2015

1985–2015: 30 years of dedicated service

NSSF
a better life

30 CELEBRATION

Table Of Contents

List Of Acronyms

ACCA	Association of Chartered Certified Accountants
AMM	Annual Members' Meeting
BA.	Bachelor of Arts
Bn.	Billion
BSc.	Bachelor of Sciences
CCW	Customer Connect Week
COFTU	Central Organisation Of Free Trade Unions
CSR	Corporate Social Responsibility
DSE	Dar–Es–Salam Stock Exchange
EIA	Environmental Impact Assessment
ExCo	Executive Committee
FCCA	Fellow of the Chartered Certified Accountants
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICPAU	Institute of Certified Public Accountants of Uganda
IFRS	International Financial Reporting Standards
K	Thousand
KCCA	Kampala City Council Authority
KPI	Key Performance Indicator
Kshs.	Kenyan Shilling
M	Million
MBA	Masters of Business Administration
MSc.	Master of Science
NEMA	National Environmental Management Authority
NOTU	National Organisation of Trade Unions
NSE	Nairobi Stock Exchange
NSSF	National Social Security Fund
PDL	Premier Developments Limited
Rd.	Road
RSE	Rwanda Stock Exchange
SAA	Strategic Asset Allocation
SACA	Staff Administration and Corporate Affairs Committee
VPDL	Victoria Properties Development Limited
WHT	Witholding Tax

Company Information

NSSF Contact Information

Head Office
14th Floor, Workers House
Plot No.1 Pilkington Road
P.O.Box 7140, Kampala

Auditor

The Auditor General
Office of the Auditor General
Finance Building, Apollo Kaggwa Road
P.O.Box 7083, Kampala

Delegated Auditor

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4a, Nakasero Road
P.O.Box 3509, Kampala

Main Bankers

Standard Chartered Bank Uganda Limited
Speke Road
P.O.Box 7111, Kampala

CitiBank Uganda Limited
Centre Court, Plot 4 Ternan Avenue, Nakasero
P.O.Box 7505, Kampala

DFCU Bank Limited
Impala House,
Plot 13 Kimathi Avenue,
P.O.Box 70, Kampala

Stanbic Bank Uganda Limited
Plot 17 Hannington Road,
P.O.Box 7131, Kampala

Bank of Baroda Uganda Limited
Plot 18 Kampala Road,
P.O.Box 7197, Kampala

Housing Finance Bank Limited
Plot 25 Kampala Road,
P.O.Box 1539, Kampala

Barclays Bank of Uganda Limited
Plot 2A & 4A Nakasero Road,
P.O.Box 7101, Kampala

Centenary Bank
Mapeera House, Plot 44–46 Kampala Road,
and Plot 2 Burton Street
P.O.Box 1892, Kampala

Advocates

Birungyi, Barata & Associates
Plot 3, Portal Avenue
First Floor, Suite B1.6
P.O.Box 22971, Kampala

Kiwanuka & Karugire Advocates
Plot 5A2 Acacia Avenue,
P.O.Box 6061, Kampala

Muhimbura & Company Advocates
Jumbo Plaza
Plot 2, Parliament Avenue,
P.O.Box 22971, Kampala

Kasirye, Byaruhanga & Company Advocates
Plot 33, Clement Avenue,
P.O.Box 10946, Kampala

GP Advocates
(Formerly Omunyokol & Company Advocates)
Colline House, 3rd Floor
Plot 4, Pilkington Road,
P.O.Box 6737, Kampala

Ligormac Advocates
5th Floor Western Wing,
Social Security House,
P.O.Box 10946, Kampala

About The Fund

30 Years of NSSF

National Social Security Fund (NSSF) was established by the 1985 Act of Parliament to provide for its membership, the payment of contributions to, and the payment of benefits out of the Fund and for other purposes connected therewith. The Act made the Fund a statutory body. Currently, the Ministry of Finance, Planning and Economic Development is responsible for the policy oversight of the Fund. Following Uganda Retirement Benefits Regulatory Authority (URBRA) Act 2011, NSSF will be forthwith regulated by URBRA.

NSSF At A Glance

Monthly Contributions

65 Billion UShs

Our People

420 Dedicated and Proffessional Staff

Our Portfolio

Real Estate
Fixed Income
Equity

Registered Employers

30,000 Employers

Balance Sheet Size

5.6 Trillion (Total Assets)

Registered Employees

1,500,000 Registered Employees

Keeping you updated

Go Mobile App
Download the **NSSF Go** App

Go e–Statement
www.nssfug.org

Go *254#
Dail *254#

Our Locations

1. Kampala

Customer Service Centre
Workers House.

Nakasero Branch,
Georgian House.

Kireka Branch,
Plot 108 Kireka, Opp. Namugongo Rd.

Bugolobi Branch,
Millenium Plaza Building.

Kawempe Branch,
Plot 150, Bombo Rd.

Bakuli Branch,
Plot 341, Bakuli, Hoima Rd.

2. Entebbe

Plot. 190 Kampala– Entebbe Rd,
Katabi.

3. Mukono

Bishop Tucker Rd,
Mukono.

4. Masaka

Plot 21, Edward Avenue,
P.O. Box 1290, Masaka

5. Kabale

Plot 143, Kabale Road
P.O.Box 203, Kabale

6. Jinja

Plot 2 Main Street,
Post Office Building
P.O.Box 877, Jinja

7. Mbale

Plot 31, Naboa Road
P.O.Box 1574, Mbale

8. Soroti

Plot 58A Gweri Road,
P.O. Box, 878, Soroti

9. Lira

Plot 43 Dr. Obote Avenue
P.O. Box 406, Lira

10. Gulu

Plot 23, Andrea Olal Road,
Opposite. Total,
P. O. Box 730, Gulu.

11. Arua

Plot 59, Weatherhead,
Park Lane
P.O.Box 418, Arua

12. Masindi

Plot 54 Port Road
P.O.Box, 119.
Masindi

13. Hoima

Plot 54, Main Street,
P.O Box. 96, Hoima

14. Fort Portal

Plot 24, Kyebambe Rd
P.O. Box 250, Fort Portal

15. Mbarara

Plot 7/9 High Street
Next to Bank of Baroda
P.O. Box, 719, Mbarara

Our Vision

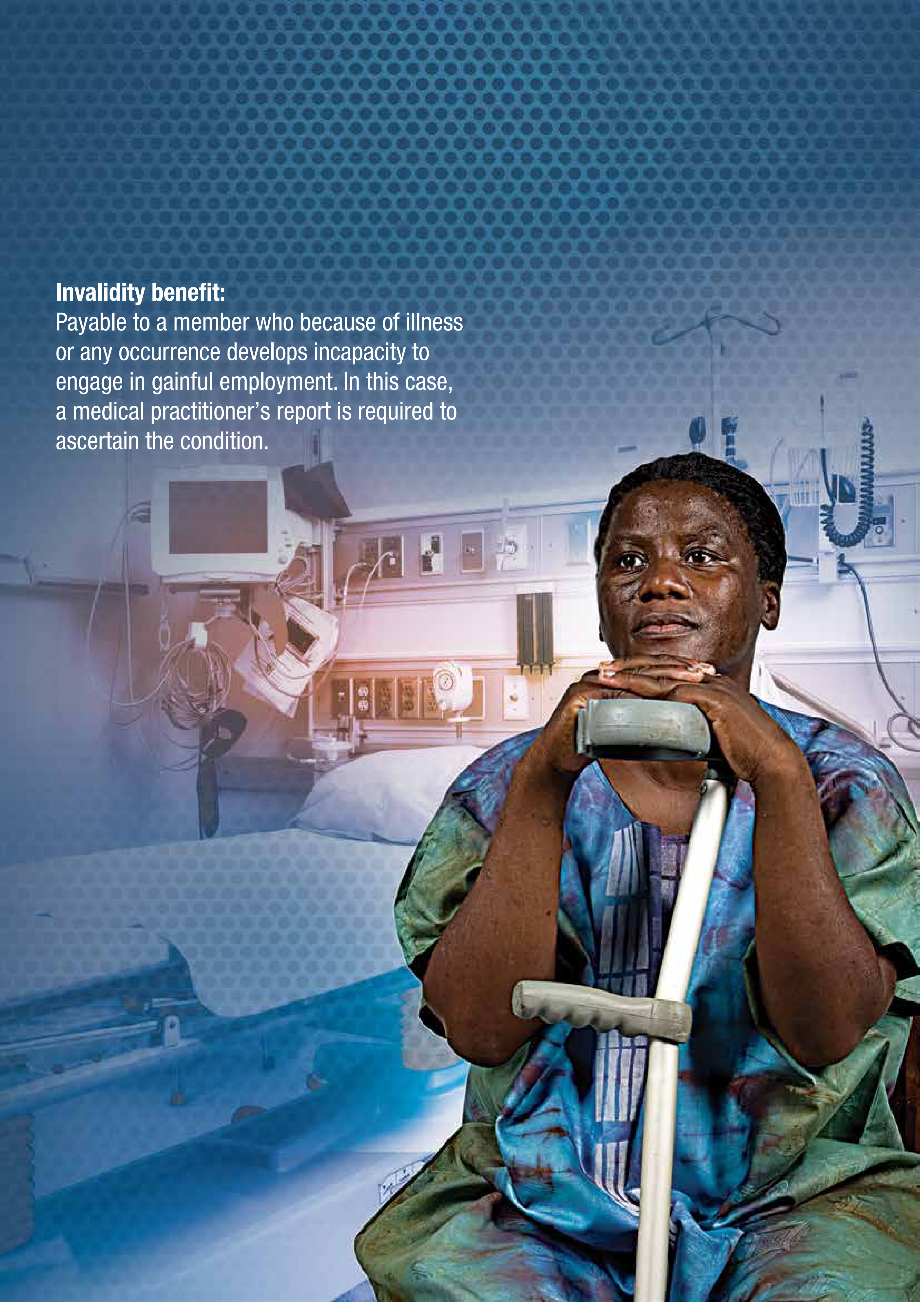
To be the Social Security Provider of Choice.

Our Mission

To secure a better life for our growing membership by providing quality products, great customer service and offering competitive returns in a transparent and efficient environment.

Age Benefit:
Payable to members who have reached the retirement age of 55. Age benefit can also be claimed on attaining the age of 50, provided the claimant has retired from employment.

Invalidity benefit:
Payable to a member who because of illness or any occurrence develops incapacity to engage in gainful employment. In this case, a medical practitioner's report is required to ascertain the condition.



Our Core Values

CUSTOMER CENTRIC

We are committed to achieving higher levels of customer satisfaction through continuous improvement in our services.

INNOVATION

We are a robust organization that is always looking for new ways of delivering value to our members.

EFFICIENCY

We promise to continuously collabourate with stakeholders to discover and apply safer, better, faster and more cost–efficient ways to provide services that our customers value.

TEAMWORK

We are committed to developing and maintaining healthy internal relations that harnesses respect, positive attitude and open mindedness in order to meet the demands of our customers.

INTERGRITY

We commit to be ethical and honest to inspire trust by matching our words to our actions.

Why save with NSSF

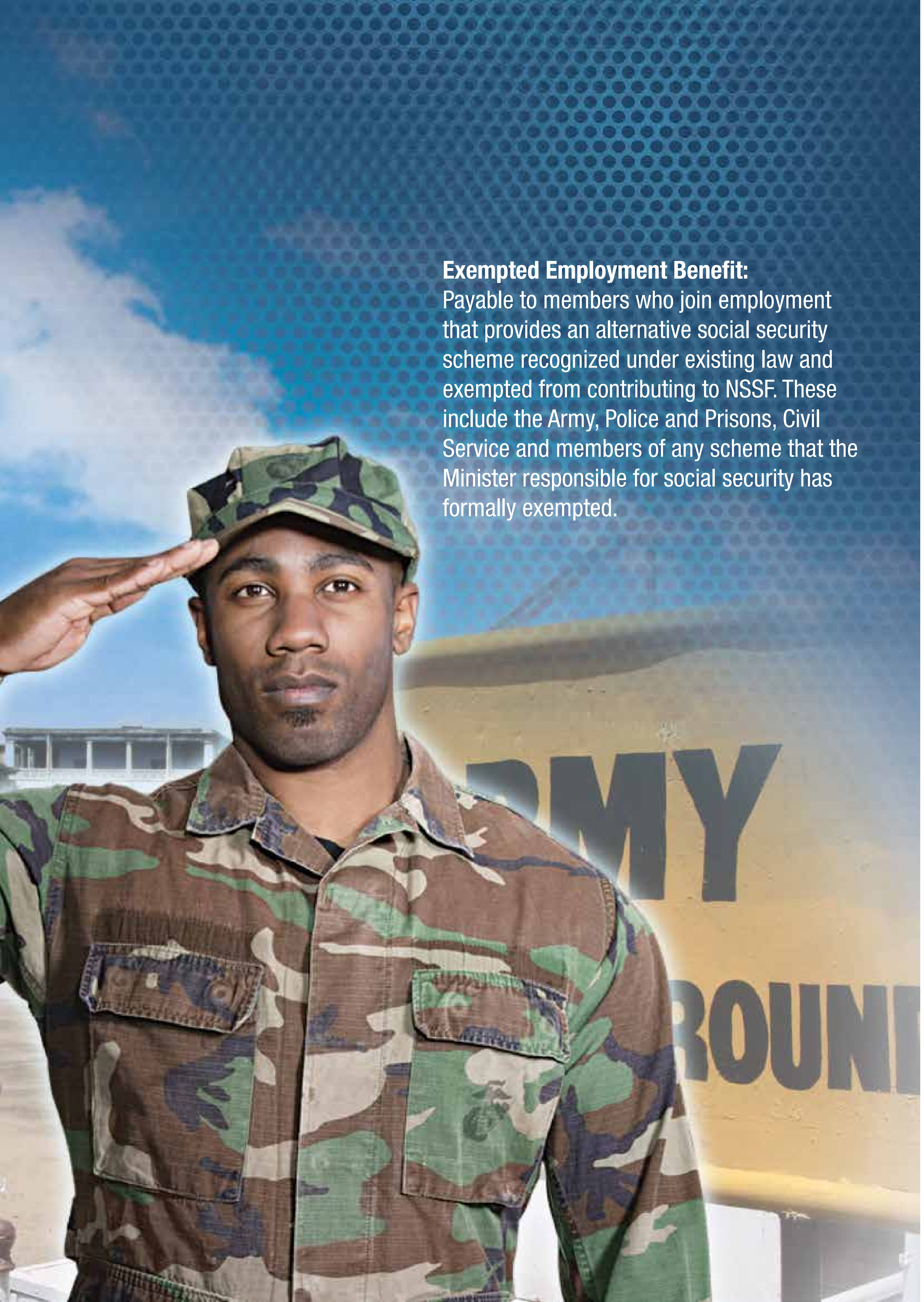
We are the biggest financial institution in the region with centres in all regions of Uganda manned by competent and energetic teams, availing our members with the very best in social security. We continue to be innovative in our products and services collecting member contribution, investing prudently – creating value and paying it out at the right time to qualifying beneficiaries in the shortest time possible.

How We Create Value

Assume we have three employees, A, B and C all of whom earn a monthly income of 200,000 UShs.. Also assume they have been contributing to NSSF for 10, 20 and 25 years respectively. According to the NSSF Act, each is supposed to contribute 5% of their income(10,000 UShs.) to NSSF while their employers are supposed to contribute 10% of their income (20,000 UShs.) to NSSF. If we assume that the average interest paid out over the respective years is 5% then;

	Employee A	Employee B	Employee C
Term of Employment	10 Years	20 Years	25 Years
			
Employee's Total Contribution over his/her term of employment	UShs.1.2M	UShs.2.4M	UShs.3.0M
Employer's Total contribution over the period of employment	UShs.2.4M	UShs.4.8M	UShs.6.0M
NSSF's Total contribution over the period of employment	UShs.1.06M	UShs.5.13M	UShs.8.87M
Total Savings over the period	UShs.4.66M	UShs.12.3M	UShs.17.87M

We therefore see that over the long term, NSSF's portion of the total benefit to the Member exceeds either the Employer or Member's contribution



NSSF Business

Collection of Members' Savings

NSSF is mandated to register eligible employers and employees. In this process, a personal account with a unique number is kept for each registered member, into which contributions are posted and benefits are paid out when they are due. The Fund updates members of their account balances through account statements by use of various channels which include physical statements, Go e–statements; Go SMS balance, Go– Call Centre, Face book, Twitter etc.

Savings, Investment and Interest

In order to maintain value, members' contributions/ savings are invested in productive activities within the economy. The Board and management are mandated by the NSSF Act to judiciously invest savings on behalf of NSSF members. Currently, the Fund's investment portfolio consists of Real Estate, Equities and Fixed Income. Every year, based on the performance of the investments and on recommendation of the Board, the Minister declares the interest payable to members. The interest rate varies from year to year. However, the Act provides for a minimum interest rate guarantee of 2.5% per annum.

Payment of Benefits

NSSF administers and pays 6 types of benefits to contributing members in accordance with the provisions of the NSSF Act as follows;

Age Benefit

Payable to a member who has reached the retirement age of 55 years.

Withdrawal Benefit

Payable to a member who has attained the age of 50 years, and is out of regular employment for one year.

Invalidity benefit

Payable to a member who because of illness or any occurrence develops incapacity to engage in gainful employment. In this case, a medical practitioner's report is required to ascertain the condition.

Survivors Benefit

Payable to the dependant(s) or Next of kin of a deceased member.

Exempted Employment Benefit

Payable to members who join employment that provides an alternative social security scheme recognized under existing law and exempted from contributing to NSSF. These include the Army, Police and Prisons, Civil Service and members of any scheme that the Minister responsible for social security has formally exempted.

Emigration Grant

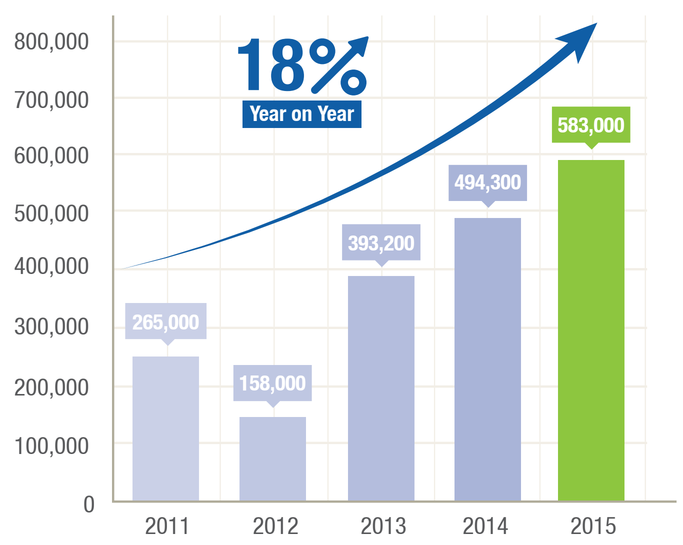
Payable to a member (Ugandan or Expatriate) who is leaving the country permanently.

Mode of Payment

The benefits are payable in lump sum, that is the member's cumulative contributions and interest earned throughout the contributing period.

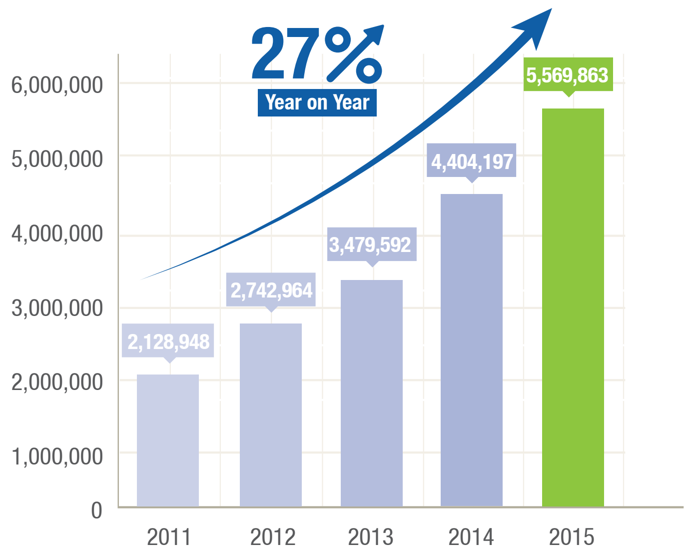
Financial and Operational Highlights

Revenue (UShs. 000)



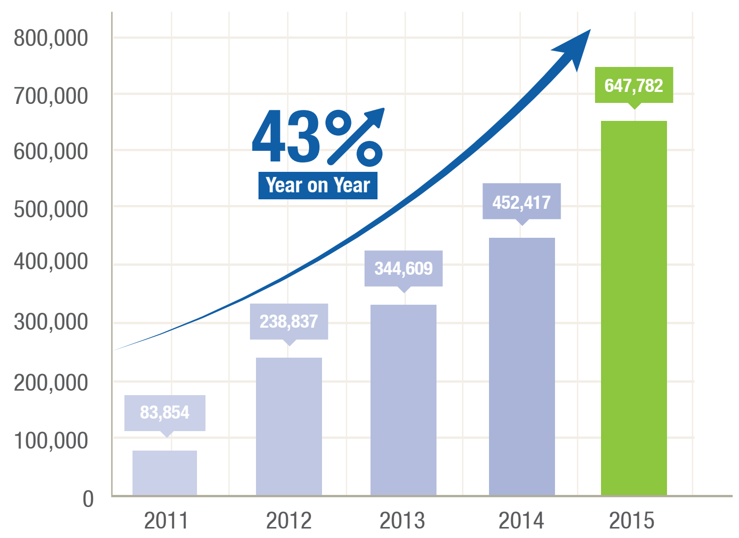
The Fund's revenue increased to 583 billion in 2015 from 494.3 billion in 2014 and 393.3 billion in 2013, with an overall growth of 120% on 2011. The revenue had an average year on year growth of 18%.

