditions.
6. Increase in domestic borrowing.

## ONE YEAR FINANCIAL PERFORMANCE AGAINST PROJECTIONS 2020/2021

One-year financial performance of the Scheme against projection for incomes and Benefits to be made by the Scheme for year ended 2020/2021 is shown in Table 10 below:

**Table 10: 1 Year Performance against Projections (in UGX Billion) 2020/2021**

|                      | Projected Income   | Actual Income       | Variance           |
|----------------------|--------------------|---------------------|--------------------|
|                      | Amount<br>[UGX Bn] | Amount<br>[UGX Bn ] | Amount<br>[UGX Bn] |
| <b>Income</b>        |                    |                     |                    |
| Fixed Deposits.      | 1.85               | 1.90                | (0.05)             |
| Corporate Bonds      | 0.017              | 0.018               | (0.001)            |
| Loans                | 1.53               | 1.53                | -                  |
| Treasury Bills       | 2.74               | 3.95                | (1.21)             |
| Treasury Bonds       | 27.94              | 28.20               | (0.26)             |
| Quoted shares        | 2.21               | 2.60                | (0.39)             |
| <b>Total Income.</b> | <b>36.29</b>       | <b>38.20</b>        | <b>(1.91)</b>      |

| Benefits                  | Projected Benefits | Actual Benefits     | Variance           |
|---------------------------|--------------------|---------------------|--------------------|
|                           | Amount<br>[UGX Bn] | Amount<br>[UGX Bn ] | Amount<br>[UGX Bn] |
| Withdrawal benefits       | 48.00              | 65.98               | (17.98)            |
| Retirement Lumpsum        | 32.00              | 20.51               | 11.49              |
| Death in Service benefits | 3.13               | 1.07                | 2.06               |
| Pensions                  | 2.47               | 2.49                | (0.02)             |
| <b>Total Benefits</b>     | <b>85.60</b>       | <b>90.05</b>        | <b>(4.45)</b>      |

<sup>1</sup>Budget Speech FY 2019/2021

<sup>2</sup>Uganda Bureau of Statistics June 2021

<sup>3</sup>Performance of the Economy Report June 2021

<sup>4</sup>Stock Market Reports June, 2021

<sup>9</sup>Monetary Policy Committee April 2021..

<sup>5</sup>Monetary Policy Report June 2021

<sup>6</sup>State of the Economy June, 2021

<sup>7</sup>World Bank Report June 2021

<sup>8</sup>African Development Bank Report June 2021