Total Assets (UShs. 000)



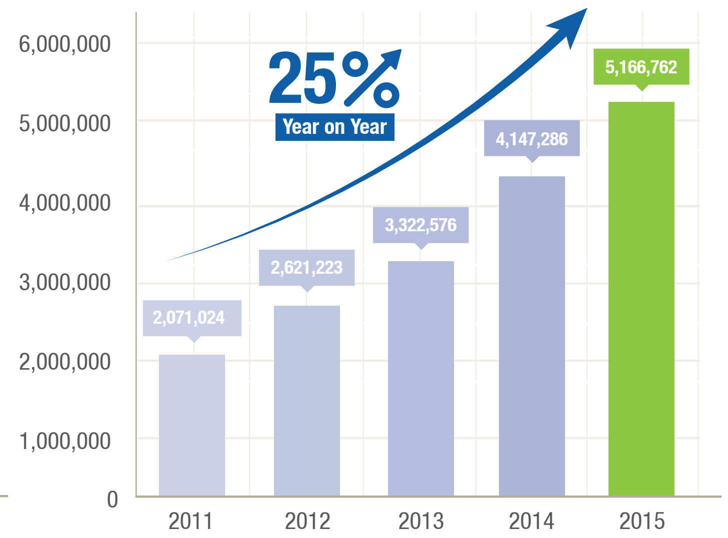
Asset base at the Fund increased from 4.4 Trillion in2014 to 5.6 Trillion in 2015. Assets grew year on year average of 27%.

Profit After Tax (UShs. 000)



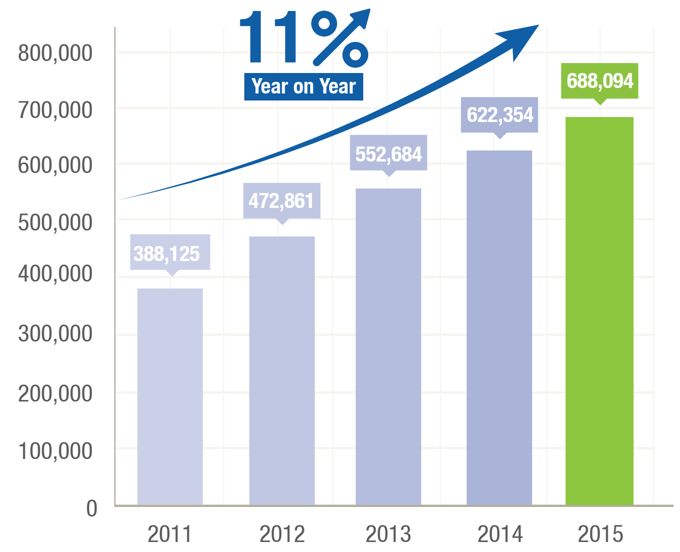
Profit After Income Tax increased by 43% from UShs. 452.4 Billion in 2014 to UShs.. 647.8 Billion in 2015

Accumulated Member Benefits (UShs. 000)



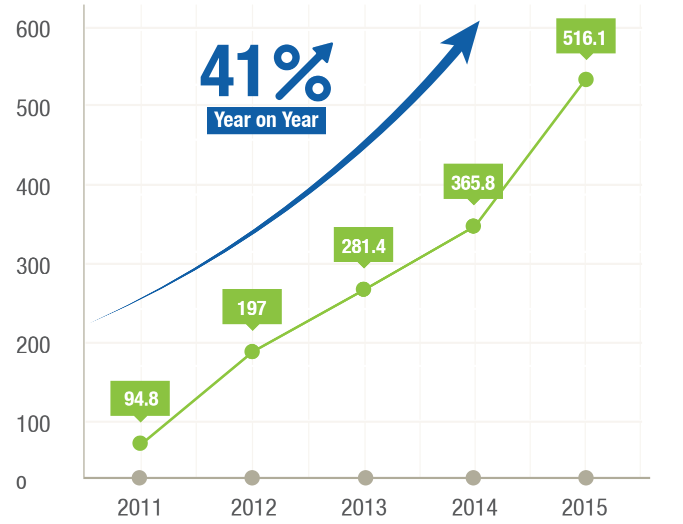
Accumulated member's Funds closed at UShs. 5.17 Trillion, 25% better than UShs. 4.15 Trillion in 2014

Contributions Collected (UShs. 000)



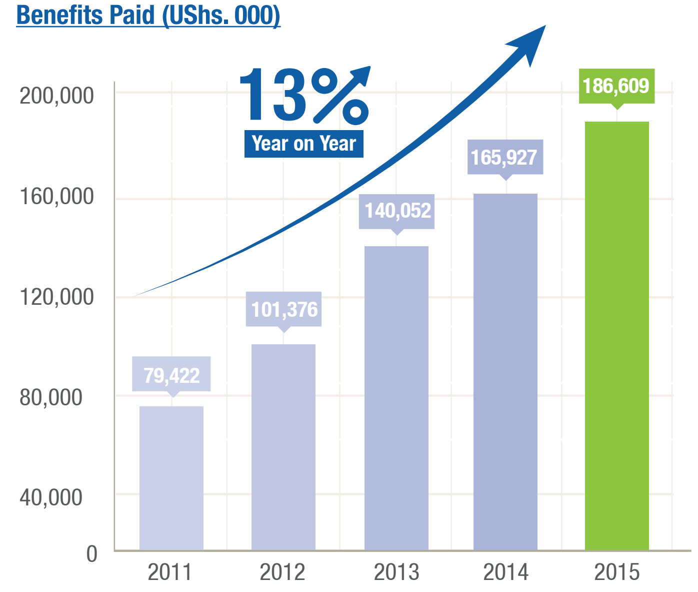
Contributions grew at a year on year average of 11%. Annual total contribution more than doubled from 388 bn in 2011 to 622 bn in 2014, to 688 bn in 2015.

Interest (UShs. Billions)



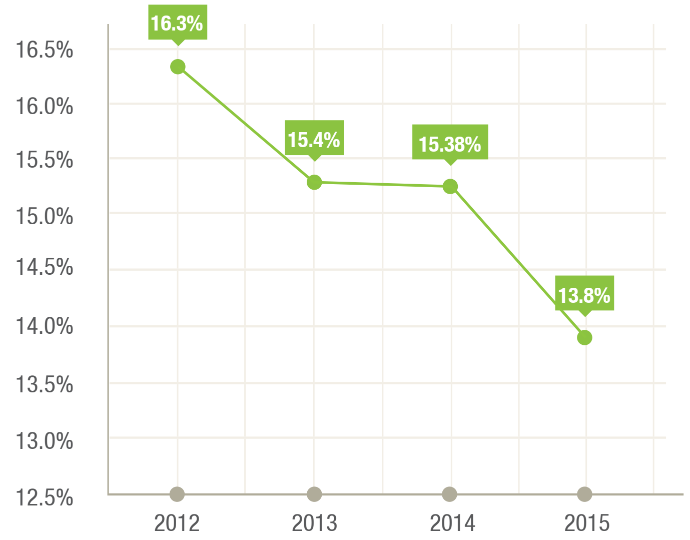
Interest paid out to members increased to 516.1 Billion in 2015 from 365.8 Billion in 2014. The overall growth on 2011 in interest paid out to members stood at 789%, with an average year on year growth rate of 41%

Benefits Paid (UShs. 000)



Benefits payment to members in 2015 increased to 186 Billion Uganda Shillings from 165 Billion Uganda Shillings. Benefits grew at a year on year average of 13%. Overall growth in Benefits was 135% on 2011

Cost Income Ratio (%)



Costs in relation to income (cost income ratio) shows a consistently good performance. By the end of 2012, it was at 16.3% and consistently reducing to 15.4% and 15.3% in the subsequent years before closing at 13.8% in 2015

Management Commentary

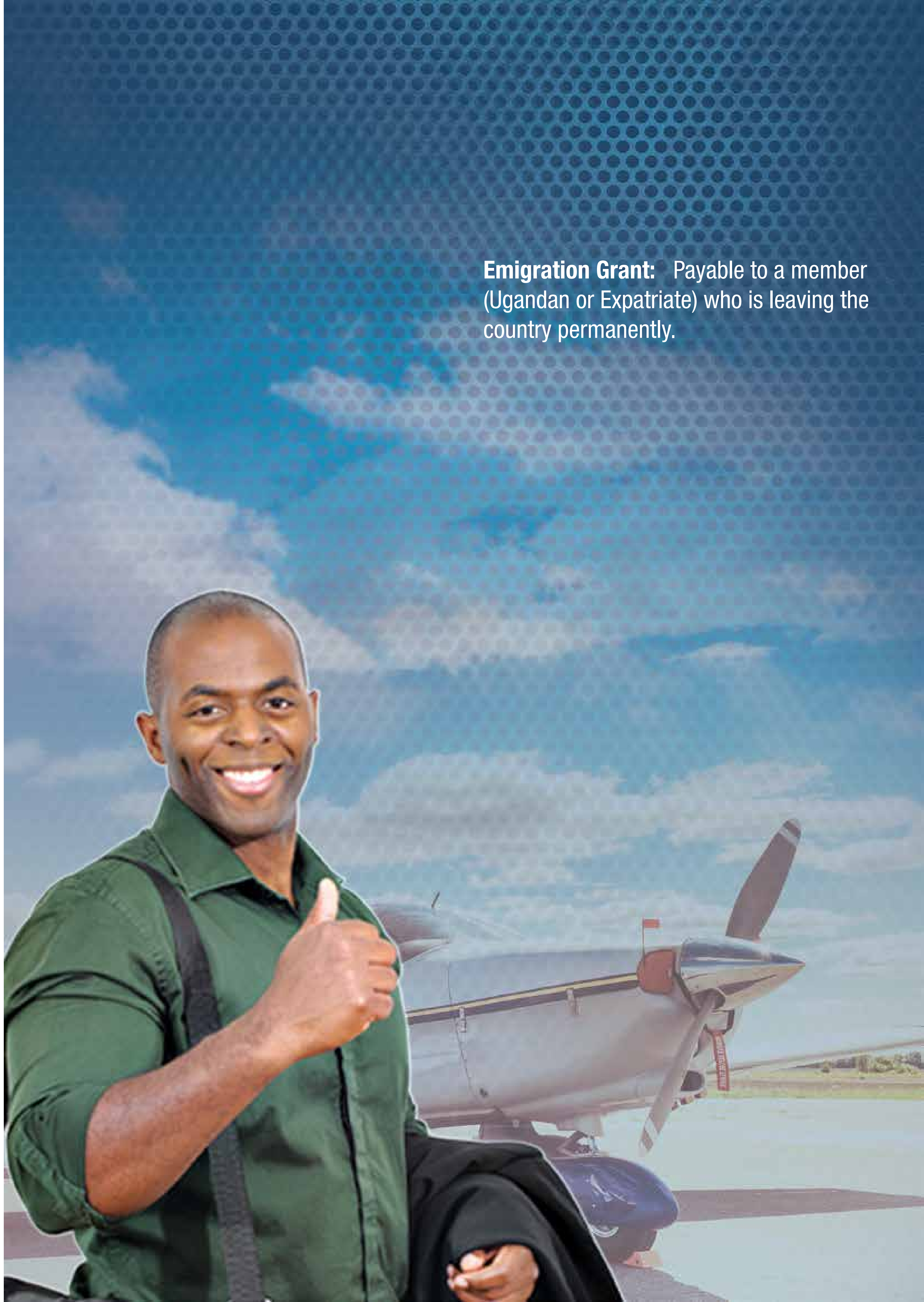
The Fund management commentary has been prepared in accordance with the non–mandatory practice statement issued by the International Accounting Standards Board's IFRS Practice Statement Management Commentary (the practice statement) published on 8 December 2010. This management commentary provides a description of the following items as required by the practice statement:

Relevant Management Commentary Statement

Commentary Content	Corporate information	Board of Directors	Management Team	Chairman's Report	Managing Director's Report	Corporate Gorvernance Statement	Sustainability Report	Five year Financial Highlights
Nature of business	✓	✓	✓	✓	✓	✓	✓	
Management objectives and strategies				✓	✓			
Critical financial and non–financial resources				✓	✓			✓
Significant Risks				✓	✓	✓		✓
Relationship with Stakeholders				✓	✓		✓	
Performance results and prospects				✓	✓			✓
Critical performance measures				✓	✓			

Key

✓ Management commentary content included in statement



NSSF's first office at Ambassador House, Kampala Road

Birth Of The Fund

On December 1, 1985, The National Social Security Fund was established by NSSF Act Cap. 222 when the NSSF Act 1967 was repealed

The earliest recorded attempt to introduce a pension scheme similar to social security in Uganda was in 1940 shortly after World War II.

Immediately after Uganda attained independence in 1962, work to create a social security saving scheme started. In 1968, under the Social Security Act (1967), the National Social Security Fund was established.

Originally called Social Security Fund, it was managed as a department under the Ministry Of Labour.

The Board of Directors

June 2012 – May 2015

Note:

Effective 1st September, 2015, new members to the board of Directors / Trustees of NSSF were appointed for a period of three (3) years by the Minister of Finance, Planning and Economic development Hon. Matia Kasaija. These are the new members;

1. ***Mr. Patrick Byabakama Kaberenge*** *Chairman/Private Sector*
2. ***Ms. Sarah Irene Walusimbi*** *Member /Federation of Employers*
3. ***Mr. Pius Bigirimana*** *Member/Government*
4. ***Mr. Patrick Ocailap*** *Member /Government*
5. ***Ms. Peninnah Tukamwesiga*** *Member/ Workers*
6. ***Mr. Andrew Stewart Obita*** *Member/ Workers*
7. ***Ms. Florence Namatta Mawejje*** *Member/ Federation Of Employers*
8. ***Mr, Nelson Wafana Makwasi*** *Member/ Workers*
9. ***Mr. Richard Byarugaba*** *Member / MD, NSSF*

1 Mr. Ivan Kyayonka (RIP)
Chairman

Appointed 01 June 2012. He was Member of Board of Directors of UMEME Limited. Former Chairman and Managing Director Shell Uganda Limited. Former Chairman Board of Directors, Shell Tanzania Limited.

2 Mr. Richard Byarugaba
Managing Director/ CEO

He is a Board member and chairman of the Board Finance Committee of Uganda Clays Limited. He is a Board Member of Uganda Securities Exchange. He is a former Managing Director of Nile Bank and Global Trust Bank. He is a member of Institute of Certified Accountants of Uganda.

3 Mr. Patrick Ocailap
Non–Executive Director, Government Representative MoFPED

Appointed 11 December 2013. He is the Deputy Secretary to the Treasury, Minister of Finance Planning and Economic Development (MoFPED). He is a Board Member on National Housing and Construction Company Limited (NHCC). He is a Board Member of the Uganda Road Fund. He is a Governing Board Council Member of African Institute of Capacity Development (AICAD).

4 Mr. Musa Okello
Non–Executive Director, Workers Representative NOTU

Appointed 01 June 2012. He serves as a Board Member on the Board of Directors of Uganda Clays Limited. He is the General Secretary NUEIL/ National Organization of Trade Unions (NOTU) and its representative to the East African Trade Union Council. He is the Chairman PSI Uganda. He is also Church Minister of the Redeemed Church.

5 Mr. Pius Bigirimana
Non–Executive Director, Government Representative PS, MoGLSD

Appointed 05 September 2013. He is the Permanent Secretary, Ministry of Gender, Labour and Social Development. Former Permanent Secretary, Office of the Prime Minister, Uganda. He is a committee member on National Policy and Strategy on Public Sector Monitoring and Evaluation

6 Mrs. Sarah Walusimbi
Non–Executive Director, Workers Representative FUE

Appointed 01 June 2012. She is a Board Member of Housing Finance Bank. She is a Member of Board of Directors of Federation of Uganda Employers. Chairman, Gender Mainstreaming Committee of National Water and Sewerage Corporation (NSWC). Alternate Director, Board of Trustees SOS Children's Village Uganda. Former Board Member CMA.

7 Mr. Christopher Kahirita
Non–Executive Director, Workers Representative COFTU

Appointed 01 June 2013. He is a Chairman General of Central Organization of Free Trade Unions (COFTU). He is the Secretary General of Entebbe Institution Sports club. Former Secretary General of Free Trade Unions (COFTU) He is a Former Chairman of Entebbe Municipal Council.

8 Mr. Henry Mukasa
Non–Executive Director, Workers Representative NOTU

Appointed 01 June 2012. He serves as a Council Member National Organization of Trade Unions (NOTU). He is a Former General Secretary of Uganda Fisheries and Allied Workers Union (UFAWU)

9 Mr. Richard Bigirwa
Non–Executive Director, Workers Representative COFTU

Appointed 01 June 2013. He is a Member of Board of Directors, Uganda Clays Limited. He was a member of Board of Directors of DFCU Bank. He is a central executive council member of COFTU. He is the secretary General of Bottling, Bankers, Millers and Allied Workers' Union.

10 Mrs. Agnes Kunihira
Non–Executive Director, Workers Representative NOTU

Appointed 01 June 2012. She is a Member of Board of Directors, Uganda Clays Limited. She has expertise in Board and Strategic leadership, social systems audit and contract safety management. She is a social worker and community educator.

Executive Committee

1. **Richard Byarugaba**
   Managing Director
2. **Geraldine S. Busuulwa**
   Deputy Managing Director
3. **Richard Wejuli Wabwire**
   Corporation Secretary
4. **Patrick Ayota**
   Chief Finance Officer
5. **Stevens Mwanje**
   Head of Commercial
6. **Barigye Geoffrey**
   Head of Internal Audit
7. **Barbara Arimi**
   Head of Marketing & Communications
8. **Gerald Paul Kasaato**
   Head of Investments
9. **Mrs. Christine Kasule–Mulimba:**
   Ag. Head of Human Resources & Administration
10. **Solomon Muganwa:**
    Ag. Head of Information Technology
11. **Edward Ssenyonjo**
    Head of Risk
12. **Gerald Mugabi**
    Head of Procurement

1 Richard Byarugaba
Managing Director

Prior to joining the Fund he held executive positions at Standard Chartered Bank, Barclays Bank among others. He joined the Fund as Managing Director in September 2010 and was appointed to the board in the same year.

FCCA, Certified Public Accountant

Masters of Business Administration
Edinburgh Business School (UK)

Bachelor Of Science
Makerere University

2 Geraldine S. Busuulwa
Deputy Managing Director

She joined the Fund in March 2011 as Deputy managing Director. She also served as Ag Managing Director until Richards's reappointment in December 2014.

Associate CIMA (UK)

Masters of Business Administration
University of Manchester (UK)

Bachelor Of Science
Makerere University

3 Richard Wejuli Wabwire
Corporation Secretary

He has held similar roles with East African Breweries Limited, National Water and Sewerage Corporation, Kinyara Sugar Works and BAT Uganda. He joined the Fund in June 2014.

Master's of Law
University of Kent (UK)

Diploma in Legal Practice
University of Kent (UK)

LLB. Hons.
Makerere University

4 Patrick Ayota
Chief Finance Officer

Prior to joining the Fund, he was the Finance Director for Barclays Bank (Uganda). He has extensive experience in accounting and finance attained from various roles in Uganda and USA. He Joined NSSF in July 2011

Masters of Business Administration
University of Southern California (USA)

Certified Public Accountant (CPA)

Bachelor Of Arts
Liberty University, Virginia

5 Stevens Mwanje
Head of Commercial

He joined the Fund from Bank of Africa and was appointed to Exco in 2010.

FCCA, Certified Public Accountant

Masters of Business Administration
Edinburgh Business School (UK)

Bachelor Of Arts Hons.
Makerere University

6 Barigye Geoffrey
Head of Internal Audit

He joined the Fund as an Auditor Manager in 2001 and was appointed Head of Internal Audit in 2015. Prior to joining the Fund, he worked with Uganda Breweries Limited.

ACCA, Certified Public Accountant (CPA)

Masters of Business Administration
Makerere University

Bachelors' Degree in Commerce
Makerere University

7 Barbara Arimi
Head of Marketing & Communications

She joined the Fund from Orient bank where she was Group Head Corporate Communications and Marketing.

Associate of the Chartered Institute of Marketing (UK)

Masters of Business Administration
Eastern and Southern Africa Management Institute

Bachelors' Degree in Commerce (Marketing)
Makerere University

8 Gerald Paul Kasaato
Head of Investments

He has held similar roles in National Housing and Construction Company and has worked for various entities in the U.K. He joined the Fund in 2011 as the Equities Portfolio Manager.

FCCA, FCIM

MSc. International Finance and Investments
London SouthBank University (UK)

Bsc. Accounting
Oxford Brooks University (UK)

9 Mrs. Christine Kasule–Mulimba:
Ag. Head of Human Resources & Administration

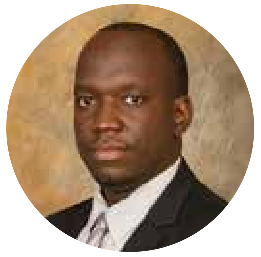
Christine joined the Fund in 2004 as the Training and Development Manager and was appointed Ag Head of Human Resources in June 2015.

Masters in Management Studies (Human Resource Management)
Uganda Management Institute

Postgraduate Diploma in Human Resource Management
Uganda Management Institute;

BA Degree
Makerere University

10 Solomon Muganwa:
Ag. Head of Information Technology



Prior to joining the Fund, he was a senior consultant with Erikson AB, Airtel and MTN. He joined the Fund in 2011 as IT Infrastructure Manager and was appointed to EXCO in 2015.

MSc. Information Technology
Makerere University

BSc. Information Technology and Computing
Kyambogo University

11 Edward Ssenyonjo
Head of Risk

He joined the Fund in September 2010 having worked with United Bank of Africa's risk department. He was appointed Ag Head of Risk in July 2015.

FCCA

Post Graduate Diploma in Management
Leicester University (UK)

Bachelor Of Arts Hons.
Makerere University

12 Gerald Mugabi
Head of Procurement

Prior to joining the Fund, he worked for the Ministry of Finance and Economic Planning as the Ag Head of Procurement– FINMAP. He joined the Fund in 2013.

Master's Degree in Business Administration
Uganda Management Institute

Member of the Chartered Institute of Purchasing and Supply–UK (MCIPS)

Bachelors' Degree in Commerce
University of South Africa (UNISA)

Benefits Paid Out

UShs. 186.6Billion

Vs. UShs. 165.9Billion in 2014

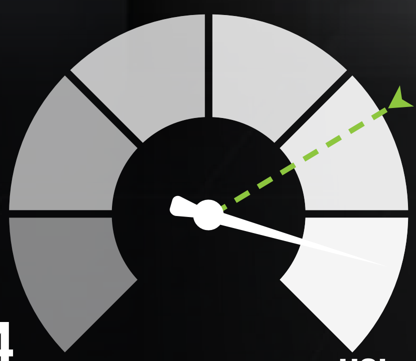
Balance Sheet

Target: UShs. 5.38 Trillion

2014: UShs. 4.4 Trillion

Attained: UShs. 5.57 Trillion

Member Contributions



Target: UShs. 679 Billion

2014: UShs. 622.4 Billion

Attained: UShs. 688 Billion

Chairman's Statement

Dear NSSF stakeholders, it's been a remarkable year for all of us at NSSF, a year of change and opportunity for the organisation, our industry and the country at large. I am pleased to report that NSSF delivered a good performance during the financial year 2014/15.

The results are attributed to the Funds strong position and continued focus on providing real returns and excellent customer service to our members. The environment in which we operate determines the feasibility of the Fund and therefore, the Board and NSSF at large keep up–to–date with the key social and economic development affecting NSSF activities. We continue to be proactive and innovative; at the same time sensitive to changes in the external environment.

Governance

Good governance practices are critical for sustainability of the Fund value. Our governance practices and principles are guided by the relevant local laws and regulations.

The success of the Fund is dependent on the oversight and direction of the Board of Directors. This outgoing Board was appointed in June 2012, with a tripartite representation comprising of;

1. **Government–** represented by Ministry of Finance and Ministry of Gender, Labour & Social development,
2. **Employers–** represented by Federation of Uganda Employers, and
3. **Employees–** represented by the Workers Unions. Furthermore,

Board effectiveness is augmented by the following sub committees:

- Audit & Risk Assurance Committee
- Finance Committee
- Investments & Project Monitoring Committee
- Staff, Administration & Corporate Affairs

These committees meet regularly to ensure that the Fund achieves its strategic objectives. Over the year the board effectively met those objectives.

The Three Year Strategic Plan

I take this opportunity to inform you that this was the last year of implementing the Three Year Corporate Strategy of the Fund (2011/12 – 2014/15). The 9th Board of Directors was appointed to office on the 1st June 2012 for a three year term. During this period the Fund has been transformed from a UShs. 2.7 Trillion Fund to UShs. 5.6 Trillion Fund. At the inauguration of the Board on 20th June 2012, the Honourable Minister, Mrs Maria Kiwanuka articulated her expectations of the new board and outlined the following strategic objectives for the Board's consideration:

1. To consolidate the turn–around gains which the previous Board and Management had achieved.
2. To restructure the Fund for competition.
3. To improve return to members.
4. To unlock value in all stalled projects.
5. To develop a framework to finance Government projects without compromising returns to members.
6. To review the marketing and communications strategy to project the Fund as the social security provider of choice.

The Board particularly focused on turning around the performance of the Fund and restructuring the Fund in readiness for liberalization reforms of the pension sector.

The three year strategic plan underpinned the Funds turnaround over the tenure of the Board's term in office leading to a transformation of becoming more customer driven, process efficient and commercially focused.

The Board rolled out the Balanced Score Card as a prolific tool to establish and monitor the performance of the Fund and of each individual employee effort towards meeting the strategic objective. Over the past 3 years, the Fund has transformed from a loss making entity into a UShs.. 5.6 Trillion Fund that is paying its members above inflation returns in the region of double figures and the most recent being 13% for 2015, compared to just 3% in 2009, 6% in 2011, and 10% in 2012.

I am glad to inform you that the objectives of the three year strategic plan have been achieved.

2015 Performance and Achievements

The board and NSSF have delivered a dramatic performance turnaround of the Fund. In 2015, the Fund continued to perform well and in line with the corporate objectives.

The Fund increased its membership size in 2015 and the total number of registered employees increased from 1,387,359 in 2014 to 1,538,865 in 2015 reflecting a growth rate of 11% while registered employers were 30,671 in 2015 up from 27,000 in 2014.

Member contributions collected grew to UShs. 688.1 Billion in 2015 from UShs. 622.4 Billion in 2014 largely due to the effective customer relationship model. Total benefits paid by the Fund in 2015 to its qualifying members increased by 12% from UShs. 165.9 Billion in 2014 to UShs. 186.6 Billion. Total investments held by the Fund increased by 26 % from UShs. 4.35 Trillion registered in 2014 to UShs. 5.49 Trillion in 2015. The Fund's total Comprehensive income net of tax increased by 34% to UShs. 801.3 Billion in 2015 up from UShs. 596.7 Billion in 2014. The Fund's total asset base increased by 26% to UShs. 5.57 Trillion from UShs. 4.40 Trillion. Interest to members was 13% up from 11.5% in 2014.

> *" We have continued to be proactive and innovative; while remaining sensitive to changes in the external environment. "*

How we Performed in Relation to our Strategic objectives

		Actual 2015 UShs. Million	2014 UShs. Million	Budget 2015 UShs. Million	Actual 2015 Vs. Actual 2014	Actual 2015 Vs. Budget 2015
1	**Increase Profitability**					
	Income					
	Realised Income Net of Taxes	673,565	572,626	428,838	18%	57%
	Realised Return on Investments	10%	11%	9%	–5%	11%
	Total Income (Realised and Unrealised)	801,346	596,676	488,438	34%	64%
	Total Return on Investment	14%	13%	10%	12%	41%
	Costs					
	Total Costs	68, 784	66,635	68,312	3%	1%
	Total Costs and Interest Costs	590,553	432,478	473,003	37%	25%
	Net Income					
	Net Income (Realized)	492,698	416,031	360,525	18%	37%
	Unrealized Income/ (Loss)	218,215	102,348	59,600	113%	266%
	Net Icome/ (Loss)	710,912	518,379	420,125	37%	69%
	Ratios					
	Cost Income Ratio	14%	15%	16%	8%	12%
	Interest Costs to Total Costs	83%	97%	78%	–14%	7%
	Expense Ratio (Annual)	1.40%	1.60%	1.43%	12%	2%
	Grow Investments					
	Investments	5,489,014	4,354,172	5,337,553	26%	3%
	Fixed Income	4,144,932	3,514,132	4,226,976	18%	–2%
	Equities	899,297	396,088	492,643	127%	83%
	Real Estate	444,785	443,953	617,934	0%	28%
	Member Return					
	Interest Rates on Member Funds	13%	12%	13%	13%	0%
	Interest to Members	516,089	365,843	404,691	43%	29%
	Reserves					
	Increase in Reserves (Comprehensive Income)	126,013	86,574	15,435	46%	716%
	Net Profit Margin/ (Loss)	17%	16%	3%	6%	440%
	Balance Sheet	5,569,863	4,402,946	5,380,191	27%	4%
	Contributions					
	Contributions Collected	688,094	622,354	678,888	11%	1%
	Compliance Level	76%	77%	80%	–1%	–5%
	Member's Fund Value	5,166,762	4,147,286	5,085,475	25%	25
2	**Increase Customer Satisfaction**					
	Customer Satisfaction Rate	88%	84%	90%	5%	–2%
3	**Business Process**					
	Benefits Paid	186, 609	165,927	180,000	12%	4%
	Average Benefits Processing Days	8	10	9	20%	11%
	System Uptime	98%	98%	97%	0%	1%
4	**Organisational Capacity**					
	Staff Satisfaction Rate	84%	66%	80%	27%	5%

Strategic Plan 2015 – 2025

The Board approved a 10 year Strategic Business Plan 2015–2025 on Thursday, 16th April 2015 dubbed Vision 2025 running from 2015/16 through 2024/25. Execution of this strategic plan should by 2025 deliver a Fund that;

1. has an asset base of UShs. 20 Trillion and is considered a pioneer in the financial services industry, a market–maker and the biggest driver of economic growth in East Africa.
2. is perceived as an innovator, ushering in an era where members' benefits are initiated and processed through smartcards or online in just 24 hours for various claims ranging from short–term products like health and education, insurance, medium term solutions such as mortgages and, of course, retirement benefits.
3. is the employer of choice in Uganda, attracting highly talented and motivated individuals who have established a new benchmark for organizational and cultural excellence.
4. is felt, seen and perceived positively by Ugandans and is anchored by "Pension Towers" as Kampala's most iconic structure.

Our sector is growing at a high speed and with new licensed players on board coupled with advanced technology, and staying ahead will ensure our continued success. Adoption to the digital era will also go a long way in keeping us ahead.

We are established market leaders in Uganda and the East African region at large. We are the fastest growing Fund and in a strong position to leverage on our capabilities to meet the ever divergent and evolving needs of our clients who expect us to deliver on our promise in terms of new products and services. With our new strategy in place and our commitment to a better future for our clients, we are more than confident that we will reach greater heights as we exploit the investment opportunities available for growth in the future.

Appreciation

On a sad note, the Chairman of the 9th Board, Mr. Ivan Wambuzi Kyayonka, died on Friday, 8th May 2015 at Nairobi Hospital in Kenya; three (3) weeks to the end of his term at the helm of the Pension Fund. He will be greatly remembered for his visionary leadership and direction, which has seen the Fund grow from UShs.. 2.7 Trillion in 2012 to UShs.. 5.6 Trillion in 2015. In memory of our departed Chairman, the Fund needs to emulate his dedication, courage and desire to steer the Fund to be the leading Social Security provider in Africa.

I wish to express our gratitude to the management and staff of NSSF for their efforts and commitment to further establish the Fund as the Social Security provider of Choice.

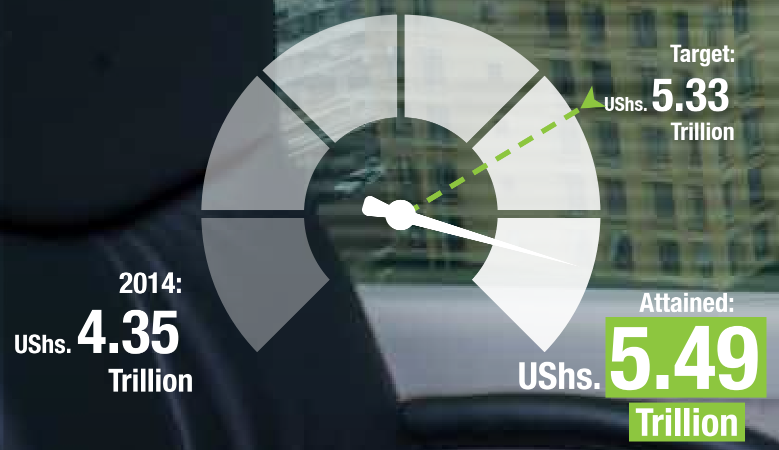
To all our members, whom we aspire to offer 'a better life', thank you for saving with us in 2015. We strive to serve you with the same level of commitment moving forward.

……………………………………..

MR. PATRICK BYABAKAMA KABERENGE
Chairman.

Managing Director's Statement

Investment Portfolio



Realised Income

18%

UShs.673.6Billion in 2015

Vs. UShs.572.6Billion in 2014

Member Interest

13%

Up from 11.5% in 2014

The NSSF Act empowers the Board of Directors to operate and manage the Fund in order to ensure secure, profitable and effective financial management. The Board executes this mandate by providing a strategic direction to the Fund through a Corporate Strategic Plan. In 2012, a 3 year strategic plan was developed and rolled out to drive the Fund towards remaining the social security provider of choice. The grand strategy has the following objectives:

- Increase customer satisfaction
- Increase profitability
- Improve productivity
- Prepare for liberalization

Increase Customer Satisfaction

Based on a survey conducted by an independent firm, we received a better customer satisfaction rating of 88% compared to 84% in 2014 and against a 2015 target of 90%. Customer satisfaction is based on the NSSF customer service charter while the mystery shopper index went up from 73% in 2014 to 81% by June 2015.

The objective of the charter is to communicate to our customers the service standards we have set as well as declare our total commitment to better service delivery and to empower our customers to demand timely and quality services at all touch points.

> *" I'm delighted to present to you a review of our Fund's performance and operations for the year "*

Increase Profitability

This is measured against the Return On Investment and the expense to asset ratio among other indicators. The return on investment was 10% against a target of 9% and the expense to asset ratio was 1.4% against a target of 1.4%.

Improve Productivity

The key result area here is the turnaround time (TAT) for benefit processing. The actual TAT was 8 days against a target of 9.

Preparation for Liberalization

Under the Regulatory framework, the Uganda Retirement Regulatory Authority (URBRA) Act was enacted by the Parliament of Uganda and took effect on the 26th September 2011. The objectives of the Act are to regulate the establishment, management and operation of the retirement benefit schemes in Uganda in both the private and public sectors. And in addition, the Retirement Benefits Sector Liberalization bill is being debated in parliament.

Business Review

The Chairman highlighted the financial results for 2015 evidencing increase in income, asset base, member contribution, benefits payment and interest paid to members. This consistent level of high performance for the past five years has enabled us revive the Fund and prepare for liberalization. We are committed to delivering a better life for our clients.
The Fund in 2015 registered growth in key financial areas as highlighted briefly by the chairman and indicated below:

Realized income net of taxes (WHT) was USh.. 673.6 Billion, 18% growth on 2014 figure of UShs.. 572.6 Billion. Driven by the rise in foreign currency and the rise in stock prices, annual total income amounted to UShs.. 801.3 Billion, 34% increase on 2014 number of UShs.. 596.7 Billion.

Operating costs amounted to UShs.. 68.8 Billion, compared to UShs.. 66.6 Billion registered in 2014. Cost income ratio stood at 13.8%, better than budget of 15.9%, and the prior year's 16%. Expense ratio is maintained at 1.4%, better than target of 1.43% and 1.6% for 2014.

The volume and value of benefits paid out to qualifying members increased from 12,486 to 14,483 benefit claims and from UShs..165.9 Billion to UShs. 186.6 Billion in 2015 respectively. There was a significant reduction in the benefits Turn Around Time (TAT) from over 36 days in June 2012 to 8 days in June 2015. The Balance sheet size grew to UShs.. 5.57 Trillion, 3.7% better than budget of UShs.. 5.38 Trillion, and 27% better than 2014 balance sheet of UShs.. 4.40 Trillion.

Member contributions grew to UShs.. 688.1 Billion, 11% above the budgeted UShs.. 679 Billion and UShs.. 622.4 Billion registered in 2014. This has been driven by the relationship management model introduced in 2012, and improved compliance levels. Over 90% of all contributions are now coming through the E–collections channel. The usage of E–collections has risen from an average of 40% in July 2012 to over 90% as at June 2015. The amount of arrears collected has been going up over the 3 financial years. A total of 751 audits worth UShs.. 215 Billion were carried out.

Investment portfolio grew to UShs.. 5.49 Trillion, 3% better than budget of UShs. 5.33 Trillion and 26% better than 2014 figure of UShs.. 4.35 Billion. Interest to members' Fund was 13% up from 11.5% in 2014 and 11.23% in 2013 resulting into UShs. 516.1 Billion 43% above UShs. 365.8 Billion credited to member accounts in 2014. The compliance level stood at 76%, down from the 77% rating in 2014. The investment portfolio allocation remain 76%, 16% and 8% for Fixed Income, Equities and Real Estate respectively. On Equities, there was an increased country diversification into Kenya, Tanzania & Rwanda markets helping to reduce the reliance on our domestic stock exchange which offers limited investment opportunities. 2014 investment portfolio allocation was 81% for Fixed Income, 9% for Equities and 10% for Real Estate.

Five year performance Highlights

The five year performance review shows that the strategy we adopted is paying off. By all measures, Fund performance has significantly improved. Based on the current performance and the available key strategic Fund resources, we are positioned to deliver the projected 2016 higher target and the ten year strategic plan 2015 – 2025. The key performance indicators below show growth in all areas;

Five Year Performance Review	2015 UShs. Million	2014 UShs. Million	2013 UShs. Million	2012 UShs. Million	2011 UShs. Million
Income Statement					
Profit before Income Tax	732,562	530,714	414,225	276,300	102,033
Profit after Tax	647,782	452,417	344,609	238,837	83,854
Financial Position (UShs.' M)					
Total Assets	5,569,863	4,404,197	3,479,592	2,742,962	2,128,948
Investment in Securities held to maturity	3,859,400	2,792,735	1,990,126	1,386,295	591,277
Deposits with Commercial Banks	251,068	682,071	731,954	686,151	952,510
Investment Properties	135,874	193,711	169,905	385,583	317,467
Equity Investments	734,270	251,274	153,852	78,292	93,471
Accumulated Members' Funds	5,166,762	4,147,286	3,332,576	2,621,223	2,071,024
Financial Performance (%)					
Return on Average Investment (%)	10.0%	10.0%	12.4%	12.3%	7.7%
Cost Income Ratio (%)	13.8%	15.3%	15.4%	16.3%	36.5%
Expense Ratio (%)	1.4%	1.6%	2.2%	2.0%	2.8%
Members' Fund Statistics (UShs.' M)					
Contributions Collected	688,094	622,354	552,684	472,861	388,125
Benefits Paid	186,609	165,927	140,052	101,376	79,422
Interest Credited to Members	516,089	365,843	281,397	196,965	94,844
Return on Members' Fund (%)	13.0%	11.5%	11.2%	10.0%	6.0%
Compliance level (%)	76%	77%	72%	69%	49%
Benefits Processing Time (Days)	8	10	10	36	16
Customer Satisfaction Rate (%)					
Internal Customers (Staff)	77%	77%	65%	61%	60%
External Customers (Members)	88%	84%	72%	49%	0%

2016 Outlook

2015 was an incredible year for us and the performance was above target in all areas. We are very pleased with this performance.

The year 2016 will have its own challenges being a year in which Presidential, Member of Parliament and other Local Government elections will take place and we are positioned to deliver amidst all this. Our revamped brand, dedicated staff, loyal customers and biggest and growing asset base in the region will help us deliver on our promise.

Performance measurement in the Fund is developed and monitored according to an adaptation of Balanced Scorecard methodology developed by Kaplan and Norton. Strategic objectives are supported and achieved through implementation of strategic initiatives. Development, monitoring and evaluation of organization strategy are achieved through a dedicated strategy management office.

Customer Perspective

In 2016, the focus is on increasing the Fund's capacity to provide a better customer experience to members. Various initiatives such as improved staff training and a queue management system have been rolled out to support this objective. Improvements in the brand image are also being targeted through improved stakeholder management. It is hoped that this will improve member's perception of the Fund.

Financial Perspective

The Fund, board and management, have committed to achieving a strategic Fund asset size of UShs. 20 Trillion by 2025. In order to achieve this the Fund asset must grow by UShs. 1.7 Trillion every year through increased collections, better investment returns and maintain it's aggressive cost management strategy. It is projected that this will enable the Fund to deliver a real return of at least 2% without eating up all reserves.

Processes Perspective

The Fund data integrity and management still remains paramount and business processes like payment of benefits and update of member accounts are closely monitored. Data quality monitoring has been moved from an operational to a strategic level. Management and Board are both monitoring this to ensure that data integrity is not compromised and this is evidenced by significant improvements in benefits processing and member statement update.

People and Systems Perspective

Good systems and processes can only be as good as the good people who manage them. The Fund has committed to develop the capacity of staff and systems to deliver its promise to members. A new e–learning system has been introduced to plug the training gaps and indeed over 60% of staff are completing at least 2 developmental courses on the platform. The Fund has also implemented an internal succession planning strategy by encouraging mentoring and supervisor – supervisee contact. This has improved staff engagement greatly. More staff are being promoted internally – a sign of a working internal succession planning strategy. This will continue in 2016.

Appreciation

I wish to acknowledge the contribution of the board of directors and staff for this outstanding performance. To our dear members, I thank you for your continuous commitment and for having the confidence in us as a Fund. With this kind of performance, we will continue "To be the Social Security Provider of Choice."

RICHARD BYARUGABA
Managing Director

NSSF Managing Director, Richard Byarugaba (M) during a business strategy meeting with the Senior Management Team

Business Strategy And Intended Results

The Fund, established by the National Social Security Fund Act CAP 222 of the laws of Uganda to provide Social Security services to all eligible private sector workers, is mandated to:

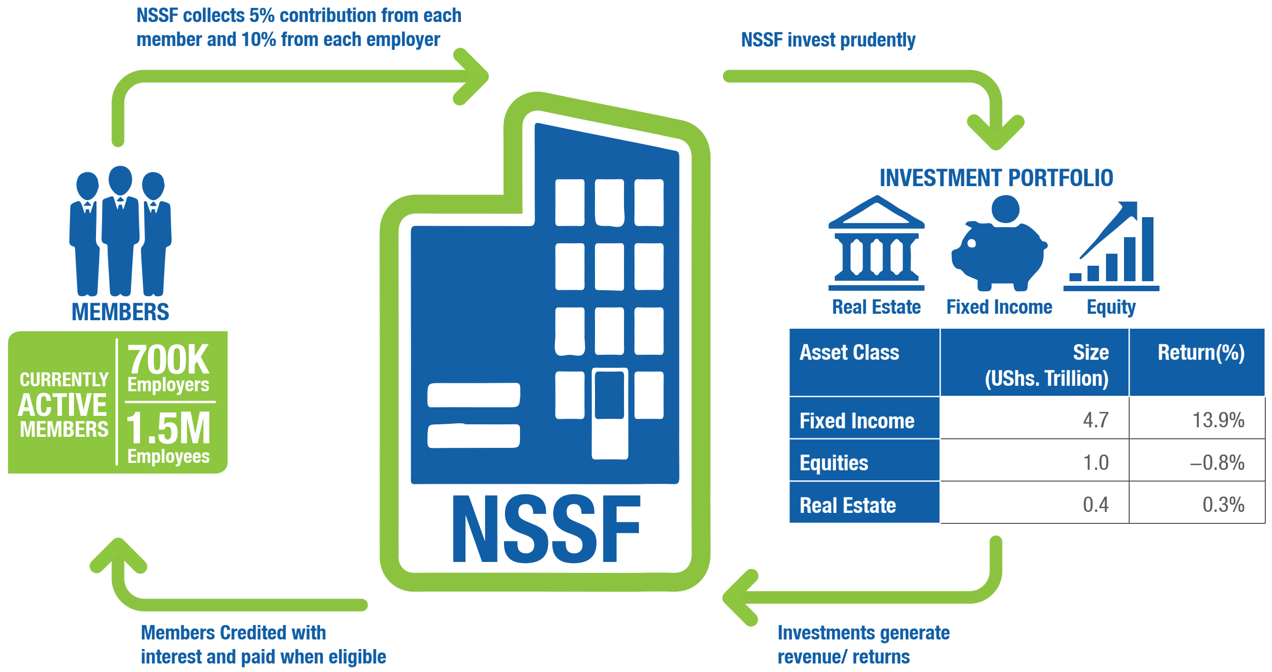
1. Register new members
2. Collect members contributions
3. Invest all Funds under management
4. Pay benefits to eligible members

This mandate, along with the National Social Protection Policy statement that encourages Social Security schemes to cover as many members and offer a broad social risk management solution, has informed the development of the Funds business Strategy.

In addition to this, a decision was taken by management to run the Fund like a private sector enterprise in a freely competitive environment in preparation for a time when the pensions industry in Uganda will be liberalized. The strategy outlined three (3) focus areas to ensure that management of the Fund executes this mandate efficiently and these are

1. A customer centric approach
2. Emphasis on business growth through increased recruitment, collections and investment performance
3. Innovation and operational excellence

The implementation of this strategy rides on the following business model

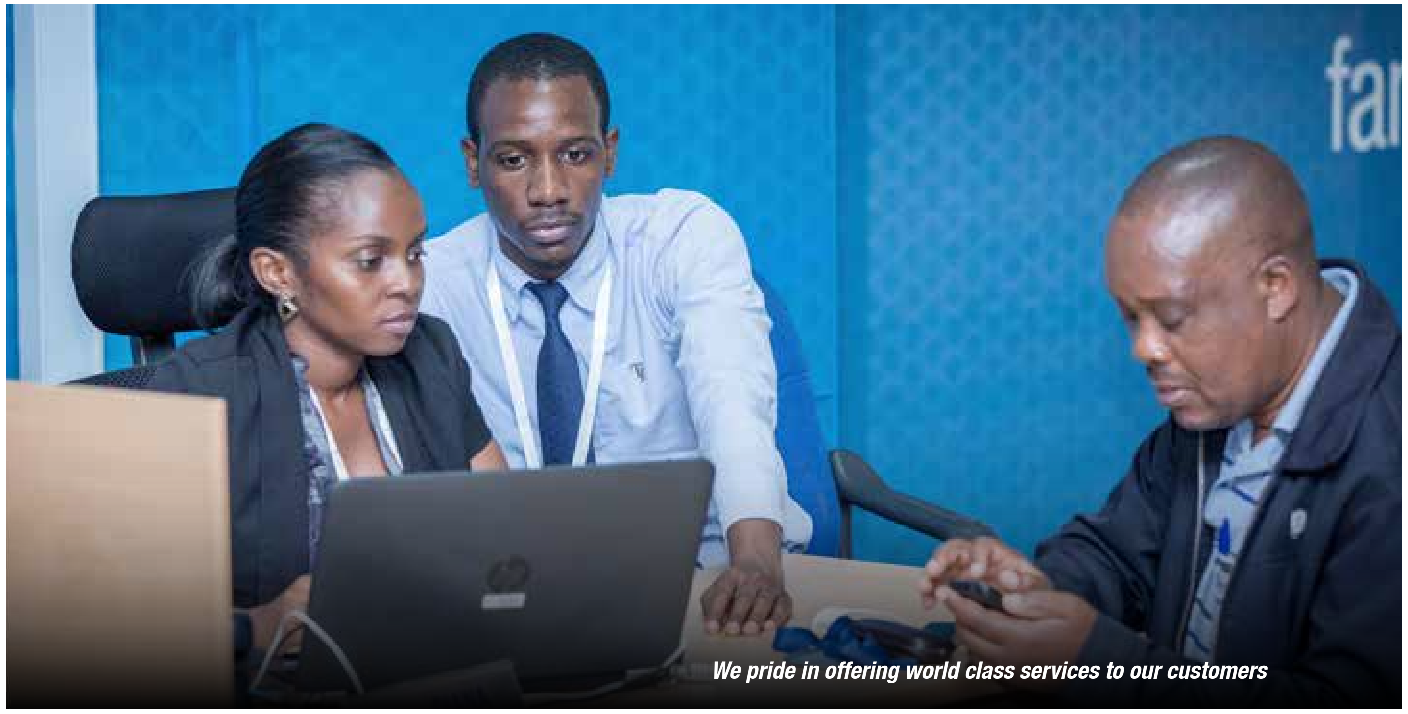


Asset Class	Size (UShs. Trillion)	Return(%)
Fixed Income	4.7	13.9%
Equities	1.0	–0.8%
Real Estate	0.4	0.3%

Members qualify for benefits when they;

- Reach age 55 (Age Benefit)
- Reach 50 years and are unemployed for atleast 1year (Withdrawal Benefit)
- Are sick and unable to work (Invalidity Benefit)
- Die, in which case the benefits are paid to the next of kin (Survivors Benefit)
- Move to exempted employment e.g Government (Exempted Employment)
- Permanently move out of Uganda (Emigration Benefit)

Fig 2. NSSF Business Model



We pride in offering world class services to our customers

The Fund has developed specific business objectives and defined intended results to ensure that the strategy is succeNSSFully implemented. These are

Focus area 1: Customer Centric approach to Business

Strategy

Management, having realized that in a competitive environment the customer is king, has adjusted its strategy and operations to deliver a superior customer experience albeit against pseudo competitors.

Under this the Fund has committed to

a. Retain the current members and assets in an open and competitive environment

b. Ensure that all existing members are satisfied and are receiving a superior customer experience. Initiatives to enhance service delivery on mobile and web platforms have been succeNSSFully initiated

c. Ensure that the NSSF brand remains strong

d. Ensure that members savings are

- Safe and
- Grow – by maintaining a real return on members savings at all times

Intended results

This strategy will retain at least 80% of the current membership in an open and competitive environment. The strategy will deliver a members satisfaction rate of 90% and new member recruitment will grow by 10% per annum to maintain market dominance. In addition to this the NSSF brand, that is currently one of the strongest in the region and has attained the "Superbrand" status in the region, will remain just as strong or become even stronger over the coming years. Customer Satisfaction, experience and knowledge surveys are carried out regularly to check the performance of these strategic objectives.

Focus area 2: Business Growth

Strategy

The mandate given to the Fund requires that, on an annual basis, the Fund must grow. The Fund shall achieve this growth in 3 ways

a. Recruiting new members

b. Increasing the amount of contributions collected

c. Increasing the return on invested Funds

Intended results

The Fund has committed to recruit new members at an incremental rate of at least 10% per annum over the coming years. The objective being to increase the numbers of members registered by the Fund. This is also in line with the National Social Protection Policy directive to all schemes to increase the coverage of Social Security services by recruitment of new members into established schemes.

On average a new member takes 3 months to start actively contributing to the Fund. Therefore new registrations have, on average, a 3 month lag before they are converted into new collections for the Fund. However an increase in registrations does lead to an increase in amounts collected over time. More impactful indicators are wage inflation and economic performance and its impact of business growth. Still the Fund, through its operations, will implement tactical solutions to increase collections by improving compliance and debt recovery. A growth in collections of 10% per annum is anticipated.

The investment portfolio, that is largely made up of medium to long term government securities, provides a return that matches or is slightly higher than the risk free rate. The challenge is that members require a return that 1) beats long term inflation and provides a real return and 2) is the best in the market. The investment strategy is such that the portfolio returns the maximum return at the minimum risk. The maxim being that safe and sure is better that best with a possibility of nothing. In this regard the investment arm of management has been tasked to deliver a real return, above the past 10 year inflation rate, of at least 2% to members.

Focus area 3: Innovation and Operational Excellence

Strategy

The members of the Fund have consistently requested for new and innovative products and services from the Fund. As part of the strategy a specialized unit has been set up within the Fund with a specific objective of developing new products and services that provide solutions to manage the member's social risks and are relevant throughout the life cycle – from childhood to death and beyond. Also, the Fund, in a bid to execute its mandate at minimum cost and leakage of the members Fund, has improved its processes and has put in place checks to ensure that members receive superior services from the Fund while at the same time protecting the Fund asset.

Pursuant of this the Fund has committed to

a. Improve processes

- Introduce new services
- Introduce new products/ benefits/ solutions that respond to members life cycle needs
- Reduce current benefit processing times
- Reduce member statement update times

b. Increase staff engagement

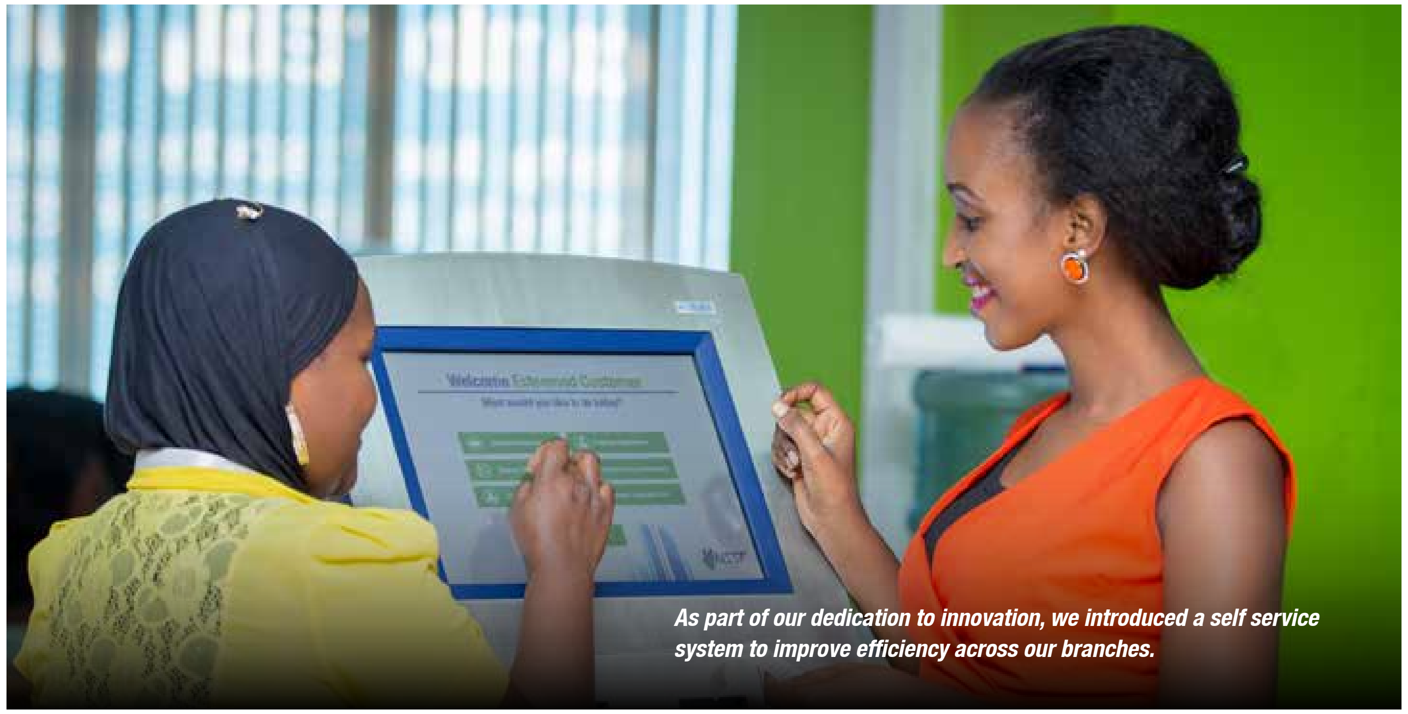
c. Improve technology to support improved processes

Intended results

The Fund anticipates that over the coming year's member's statement update and benefit processing will take less than 24 hours. In addition this new benefits like medical, funeral and housing will be developed and availed to compliant members of the Fund. Staff will also be more engaged to execute the mission of the Fund – an engagement rate of over 90% is expected.

The Funds technology will also be improved to tap into the growing phenomenon of mobile computing and transactions (Mobile money). The mobile platform will be used to deliver services and also provide a means for the members to transact with the Fund. This technology will support the new processes, products and services that the Fund plans to launch.

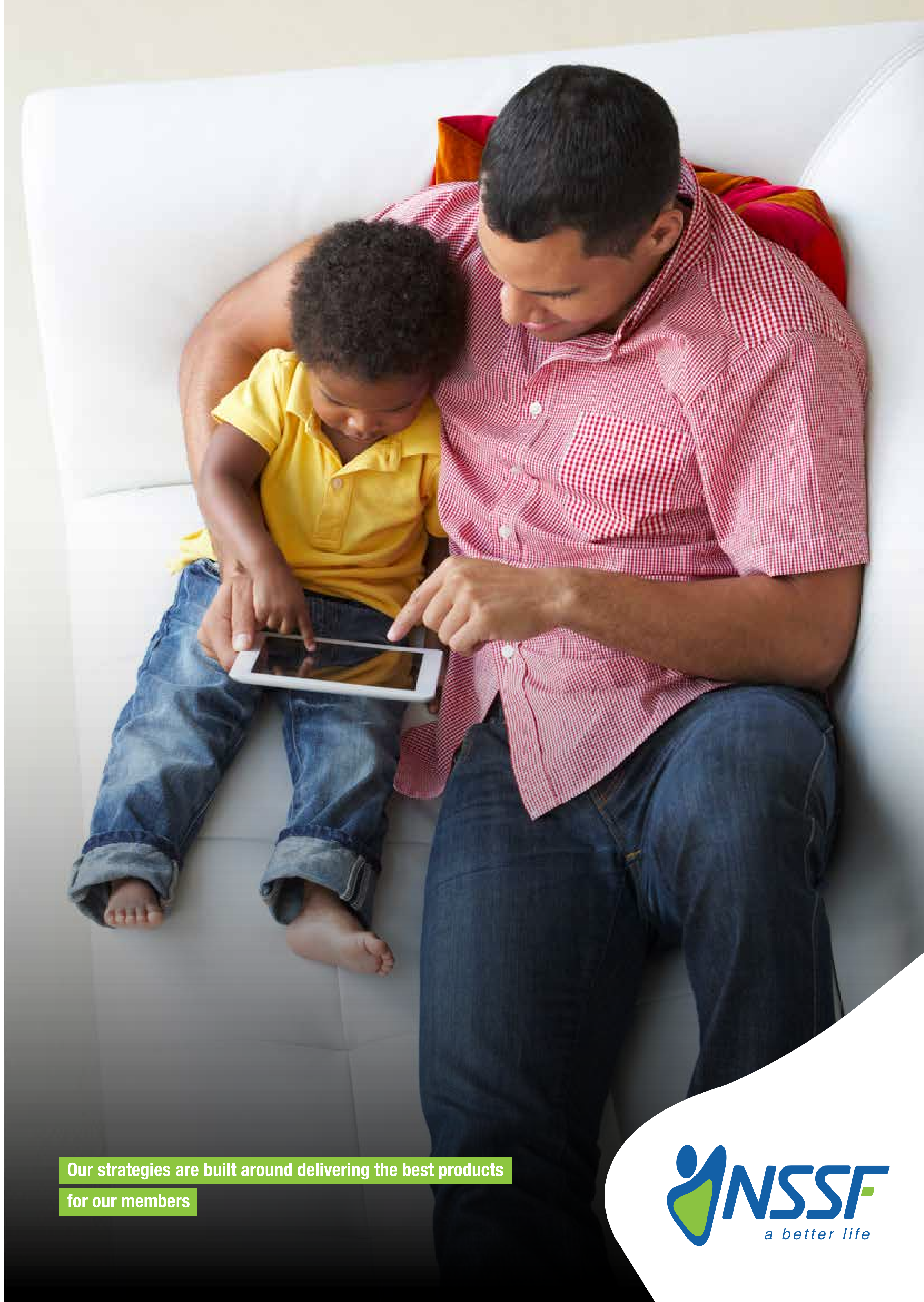
(see next page for table)



As part of our dedication to innovation, we introduced a self service system to improve efficiency across our branches.

KEY KPI's for monitoring business strategy

Focus area	KPI	2013/14	2014/15	Comment
Customer Centricity	Member retention rate	**100%**	**100%**	The Fund remains the only receiver of mandatory contributions
	Customers satisfaction rate	**85%**	**83%**	Customer satisfaction rate remains in the 80%–85% range. Strategies have been laid to raise this to 90%
	Brand health survey score *	*	**66%**	The brand health survey score measure started in 2014/15. The NSSF brand health, at 66%, is one of the best in the East African region.
Business growth	New members recruited	**95,440**	**106,683**	The Fund realized a growth of 11.8% in new member recruitment.
	Contributions collected, UShs. Billions	**636**	**721**	Annual contributions collected grew by over 13% however the trend appears to be that the contributions are increasing at a decreasing rate and are tending towards 10%.
	Return on investments	**12.8%**	**14.7%**	In both years investment returns have enabled the Fund to declare a real return on member's savings of at least 2%.
	Expense ratio	**1.6%**	**1.4%**	The total administration cost to Asset ratio continues to fall. Currently NSSF Uganda is the most efficient Social Security Fund in the region.
Innovation and operational excellence	New services introduced	**3**	**5**	New services have been launched to deliver via mobile and over the web. A mobile up, NSSFGo, was also launched to ease accessibility to NSSF services.
	New products/ benefits / solutions developed	*	**1**	A housing product has been developed for high end buyers.
	Benefits processing time, average days (Spread)	**10, (3)**	**8, (4)**	This, previously at over 100 days processing time, has decreased by 2 days on average however the strategic objective is to drive this down to 1 day
	Members statement update time, average days.	**3, (1)**	**3, (1)**	Member statement update is not yet done in real time. This is largely due to system constraints during batch processing. The new IT strategy aims to resolve this and enable real time update of member transactions.
	Staff engagement rate	**77%**	**84%**	Staff morale and motivation has increased. The Human Resources strategy is to drive this up to over 90%



Putting Down Roots

The idea of constructing a home for The Fund was conceived immediately NSSF was established in 1967.

Ambassador House on Kampala Road was secured as the first proper office location for the Fund.

In 2000, President Museveni commissioned Workers House, a 19 floor blue glass structure, that would transform Kampala's skyline. This landmark has since served as both head office premises and an investment.

The Fund has since set up offices all over the country to ensure that customers have points of contact in their proximity.

Financial Review

1. Financial Perfomance
2. Business Review

For and on behalf of management, I am pleased to report to you that the FY 2014/15 has been very good for the biggest financial institution in the country, amidst the challenges posed by new regulations and market volatility. This is evidenced by the continued growth on all fronts of the asset base and profitability.

Performance measurement in the Fund is monitored and will continue to be monitored according to an adoption of a Balanced Scorecard methodology developed by Kaplan and Norton. The development, monitoring and evaluation of organization strategy are achieved through a dedicated strategy management office.

Richard Byarugaba
Managing Director

The Fund's financial statements reflect its performance as a social security provider charged with collecting contributions, investing, and paying benefits to qualifying members of the private sector. During the year to 30th June 2015, 15,589 beneficiaries were paid compared to 12,898 in 2014.

Analysis Of Financial Results

Unless otherwise noted, all figures are taken from the financial statements and notes. Transactions in foreign currencies during the year were translated into Uganda Shillings at the exchange rate ruling at the date of the transaction. Financial disclosures by National Social Security Fund are in accordance with the International Financial Reporting Standards.

Key Financial Results

	FY 2015 USh. Million	FY 2014 USh. Million	Change
Total Income (Realised and Unrealised)	801,346	596,676	34%
Total Return on Investment	14%	13%	12%
Total Costs	68,784	66,635	3%
Total costs and Interest costs	590,553	432,478	37%
Net Income (Realized)	492,698	416,031	18%
Unrealized Income/ (loss)	218,215	102,348	113%
Net Income/ (Loss)	711	518	37%
Cost Income Ratio	14.0%	15.3%	–8%
Expense Ratio (Annual)	1.40%	1.60%	–12%
Investments	5,489,014	4,354,172	26%
Fixed Income	4,144,932	3,514,132	18%
Equities	899,297	396,088	127%
Real Estate	444,785	443,953	0%
Interest rate on member Funds	13.0%	11.5%	1.0%
Interest to members	521,769	365,843	43%
Increase in Reserves (Comprehensive Income)	126,013	86,574	46%

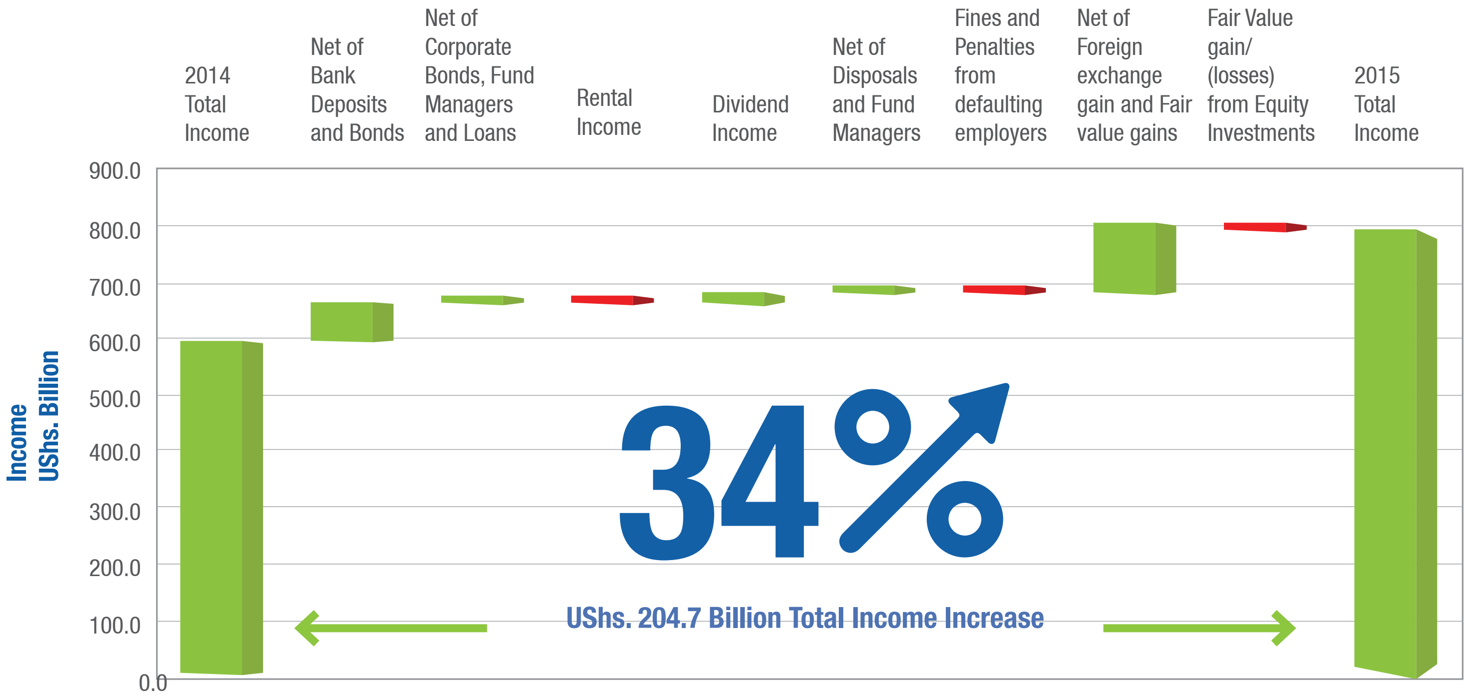
	As at 30 June 2015	As at 30 June 2014	Change
Financial Position			
Total Assets	5,569,863	4,402,946	27%
Members' Funds Value	5,166,762	4,147,286	25%
Contributions Collected	688,094	622,354	11%

Financial Performance

Revenue

Driven by its aggressive but prudent investment strategy, the Fund attained total revenue amounting to USh.. 801.3 Billion in FY2015 representing a 34% growth on 2014 total revenue of USh.. 596.7 Billion. This was primarily due to an improved interest rate regime in the bond market and a depreciation of the shilling. The shilling/ dollar reporting date spot rate in the financial year 2015 was 3,335.34 compared with 2,650.79 in the previous year.

Income Source



Surplus from Operations

Surplus from operations increased by 39.1% in 2015 to USh. 738 Billion compared to USh. 530 Billion in 2014 due to an increase in revenue and costs being almost flat.

Efficiencies and cost management strategies resulted in total expenditure of USh. 68.8 Billion in 2015, an increase by 3.3% from USh. 66.6 Billion in 2014.

Surplus for the year

Surplus for the period increased by USh. 39 Billion to USh. 126 Billion from USh. 87 Billion in the previous period.

Financial Position

Assets

Total asset base increased to USh. 5.6 Trillion in 2015 representing a 27% growth on USh. 4.4 Trillion in 2014.

Fixed Income investments increased by 18% to USh. 4.1 Trillion from USh. 3.5 Trillion in 2014. The growth is mainly attributed to continued investment in Treasury Bonds, investment with Government of Uganda, Government of Kenya and Government of Rwanda, as well as corporate bonds.

Equity investments increased by 127% to UShs. 899 Billion from UShs. 396 Billion in 2014. The growth was due to purchase of new shares in Tanzania Breweries and Bank of Kigali, and an appreciation in value of most shares.

Investment Property growth was flat with a growth of UShs. 1 Billion to UShs. 445 Billion in 2015 from UShs. 444 Billion in 2014.

Property Plant and Equity and Intangible Assets increased by 22% to UShs. 14.4 Billion in 2015 to from UShs. 11.7 Billion in 2014.

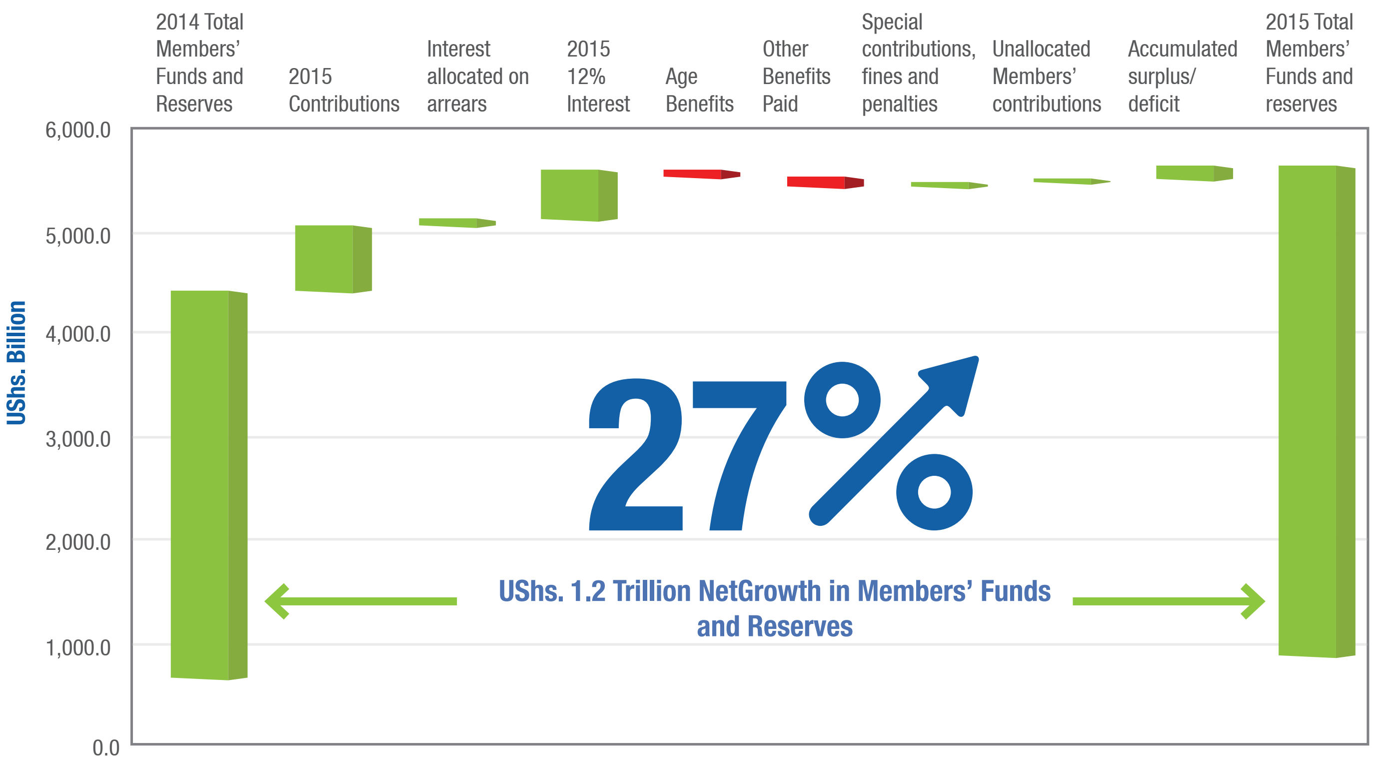
Liabilities

Liabilities increased by 10% to UShs. 40 Billion form UShs. 36 Billion in 2014, mainly attributed to a foreign exchange revaluation for provisions of litigation that are denominated in dollars.

Member Funds and Reserves

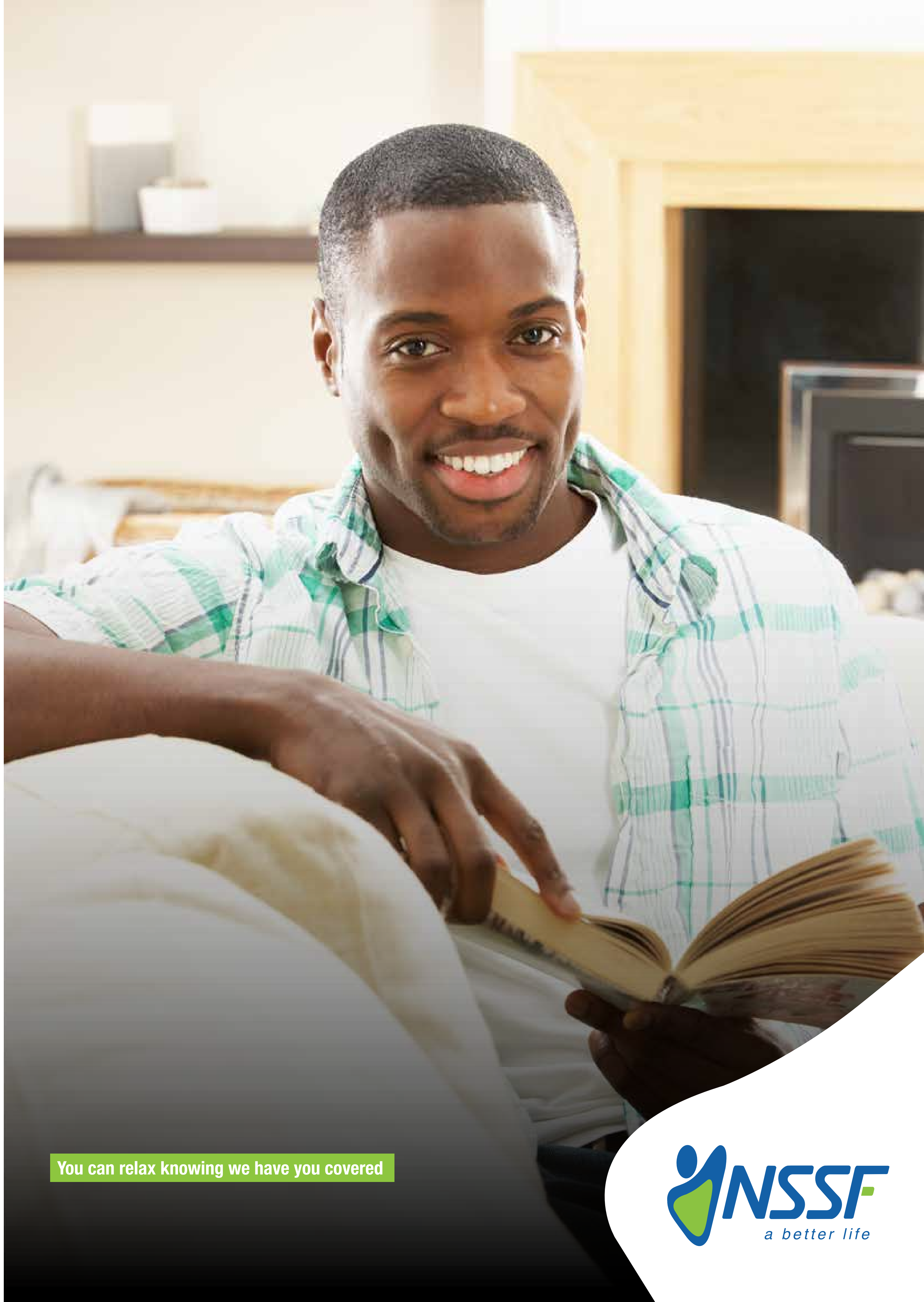
Total Members' Funds and Reserves increased by 27% to UShs. 5.5 Trillion from 2014 balance of UShs. 4.4 Trillion in 2014 mainly on account of UShs. 688 Billion in collections and total interest credited on member balances of UShs. 516 Billion at 13% interest rate.
The result is that members received more value with more income credited to members.

Members' Funds, Benefits paid and Reserves



Cash Flow Analysis

The closing cash and bank balance decreased by UShs. 570 million to UShs. 14.064 Billion from a balance of UShs. 14.634 Billion in 2014. The company generated UShs. 510 Billion from its financing activities compared to UShs. 465 Billion in 2014. This cash was mainly used to Fund investing activities (purchase of fixed income, equity, real estate, intangible assets and property, plant and equipment).



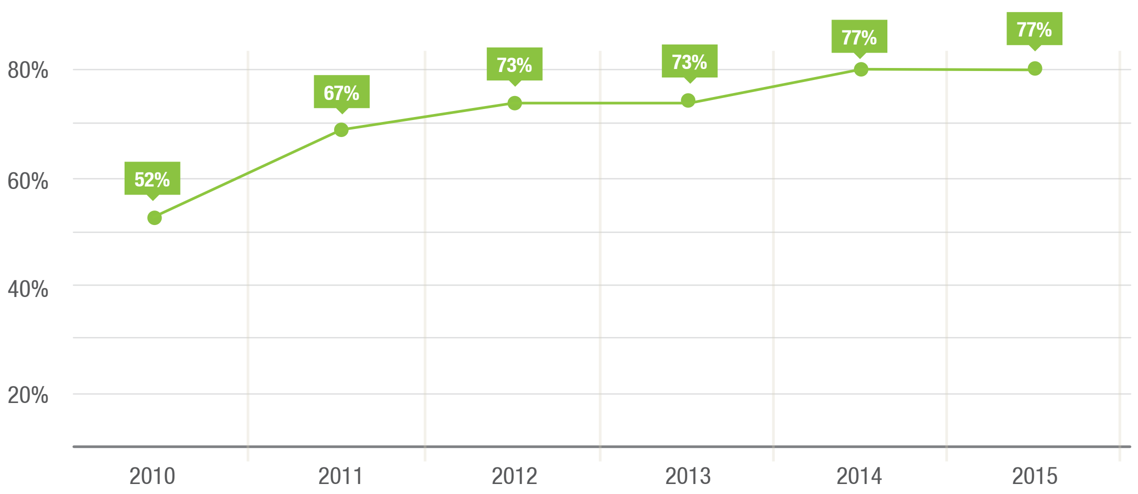
Business Review

The last five years have seen the Fund grow in all dimensions. The engine of growth has been;

- Relationship Management improving compliance,
- Prudent aggressiveness in investment leading to higher revenues
- Efficiencies leading to better cost management
- Robust Customer relationship leading to higher satisfaction

Powered by the Relationship model of management – compliance improved from 52% in 2010, to 73% in 2013 to 77% in 2015 leading to improved contribution

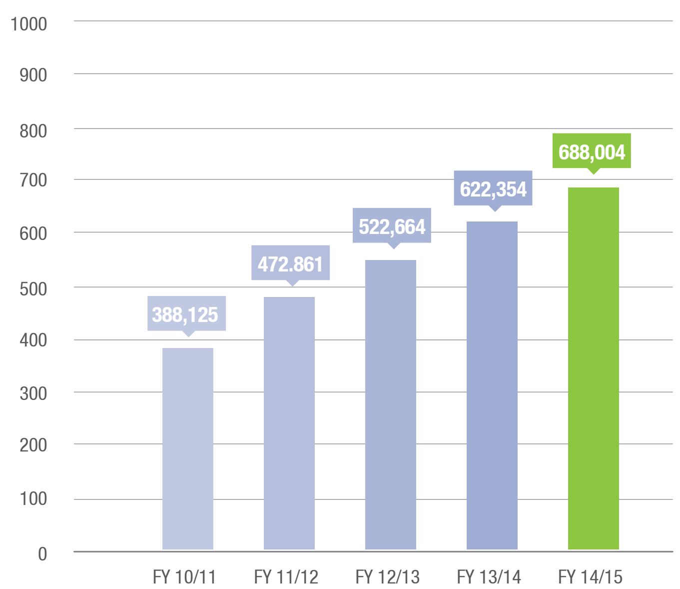
Compliance Rate



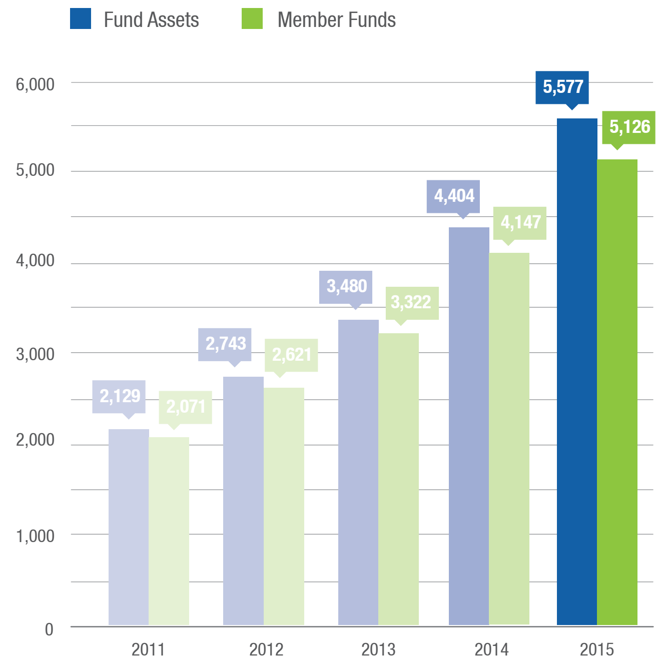
Contributions grew year on year average of 23%. The annual total contribution have more than doubled from Ushs 295 Billion in 2010, to Ushs 688 Billion in 2015. The Fund monthly contributions now average Ushs 65 Billion.

The Fund grew by over 150% over the last five years. Fund size doubled in the period and fully Funded. Its assets are more than adequate to cover member liabilities. The Fund has no significant external liabilities. Members claim against the UShs. 5.6 Trillion asset base stands at 91%. The Fund is now the largest financial institution in Uganda.

Contributions Received (UShs. Billion)



Assets, Member Funds over 5 Years (UShs. Billion)

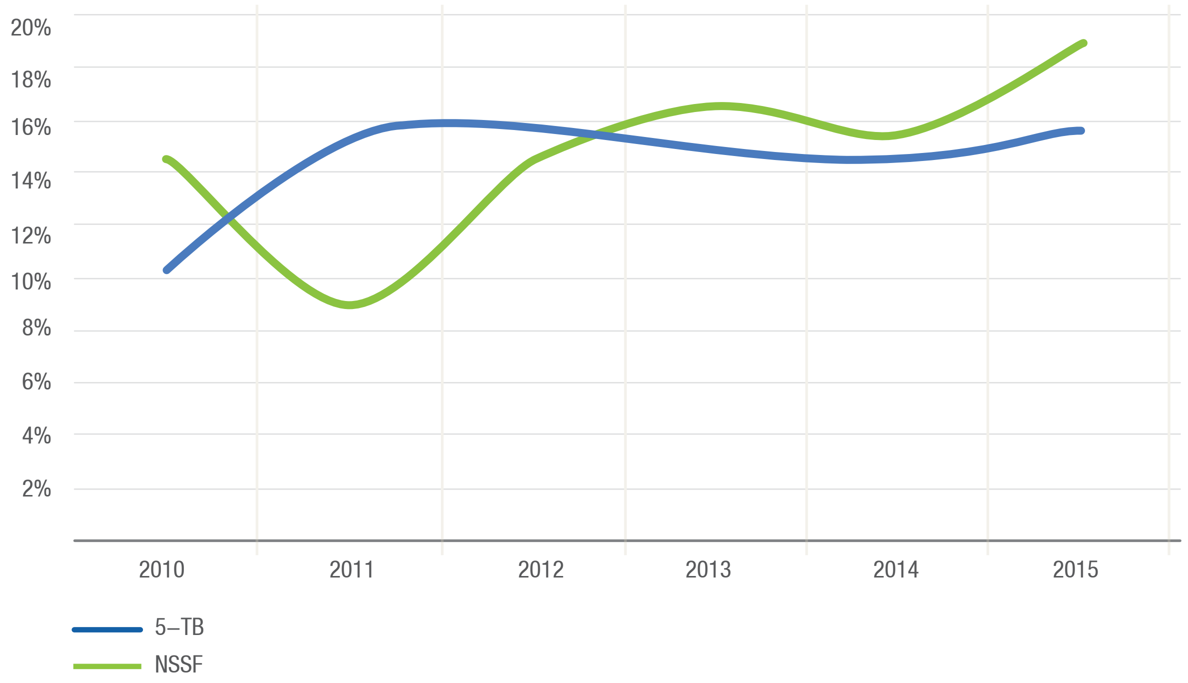


These Funds are invested in different asset classes: Fixed income securities, Equity and Real Estate.

Investments Returns & Revenues

NSSF has adopted an investment posture that is both aggressive and yet prudent. There is zero tolerance for idle cash! Despite the 2010–2011 economic turbulent years that specially depressed equity returns, NSSF's investment portfolio mix has yielded returns that are, over the five year period, better than the 5 year Treasury Bonds. This better–than–average return led to increased revenues.

NSSF Total Return Vs 5–Yr TB



As at 30th June 2015, the Fund had a total of UShs. 5.6 Trillion in assets under management comprising of 75.7% fixed income, 16.2% equities, and 8.1% real estate. The fixed income portfolio closed the year at UShs. 4.1 Trillion, equity investments increased to UShs. 899 Billion while the real estate investments remained relatively the same at UShs. 444 Billion. The overall change in assets under management was affected by the investment returns as well as monthly contributions by members less the benefits paid out to qualifying members and administration expenses.

Assets under Management

Asset Class	Jun–13	Jun–14	Jun–15
Fixed Income	2,780	3,514	4,145
Equity	259	396	899
Real Estate	411	443	444
Total	**3,450**	**4,338**	**5,487**

Assets held by Fund Managers

Item	Jun–13	Jun–14	Jun–15
Change in Fund	251	243	290
Interest Income	100	116	148

Assets under management from 2013 to date (in UShs. Billions)

Asset allocation

The fixed income portfolio stood at 75.7% of total assets under management while the equity and real estate portfolios stood at 16.2% and 8.1% respectively. The allocation to fixed income and real estate markedly reduced while exposure to equities significantly increased. Compared to one year ago, the weights of fixed income and real estate in the portfolio have declined significantly to 75.7% and 8.1% down from 80.8% and 10.2%, while the equities have grown from 8.3% to 16.2% driven by investments in Equity Bank, Bank of Kigali, KCB, Tanzania Breweries and capital gains.

The portfolio allocation is in line with the preferred strategic exposures for the first time since the approval of the current SAA in 2013.

Asset Class Allocation

Asset Class	Jun–13	Jun–14	Jun–15	SAA
Fixed Income	80.6%	80.8%	75.7%	73.0%
Equity	7.5%	9.0%	16.2%	21.0%
Real Estate	11.9%	10.2%	8.1%	6.0%
Total	**100%**	**100%**	**100%**	**100%**

Summary of approved SAA

Asset	Minimum	Optimal	Maximum
Fixed Income	60.00%	73.00%	100.00%
Equities	10.00%	21.00%	25.00%
Alternative Investment	5.00%	6.00%	12.00%

The total portfolio returned 3.2% in 2015, down from 3.9% in 2014. The performance of the fixed income portfolio was 3.6% compared to the 3.5% in 2014. The equities portfolio performance of 2.3% was significantly lower than the 6.3% return in 2014. Real estate returned 1.32% in 2015 compared to 5.11% in 2014.

Portfolio Return (Quarterly)

Asset Class	Jun–13	Jun–14	Jun–15
Fixed Income	3.91%	3.49%	3.56%
Equity	6.68%	6.34%	2.25%
Real Estate	0.79%	5.11%	1.32%
Total	**3.75%**	**3.91%**	**3.17%**

Country Allocation

The Fund invests within the East African region and its exposure to regional securities increased 26.7% n 201. The country allocation for the entire portfolio is shown below;

Country Allocation

Country Allocation	Jun–13	Jun–14	Jun–15
Uganda	93.1%	81.7%	73.3%
Kenya	6.8%	18.0%	23.7%
Tanzania	0.1%	0.2%	1.8%
Rwanda	0.0%	0.0%	1.3%
Total	**100.0%**	**100.0%**	**100.0%**

Fixed Income Portfolio

During the year, Interest income rose to 27.7%. The assets under management in the fixed income portfolio increased to UShs. 4.2 Trillion compared to the UShs. 3.5 Billion in 2014.

The Fixed Income Portfolio (UShs. Billion)

Instrument	Jun–13	Jun–14	Jun–15
Fixed Deposit	688	649	251.1
T–Bills	–	–	–
T–Bonds	1,815	2,521	3,724.3
Corp Bonds	67	140	138.8
Corp Loans	60	52	39.3
Int Receivable	150	145	–
Total	**2,780**	**3,506**	**4,155**
Income	**100**	**116**	**148**
Return	**3.91%**	**3.49%**	**3.56%**

The interest receivable was allocated to each asset class starting Dec–14.

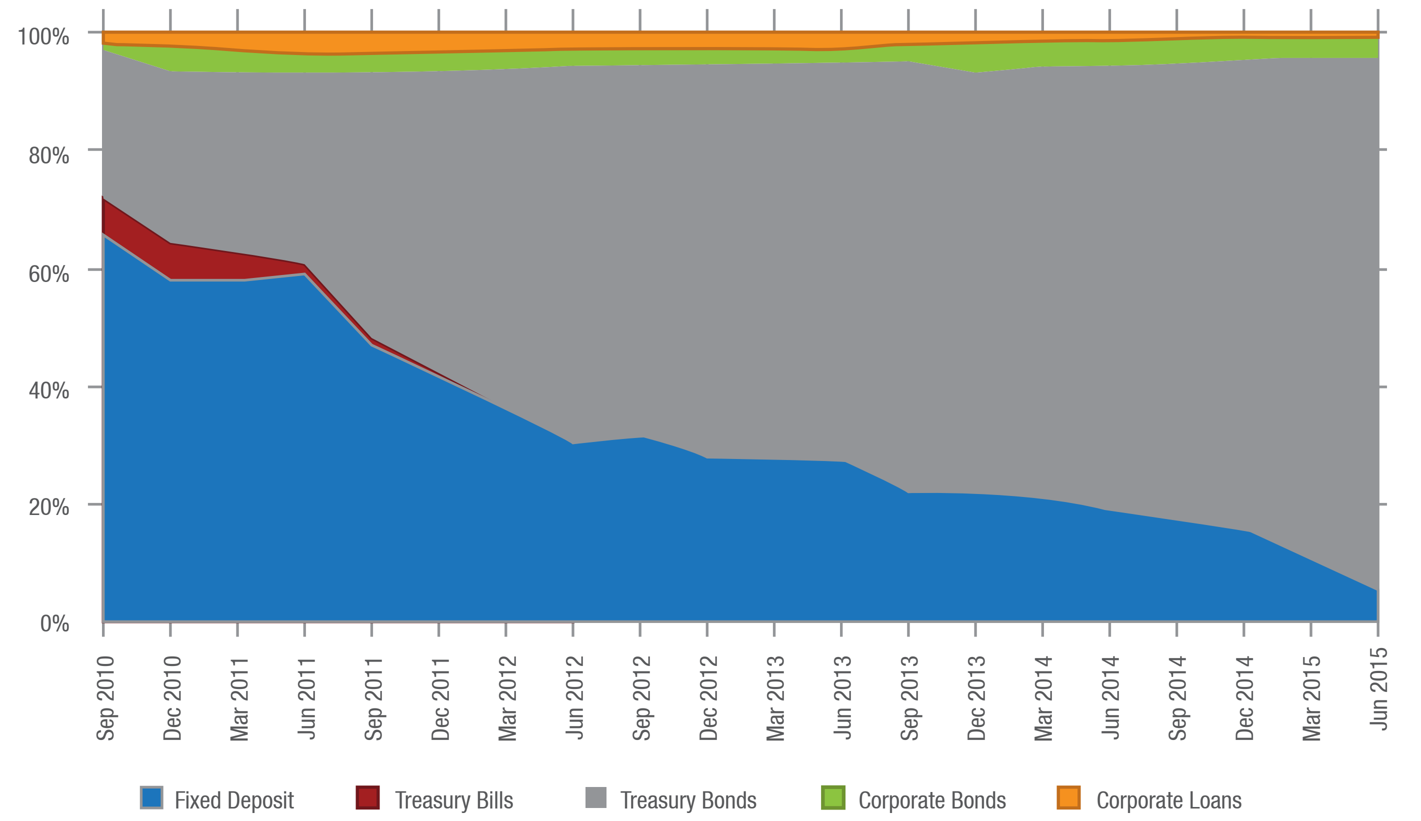
Performance

The fixed income portfolio returned 3.6%. The portfolio return was 7 basis points higher than 2014 return and generally increasing after a sharp decline in the first half of 2014. The decline in return compared to the previous periods is attributed to maturity of high interest earning FDs executed in 2011 and 2012 that were reinvested mainly in equities.

Fixed Income Portfolio Composition

The composition of the fixed income portfolio greatly changed dominated by medium to longer–dated instruments. This is very much in line with the Fund's strategy of investing in longer–dated instruments to capture the term premium and liability matching that comes with such tenors. The reduction in exposure to fixed deposits with increasing allocation to government bonds is shown below;

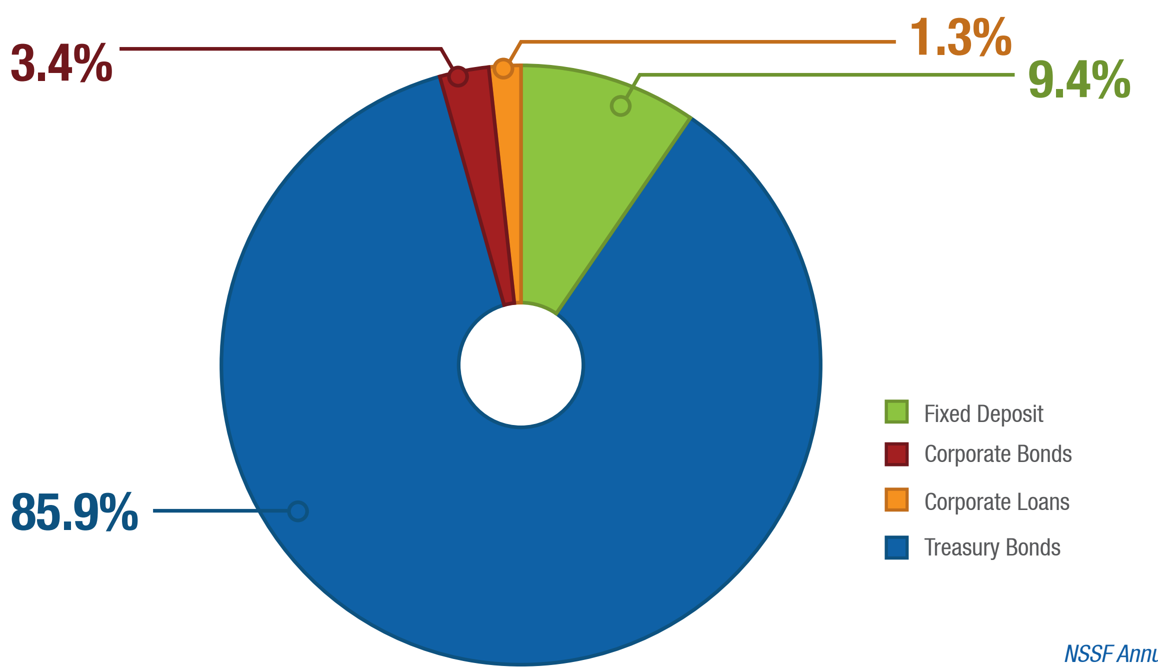
Fixed Income Portfolio Allocation



At the end of the second quarter of 2015, the share of Treasury bonds in the fixed income portfolio was 90% up from 75% in 2014. Compared to 2014, the fixed income portfolio mix has undergone a fundamental change with Treasury bonds increasing significantly while short term fixed deposits declining.

There was limited region activity in the fixed income space during the quarter with Government of Kenya treasury and tax–exempt infrastructure bonds remaining relatively the same at about KSh 23 billion. These represent the highest duration instruments and source of currency risk. However, we introduced exposure to the Rwandese market investing RWF 3 billion in 10 year government bond.

Figure 2: Interest Income Distribution– June 2015

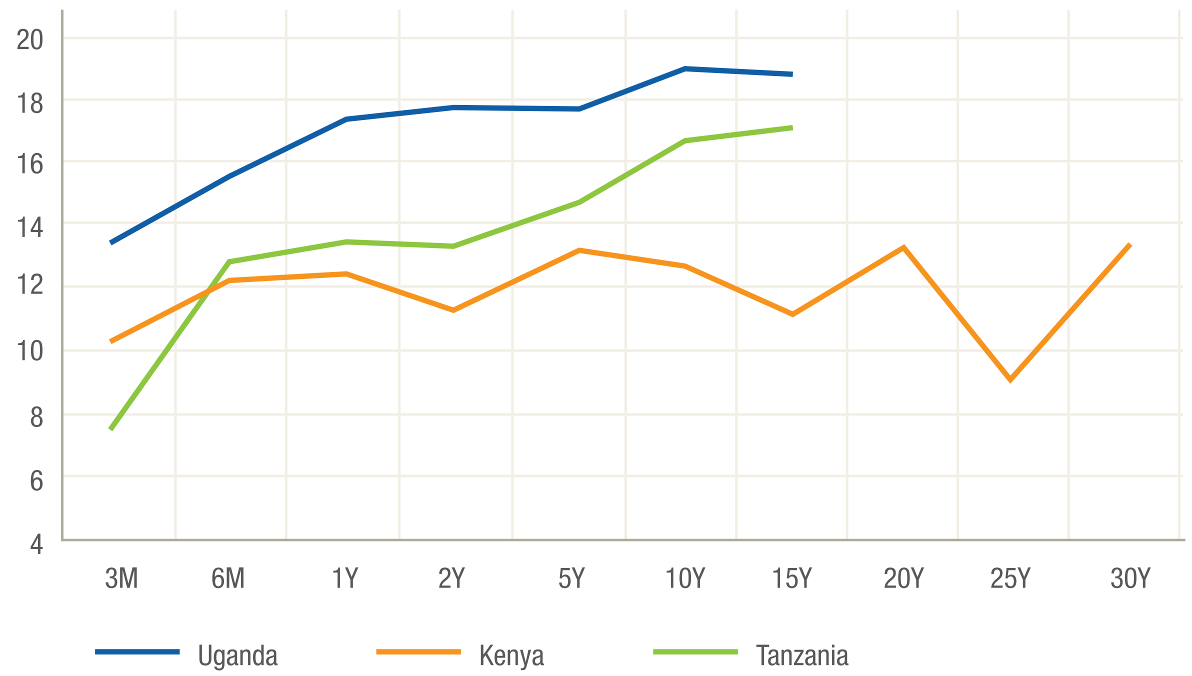


The Yield Curve

Yields across various maturities edged up in all East African countries during the year against the backdrop of tight monetary stances adopted by the central banks to curb the severe depreciation of currencies. The Fund expects this to continue in the near–term as inflation increases due to currency depreciation pass–through effects. The movement in yields will be driven by changes in inflation and auction sizes.

EAC Yield Curves

Interest Credited to Members



Regional Bond Market

A cumulative total KShs. 23.2 Billion (UShs. 825.4 Billion) and RWF 3 Billion (UShs. 13.8 Billion) was held in the Kenyan and Rwandese bond markets by the close of 2015. As seen in the table below, participation in long–term Government bonds has allowed the Fund an avenue to extend the overall duration of the fixed income portfolio. In addition, the favourable tax treatment in Kenya (withholding tax rate is 10 per cent for securities with maturities above 10 years and tax exemption for infrastructure bonds compared to Uganda's 20 per cent) and higher coupons for long–dated securities makes this avenue an attractive proposition for the Fund. At the end 2015, allocation to the regional bond market stood at 20.2 per cent of the fixed income portfolio and 14.6 per cent of the total portfolio.

Country Allocation

FX Risk	Jun–13	Jun–14	Jun–15
UShs.	2,626	2,875	3,313
KES	154	631	825
RWF			14
Total	**2,780**	**3,506**	**4,152**

Equity Portfolio

Activity Highlights during the Period

In the financial year ended June 30 2015, the Uganda Security Exchange All Share Index increased greatly by 17.6% from the 1696.84 share price at the end of the 2013/2014 financial year.

The Nairobi Stock Exchange, at the end of the financial year, had seen a moderate increase of 9% from the 2014 second quarter all share price 150.37. The proposal to remove capital gains tax for traded securities at the NSE is positive and should result in increased trading activity. The earning releases for the second quarter of 2015 and guidance for the rest of the year is expected to re–ignite interest in the stock market. We remain optimistic about the medium term outlook for the stock market on account of positive macro economic outlook and earnings growth.

In the 2015 second quarter, The Dar es Salaam Stock Exchange experienced a minimal rise in the All Share Price index of 1% from the 2014 second quarter share price, 2172.7.

The Rwanda Stock Exchange saw a decline in the All Share Price Index of 7% from share price of 146.19 of June 2014 to 135.62 in June 2015.

NSSF Share and Equity Performance

The Fund's equity portfolio is managed inhouse and by Fund Managers. As at the end of the financial year, Pinebridge Investments and Stanlib Investments were managing a portfolio worth UShs. 90 Billion (11% of the Fund's portfolio). 89% of the portfolio (UShs. 734 Billion) is managed by our qualified and experienced inhouse Investments department. All the equity investments made by the Fund and its Fund Managers are traded on the Uganda Securities Exchange (USE), the Nairobi Stock Exchange (NSE), the Dar es Salaam Stock Exchange (DSE) and the Rwanda Stock Exchange (RSE).

NSSF's portfolio is diversified across the East African Community stock exchanges, and it invests in businesses in which it anticipates long term value.

Highlights for Performance Of Shares and Holdings for the period ending June 2015

Summary of NSSF Equity Holdings as at 30th June 2015

Company	Equity Standing	Company Profile
Bank Of Baroda (U) Ltd	Holding:2.00% Investment: UShs. 6.5 Bn. Sector: Banking	The Bank of Baroda Uganda Limited, also known as the Bank of Baroda Uganda, is a commercial bank in Uganda. It is one of the commercial banks licensed by the Bank of Uganda, the national banking regulator.
DFCU Bank	Holding:5.93% Investment: UShs. 26.6 Bn. Sector: Banking	The Development Finance Company of Uganda Bank Limited, commonly known as DFCU Bank, is a licensed commercial bank that currently serves 120,000 customers and plays an important role in increasing accessibility to banking services and finance in Uganda.
Stanbic Bank	Holding:2.05% Investment: UShs.34.6 Bn. Sector: Banking	Stanbic Bank Uganda Limited is incorporated in Uganda and is a licensed commercial bank. Stanbic Bank Uganda Limited is the largest bank in Uganda by assets and market capitalization.
New Vision	Holding: 19.61% InvestmentUShs. 9 Bn. Sector: Media	The Vision Group incorporated as New Vision Printing & Publishing Company Limited (NVPPCL) is a multimedia business housing newspaper, magazines, internet publishing, television, radio broadcasting, commercial printing, and advertisingand distribution services.
Safaricom	Holding:0.60% Investment:UShs.134.4 Bn. Sector: Telecommunications	As the biggest communication company in East and Central Africa, Safaricom delights over 25.1 million subscribers, providing over 200,000 touch points for its customers and offering over 100 different products under its portfolio.
Centum	Holding:0.73% Investment: UShs. 9.6 Bn. Sector: Finance	Centum is East Africa's leading investment company listed on the Nairobi Securities Exchange and Uganda Securities Exchange. They are an investment channel providing investors with access to a portfolio of inaccessible, quality, diversified investments.
UMEME	Holding:14.27% Investment:UShs.109 Bn. Sector: Utilities	Umeme is the largest electricity distribution company in Uganda. It is mandated to: operate, maintain, upgrade and expand the distribution network; retail electricity to its customers and to improve efficiency within the electricity distribution system.
Kenya Commercial Bank	Holding:2.05% Investment:UShs.114.8 Bn. Sector: Banking	KCB Group Limited, also known as the KCB Group, is a financial services holding company based in the African Great Lakes region.
Equity Bank	Holding:2.30% Investment:UShs.150.7 Bn. Sector: Banking	Today, Equity Bank Limited – Uganda is one of the fastest growing banks in Uganda, with the fourth largest network of 28 branches and 29 ATMs located in all regions of the country.
Bank Of Kigali	Holding:6.36% Investment: UShs. 56.6 Bn. Sector: Banking	Bank of Kigali is a Rwandan commercial bank with headquarters in Kigali. The bank is one of the commercial banks licensed by the National Bank of Rwanda, the country's banking regulator.
Tanzania Breweries Limited	Holding:0.52% Investment: UShs. 82.6 Bn. Sector: Manufacturing	Tanzania Breweries Limited is a Tanzania–based brewery. The Company is engaged in the production, distribution and sale of malt beer, non–alcoholic malt beverages and alcoholic fruit beverages (AFB's) in Tanzania.

The table below illustrates the newly acquired shares during the financial year.

	Number of Shares	Cost (UShs.)
Equity Group Holding Limited	90,516,255	141,864,126,000
Kenya Commercial Bank	54,000,0000	112,877,093,000
Bank of Kigali	42,500,000	44,721,738,000
Tanzania Breweries Ltd	3,500,000	80,571,411,000
Total		**380,034,368,000**

Associate Companies

An associate is an entity in which the Fund has significant influence but not control over the financial and operating policies. Significant influence is presumed to exist when the Fund holds 20 to 50 percent of the voting power of another entity and when the Fund is represented on the board of the investee Company for holdings below 20 percent. The Fund has representation on the Board of Directors of TPS Uganda Limited thus retaining a significant influence.The Fund's investments in its associates are accounted for using the equity method.

The following table shows NSSF's Associate Companies.

Company	Equity Standing	Company Profile
Housing Finance Limited	Stake: 50% Investment: UShs. 57.9 Bn. Sector: Banking	HFB is a full service retail bank that is primarily involved in mortgage banking. The bank is the leading mortgage lender in the country, with approximately 60 percent of all Ugandan mortgage accounts.
Uganda Clays Limited	Stake: 32.52% Investment: UShs. 11 Bn. Sector: Manufacturing	Uganda Clays Limited, commonly referred to as Uganda Clays, is a building materials manufacturer in Uganda. The company manufactures baked clay building products, using Italian–made heavy clay processing machinery.
TPS Uganda Limited	Stake: 14% Investment: UShs. 6.1 Bn. Sector: Hospitality	TPS Eastern Africa Limited (TPS Eastern) is a Kenya–based company. The Company owns and operates hotel and lodge facilities in Eastern Africa, as well as serves the business and tourist markets.
TOTAL	**UShs. 74.9 BN**	

Real Estate Portfolio

Our Strategy

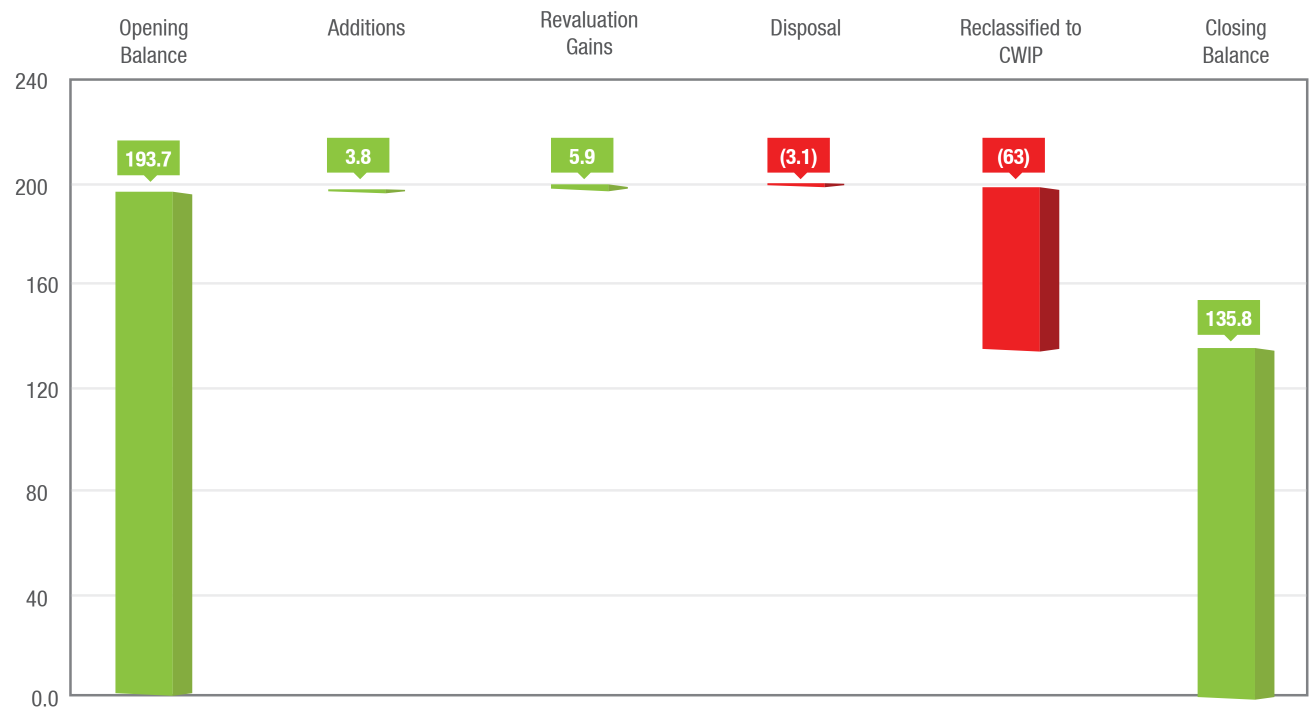
NSSF's strategy in Real Estate is to leverage its sound financial position to increase returns to its members.
This can be done by providing affordable housing, decent accommodation and modern commercial office space to encourage national development, investment and reduce the housing deficit in the country in line with the government plans.

Executive Summary of NSSF Real Estate Investments

Project	Description
WORKERS' HOUSE	A landmark commercial building located at Plot 1 Pilkington Road on 0.52 acres in the heart of Kampala City that houses the NSSF headquarters.
SOCIAL SECURITY HOUSE	Located on Plot 4, Jinja Road, Kampala, This is a commercial building sitting on 0.875 acres of land.
PENSION TOWERS	A proposed modern commercial office complex in the heart of Kampala city, along Lumumba Avenue. With 59,413SQM of office space in three towers, this project is set to become a landmark building in Kampala offering modern upscale office space to attract investors in the economy.
LUBOWA HOUSING PROJECT	A proposed mixed development project, on 565 acres of land in Lubowa along Entebbe road, which will comprise of 2,741 houses and offer modern and affordable housing to middle and high end earners.
MBUYA Soho PROJECT	A proposed housing project under construction that is set to provide affordable and decent accommodation near the city to middle and upper class Ugandans on 1.986 acres of land located in Mbuya, Kampala, Uganda.
JINJA CITY HOUSE.	A proposed business complex of 1,500SQM located in Jinja town, set to provide modern business space for local businesses and jumpstart major regional development.
TEMANGALO HOUSING PROJECT	A new residential project located on 411.44 acres in Temangalo, near Wakiso district that is going to provide 5,000 housing units for low and middle income earners.

Highlights of Performance During this Period

(UShs. Billions)



Our opportunities in real estate

In Real Estate, we seek opportunities that synchronize the government's plan of reducing the housing deficit particularly in urban areas with the market's needs and demands, while maximizing returns to our members. Our Real estate investments are therefore guided by the following major national trends.

Political factors

In the National Development Plan of 2013, the Government of Uganda proposed a goal to reduce the housing deficit in the country, which in Kampala city alone is 500,000.The Fund's investment in real estate is in line with this plan, positioning itself cross all markets, providing houses to different residents ranging from the high end earners, the middle class to the low end earners, and thus garnering government support in its endeavors.

Economic factors

Uganda's GDP was at $26.396bn in 2015, and with the increase of foreign investment and the future development of the oil industry, this figure is expected to increase drastically by 2020. In the financial year ended June 2015, the GDP growth rate of Uganda was at 5.04%. If this rate continues to increase by 2020, Uganda's economy will have grown by at least 25%. This growth in GDP is expected to increase the middle class, which as at 2012 was estimated to stand at 37%. These factors will contribute to market provision for both our real estate and commercial properties.

Social factors

As the middle class takes shape, majority of it undoubtedly youth, it is to be expected that it will have a higher demand for quality. We are working to provide modern, affordable, quality residential and commercial facilities that will appealto the astute growing class.

Technology factors

We are exploring new technologies such as Concrete Technology, that can reduce the project start– up time and start– to– finish time by as much as 20 weeks, compared to steel technology. Concrete material is affordable and readily available hence lead time and material costs are reduced. This will enable us to offer more affordable housing to the lower income class in areas such as Temangalo within a shorter period of time, allowing us to capitalize on the growing markets and maximize our returns on the investments.

Workers House, Plot 1 Pilkington Road, Kampala

The lobby and central atrium space in Workers House

The lobby and central atrium space in Workers House

Workers' House

This is an iconic landmark building located in the heart of Kampala City, Plot 1 Pilkington road , housing the NSSF headquarters.

It comprises of four basement parking levels, a ground floor with a central atrium space that is ventilated via roof mounted extract fans, floors of office space equally divided into Northern and Southern wings and adjoined by a central service core with 6 lifts.

Toilets, service ducts and service staircases all encased in laminated glass curtain wall, an automated pressurized fire escape staircase on each wing as well as smoke detectors and pressurized fire suppressant sprinkler system are also other facilities enjoyed by occupants of this building.

The current occupancy rate stands at 86% as at end of June, 2015, and the building is currently valued at UShs. 56bn, with a forced sale value of UShs. 39bn.

Social Security House

Social Security House, Plot 4, Jinja Road

A prime commercial property located on Plot 4 Jinja Road, Kampala, having dual frontage onto Siad Barre and Jinja roads, providing retail space on ground and mezzanine floors and office accommodation in the rest of the building.

The neighbourhood has several government offices, The Parliament of Uganda and the National Theatre as well as sufficient parking provided by a multi storey detached parking tower. The current occupancy rate as at end of June 2015 is 91%, and the property is currently valued at UShs. 29bn, with a forced sale value of UShs. 20bn.

Lubowa Estate is going to be our largest and best high–end real estate project

Artistic impression depicting a birds eye view of the completed Lubowa Estate project

Artistic impression Lubowa Estate apartments

NSSF Lubowa Housing Project

Lubowa Housing Project is a proposed housing development by the National Social Security Fund at Lubowa, Purchased in 2003.

NSSF desires to develop a residential estate fully serviced with all amenities in the upcoming neighborhood of Lubowa. These include but are not limited to; ten (10) different types of residential houses, shopping facilities, recreational centres, schools, a health centre among others; on 565.56acres of land. This land in Lubowa is owned by NSSF and is located approximately 10km from Kampala City Centre along Entebbe road.

The development will comprise of 2,741 houses and associated amenities for middle to high income earners. A master plan for the entire 565.56acres of land has already been designed. In addition, to the master plan, preliminary designs for the houses forming the residential component of the project have already been developed.

The site is a multi billion shilling project and will be implemented in 10 phases over a period of 10 years. The types of houses in the project include; apartments, town houses, bungalows, villas.

Phase 1

- Phase one will see the development of the arrival Square with 8500MSQ of retail and officesat the northern end of the site, offering convenient commercial services to the residents.
- The first range of residential, villas, bungalows, townhouses and apartments will also be constructed in this phase.
- It will see the construction of the first section of Country Club and Central Park to provide recreational facilities.
- A Service depot and Centre Manager will be established.
- A STP (Straight Through Processing) service will be set up at northern end of site.
- The phase will include the addition of a Police Station and Fire station to ensure safety of the development.
- A Pre– and Primary School will also be constructed during this phase.

Phase 2

- Phase 2 will see the construction of a full range of residential units in the central area of the land
- The first section of rain forest will also be planted and developed in order to provide natural beauty and scenery to the development.
- A Private Hospital (50 to 70 beds) will be added to the North west portion of the land in order to cater for any health needs of the residents.

Phase 3

- UN office campus
- Office Park for private companies
- Exclusive villas on hire

Phase 4

- Full range of housing
- Complete Country Club
- Hospital (additional 25 beds) and remaining portion school (secondary and senior school)

Phase 5

- Full residential mix on east side of the river
- Hotel site developed
- Road connection to east

Phase 6

- Full residential mix on east side of river
- Located on southern side of saddle

Phase 7

- First portion of exclusive villa sites
- Balance of rain forest

Phase 8

- Southern most portion of residential on east side of river
- Full mix of residential

Phase 9

- Balance of exclusive residential villa sites

Phase 10

- Affordable housing at northern end of site
- Solid waste handling area
- Plantation gardening in green belt

The project will offer affordable housing in a planned and organized neighborhood thus increasing the standard of living for Ugandans.

It will also impact the surrounding communities by providing jobs for the unskilled, semi–skilled and skilled labour available in our country.

Artistic impression of Mbuya Soho Courts, Mbuya

Artistic Impression of the Mbuya Soho Courts

Groundbreaking ceremony of the Mbuya Soho Courts

Mbuya Soho Courts

The Mbuya Soho Courts is a proposed project on Plot 11 Ismael Rise,13 Ismael Road,2& 2A Nadiope Road, Mbuya, a Kampala Suburb. The houses are set to be affordable first class residential apartments. This project will contribute to reducing the housing deficit in Kampala.

They will consist of 40 high end apartments with 3 bedrooms, a club house, swimming pool and landscaped gardens, and they are meant to cater for middle and high end earners in and around Kampala.

The project, yet to gain approvals from NEMA, EIA and KCCA, set to begin in June next year is currently in the planning phase and is set to be completed in two years. This is going to provide modern accommodation within close proximity to the city, as well as increase the development level in Mbuya.

Jinja City House

Artistic impression of Jinja City House

A proposed mixed development project in the heart of Jinja town on Plot 2 Lubas Road, the Jinja City Centre is a commercial building that will be constructed on 1500sqm of land in one of Uganda's largest towns.

The building is set to provide 1200sqm of rental office space as well as 50 parking spots and retail shops.
The project, yet to get approvals from NEMA, EIA and the Jinja Local Council, is currently in the planning phase and is scheduled to start in April 2016, to be completed in February 2018.

The construction of this modern building in Jinja is going to attract investors that are interested in renting modern office space and setting up business in the area. In addition to the improved skyline, the project will also improve the standards of living through providing employment opportunities to Jinja residents. It is a step in NSSF's goal to encourage and boost development in other parts of the country.

NSSF Managing Director, Richard Byarugaba having a tour at the Pension Towers construction site with ROKO members and media

Artistic impression of the Pension Towers

NSSF Pension Towers Project

Still under construction, the Pension towers are located in the heart of Kampala city, Plot 15A, 15B, 17, Lumumba Avenue.

The office complex, currently in the initiation stage, is an interconnected building with 3 towers; the central tower, a 25 story with 10 story towers on either side of it.

In addition to 59,413SQM of office space, there will be 2 podium levels to accommodate restaurants, shopping malls and conference facilities. 4 basements will be availed to accommodate around 500 cars.

The complex is set to be a landmark modern commercial office space. It is designed to take advantage of the shortage of upscale commercial rental space in the city, providing affordable space and the best return tomembers.

Temangalo Housing Project

Temangalo Housing Project is proposed to be developed on 411.44 acres of land in Temangalo near Wakiso district. At full completion, the land will hold up to 5000 units of modern houses, majorly developed for low and middle income earners.

The project is aimed at providing affordable housing to the public by taking advantage of available costeffective technology in the market, and therefore reducing the price to accommodate lower income earners.It will also impact the surrounding communities by providing employment opportunities to skilled, semi–skilled and unskilledlabour during construction.

The following table is a list of all the real estate assets owned by the Fund as at 30th June 2015.

LOCATION	PROPERTY	SIZE (Acres)	DESCRIPTION
KAMPALA	Plot 1 Pilkington Road	0.52	Commercial building
KAMPALA	Plot 4, Jinja Road, Kampala	0.875	Commercial building
WAKISO	Various plots at Lubowa	565.56	Work in Progress
KAMPALA	Plot 16, Nakasero Road	0.82	Developed
KAMPALA	Plot 15A,15B,17, Lumumba Avenue	1.556	Work in Progress
WAKISO	Plots 677&678, Ndeeba	0.445	Undeveloped land
KAMPALA	Plot 1158, Kyadondo Block 244, Kisugu	0.247	Undeveloped land
MASAKA	Plot 47, Kampala Road, Masaka	0.4003	Undeveloped land
MBARARA	Plot 8, Masaka close, Mbarara	0.457	Undeveloped land
KABALE	Plot 106&108, Mbarara Road, Kabale	0.227	Undeveloped land
WAKISO	Various plots at Temangalo	482.5	Undeveloped land
JINJA	Plot 2 Lubas Road, Jinja	0.625	Work in Progress
TORORO	Plot 50, Uhuru Drive, Tororo	0.719	Undeveloped land
KAMPALA	Various plots at Shimoni	3.308	Undeveloped land
KAMPALA	Plot 11 Ismael Rise,13 Ismael Road,2&2A Nadiope Road, Mbuya	1.986	Work in Progress
KAMPALA	Plot 5, Mvule close, Naguru	0.625	Commercial building
GULU	Plot 87, Church Hill Drive, Gulu	0.378	Undeveloped land
KAMPALA	Plot 59, Weatherhead Park Lane	1.621	Commercial building

Innovations & Transformations

NSSF has realised several achievements over the last 30 years. It is however over the last six years that it has taken major strides in innovations and transformed itself into the social security provider of choice.

In 2012 we rebranded and changed our corporate and visual identity to symbolise our commitment to deliver a better future to our members; providing quality products, competitive returns and great customer service with transparency and accountability.

The Fund has since embraced electronic services channels like the NSSF GO App, mobile shortcode, Interactive Voice Response (IVR) among others.

NSSF has also gone ahead to establish a robust two–way communication system with members by introducing initiatives like the Customer Connect Week, the Annual Members Meeting and the Career Expo.

Corporate Governance and Risk Management

1. Risk Management and Control
2. Corporate Governance & Remuneration report

At NSSF, we adhere to the highest corporate governance practices and consistently focus on delivering value and being accountable to our stakeholders.

Risk is defined as a potential action, event or circumstance that could impact the Fund's ability, favorably or unfavorably, to meet its strategic goals. Risk is an inherent part of the Fund and needs to be understood and managed properly to provide a foundation for the Funds sustained growth.

Patrick Byabakama Kaberenge
Board Chairman

Risk Management and Control

The Fund is committed to delivering reasonable and consistent returns to its members to enhance their value. In order to meet this goal, the Fund has to seek and take on risks prudently, to avoid erosion of member value. Value is a function of risk and return; every decision made either increases, preserves, or erodes value. The major risks of the Fund emanate from its core processes, which include the following:

- Member registration
- Contribution collection
- Investments and
- Benefits payment.

An effective framework of risk management ensures maximization of value for the members. Due to its improved risk management and control environment, the Fund has consistently registered tremendous results on all performance indicators. This has been underscored by good corporate governance practices and effective risk management that has resulted in the Fund consistently obtaining satisfactory audit reports, for both financial reporting and procurement and disposal processes.
The governance and risk management systems and processes are explained below.

Governance

The Board of Directors

The Board of Directors understands and appreciates the significance of good corporate governance, and the linkage between governance, risk management and internal controls. The Board is aware of its ultimate responsibility for managing risk; and has therefore established a risk management framework to ensure that the Fund's business is run within the acceptable risk appetite, to avoid overly exposing the Fund's assets, which could lead to loss of value for its members.

For the period ended 30th June 2015, the Board expresses satisfaction that the Fund's risk management, compliance, internal control and asset management processes generally operated effectively, and that the Fund's business activities have been conducted within the board–approved risk appetite. In instances where control gaps have been identified, the Board is satisfied that the steps and actions taken to address them are sufficient and effective.

The Board further assures the members and other stakeholders that the Fund is adequately Funded, with sufficient resources to support the execution of the Fund's business strategy.

Board committees

The Board is responsible for taking investment and other strategic decisions within the Fund's risk appetite. It is also the responsibility of the Board to ensure that the interests of the Fund's stakeholders are protected and accountability and transparency are enhanced and enforced.

However, in order to ensure appropriate focus, efficiency and effectiveness, the Board of directors established specialized committees, which include the Audit and Risk Assurance Committee, the Investment and Project Management Committee, Finance Committee and Staff Administration and Corporate Affairs. Each Committee has a responsibility to handle certain specific matters and make recommendations to the Board for the final decision. However, the committee with the overall responsibility for risk management is the Audit and Risk Assurance Committee.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee plays a pivotal role in ensuring that risk is effectively managed, and enhances the integrity of financial reporting, strengthens the Internal audit function, as well as ensuring the independence of the external auditors.

The Committee assists the Board to effectively discharge its oversight responsibilities for risk management. Some of the specific roles of this Committee include:

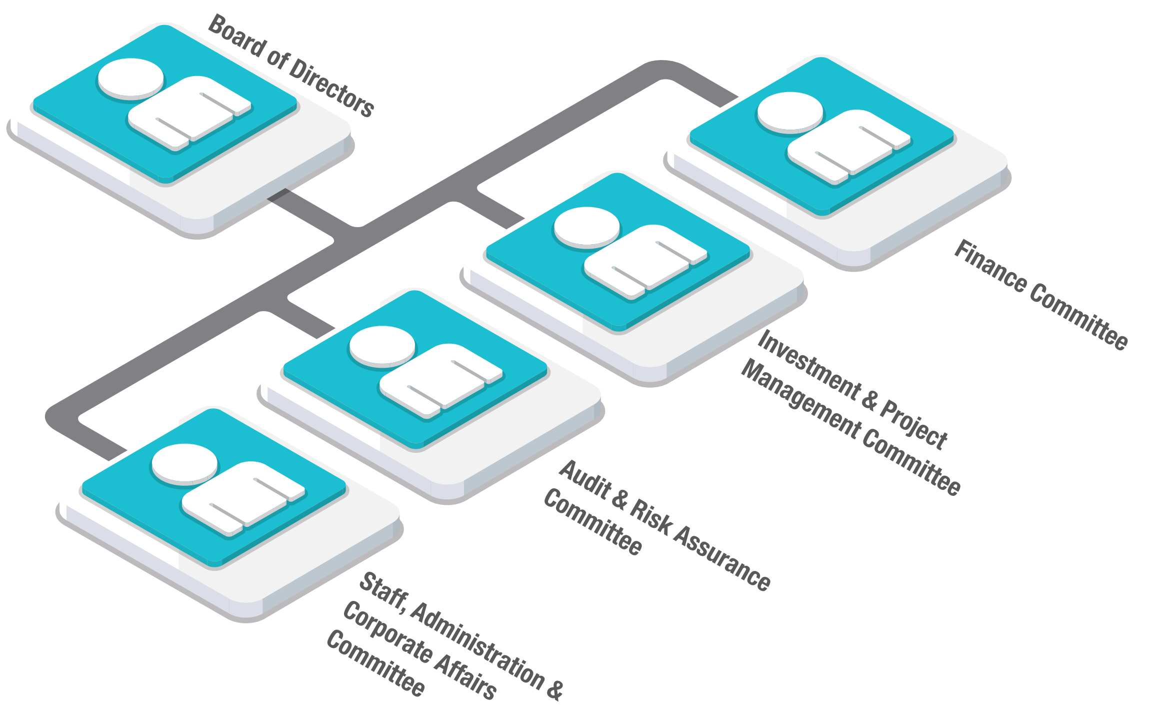
- Reviewing and discussing internal audit findings and recommendations.
- Ensuring compliance with appropriate standards of governance and regulations.
- Ensuring major business, financial and other risks have been identified and managed effectively.

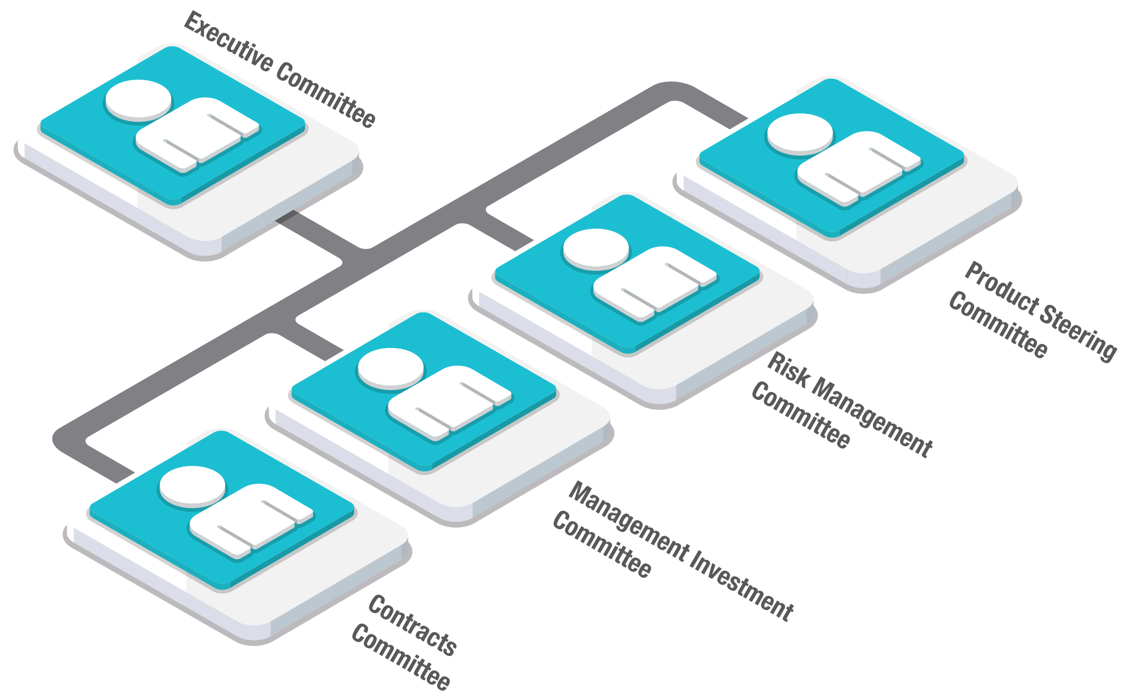
Investment and Project Management Committee (IPMC)

The IPMC aassists the Board in fulfilling its oversight responsibility as regards investments, through scrutinizing investment proposals from management and making recommendations to the Board for approval, as well as monitoring key investment projects

Finance Committee

The Finance Committee is responsible for effective financial and asset management of the Fund, budgeting, budget implementation and control, as well as strategic planning, among other things.





Staff Administration and Corporate Affairs Committee (SACA)

The SACCA oversees the effective and efficient administration and management of the Fund by establishing appropriate policies, reviewing and recommending an appropriate organization structure to the Board, and ensuring that it is filled by competent and well–motivated staff.

It also oversees the management of corporate services such as marketing, public relations, procurement and transport, among others

Executive Management

The Executive Committee (ExCo), comprising the Managing Director, the Deputy Managing Director, the Corporation Secretary, and the Heads of departments, is the highest decision–making and authoritative body at Management level. The Managing Director is the Chairman of the Executive Committee and presides over all Executive management meetings.
The Heads of Department are responsible and accountable for managing business activities within their departments, and have the primary responsibility of implementing the Board's risk management policy, communicating, identifying and controlling risks inherent in their activities and processes.

Lines of defence

Under the oversight and direction of Executive management and the Board of directors, three separate groups (or lines of defense) exist within the Fund to ensure effective management of risk and control implementation and monitoring. The separation of roles among the three lines of defense increases the opportunity for the Board of directors to receive unbiased information about the Fund's significant risks, and about how management is responding to those risks.

Line of Defense		Features
First	Operational Management(Risk Owners)	• Owns the risk, the design and execution of the Fund's controls to respond to the risks. • Undertake business activities that create and or manage the risks that can facilitate or prevent the Fund from achieving its objectives
Second	Internal Monitoring(Risk, Cntrol and Compliance Functions)	• Support management by bringing expertise, process excellence, and risk monitoring, alongside the first line to help ensure that risk and control are effectively managed. • These functions are separate from the first line of defense but are under the control and direction of Senior Management, and typically perform some management roles.
Third	Internal Audit	• Provides assurance to management and the Board over both the first and second lines' efforts, consistent with the expectations of the Board of directors • Typically do not to perform management functions to protect its objectivity and independence. • Primary reporting line is to the Audit and Risk Assurance Committee.

Independent External auditors

The Fund's financial reporting is subject to an independent external audit, by one of the leading International audit firms, KPMG, who provide assurance to members of the Fund and other interested parties, on whether the Fund's financial statements represent fairly, in all material respects, the financial position and performance of the Fund.

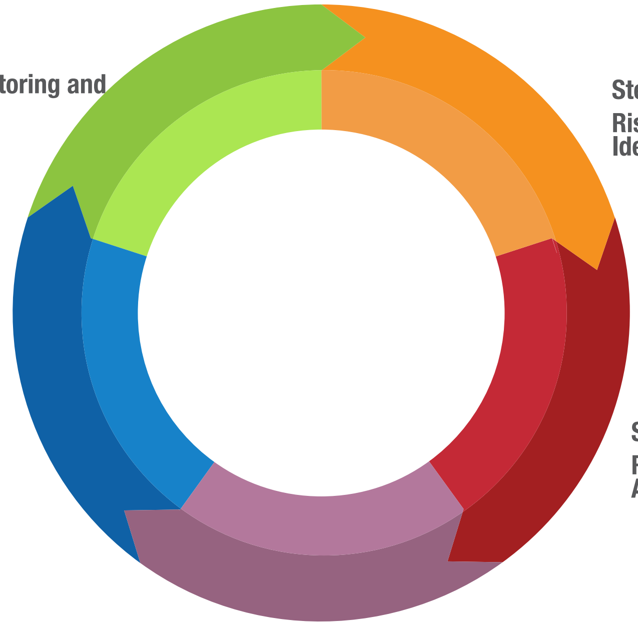
Risk and Control Framework

Risk management in the Fund is underpinned by a comprehensive Risk and Control Framework aligned to the principles of the COSO (Committee of Sponsoring Organizations of Tradeway Commission), with exceptions to the requirements of the Sarbanes Oxley (SOX) Act.
The framework includes:

- Governance structures (Board and committees)
- Risk management infrastructure (policies, people, systems and products)
- Risk management process (Identification, assessment, treatment, Control, monitoring and reporting)

COSO Enterprise Risk Management Framework

Risk Management Process



The NSSF looks at risk management as a process of identification, assessment, and prioritization of risks of followed by coordinated and economical application of resources to minimize the probability and/or impact of unfortunate events or maximize the realization of opportunities.

The Fund's risk management process involves the following stages:

Stage	Activity Carried Out
Risk Identification	• This is about identifying what can prevent the Fund from achieving it corporate objectives. • It involves reviewing all processes, systems and products/projects of the Fund, with a view of identifying critical risks to achievement of Fund objectives. • Conducted through workshops, interviews, questionnaires and monitoring developments in the environment
Risk Assessment	• Involves analysing the likelihood and impact of crystallization of a given risk • Both financial and non–financial impacts are considered. • The analysis of likelihood and impact of risks enables proper rating of risks (Extreme, Very high, High, Medium or low), and allocation of resources appropriately
Risk Treatment	• This involves deciding whether to accept, transfer, avoid or reduce a risk, depending on the level of risk and the Fund's internal capacity regarding managing of that particular risk
Risk Mitigation	• For risks that have been rated as higher than low, the Fund puts in place controls measures to reduce them to acceptable level, or transfer (outsource) the management of such risks third parties • The risks that are considered as low, the Fund may put in place mechanisms for monitoring them to ensure that they do not deteriorate into medium or high risks.
Risk Monitoring and Reporting	• Structures and systems are in place to ensure monitoring of risk and reporting at all levels of the Fund, periodically and hoc to both Management and Board committees

Risk Categorization

In order to ensure appropriate focus on certain key types of risks, risks are categorized in the Fund as indicated below, and the different risk categories are managed at different levels:

Risk Category	Level	Brief Description	How Risk is Mitigated
Strategic Risk	Strategic	Strategic risk is the current and prospective impact on earnings or assets arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry/ environmental changes	• Managed through periodic strategy reviews and involvement of board committees in strategic decisions. • Consistently communicating and applying strategic goals, objectives and corporate culture throughout the Fund. • Adopting management information systems that effectively support strategic initiatives and ensuring that strategic initiatives are supported by sound due diligence and strong risk management systems.
Reputational Risk		Reputation risk is a risk of loss resulting from damages to a firm's reputation as a result of lost revenue, increased costs or destruction of shareholder value.	• Reputation risk emanates from crystallization of primary risks like non–compliance with regulations (compliance risk), undertaking wrong strategic decisions (strategic risk), significant or major breakdown in service delivery (operational risk) etc. Therefore, in trying to manage reputation risk, the Fund ensures that the primary risks, such as those described above, are effectively addressed. .
Market Risk		Market risk arises from changes in market variables such as interest rate, equity price and foreign exchange rate	The Fund uses various models to monitor and assess the level of exposure to market risk and dealing with those exposures
Compliance Risk		Cyber risk can be defined as the risk connected to activity online, internet trading, electronic systems and technological networks, as well as storage of personal data	A compliance management framework is in place that identifies potential compliance exposures, documents them and develops appropriate response strategies.
Cyber Risk		Cyber risk can be defined as the risk connected to activity online, internet trading, electronic systems and technological networks, as well as storage of personal data	Strong security infrastructure is in place, that is monitored and tested on a regular basis to determine its resilience and robustness
Financial Risk		This arises out of both investment and operational transactions, and they are due to negligence (errors), deliberate intention (fraud, theft, embezzlement).	• The Fund has put in place various policy and procedural mechanisms to address these vices.
Investment Risk		These are risks that arise from: • Adverse changes in economic, political and legal outlook. • Exchange rate fluctuations • Underperformance by investee companies. • Concentration risk	The Fund has: • Put in place adequate investment procedures manual to address these risks. • Representation on investee company boards. • Been able to hire competent professionals in the investment department. • Progressively diversified its investments portfolio from fixed income portfolio to include equity and real estate.

Risk Category	Level	Brief Description	How Risk is Mitigated
Credit Risk	Strategic	Credit risk is a risk of financial loss resulting from the failure of an obligor /debtor to fully honour financial or contractual obligations to the lender. Although the Uganda Retirement Benefits Regulatory Authority (URBRA) Act bars the Fund from carrying out lending activities, the Fund considers potential failure by any financial institution which holds it Funds in form of fixed deposits as credit risk	The Fund undertakes a detailed evaluation, based on the CAMEL (Capital adequacy, Asset quality, Management stability, Earnings and Liquidity) model, of each financial institution's performance, to establish its credit risk before making any deposit placement.
Liquidity Risk		Liquidity risk is the potential that the Fund will be unable to meet its commitments/ obligations as they fall due. The ability to meet all financial obligations as and when they fall due is an indicator of the Fund's strong financial position	The Fund always ensures that its liquidity position is strong by continuously monitoring its liquidity position and employing a number of liquidity risk models to predict future liquidity constraint so that appropriate contingent plans can be put in place to avert potential liquidity crisis or invest surplus cash to earn a return
Operational Risk	Operational	Operational risk is the risk of failed or inadequate internal processes, systems, people or external events	• Approved and adequate policies and procedures that provide guidance on all processes and act as a system of internal controls are in place. • Additionally, a significant number of process flows has been automated to reduce risks associated with human errors and potential dishonest actions as well as enhancing operational efficiency.

Risk Documentation

Once risks are identified they are documented in a Risk register, each department and branch has its own risk register, which is updated regularly after reviewing the risk environment. Each Manager is responsible and accountable for ensuring that his/her risk register is up to date with the changes in his operational environment.

Information captured about a risk in the risk register includes, inter alia:

- Risk description
- Likelihood and impact
- Inherent risk rating
- Key risk indicator
- Risk control
- Residual risk
- Control assessment criteria

Business Continuity Management

In order to ensure continuity of business, the Fund has a comprehensive Business Continuity Management Framework (BCMF), which comprise a Business Continuity Management Policy (BCMP), Crisis Management Plan(CMP) and Disaster Recovery (DRP).

The Fund's BCMF is aimed at improving the Fund's resilience and robustness to withstand and/or respond effectively to any potentially disruptive event. It is a holistic management process that identifies potential threats and impacts to the Fund's business operations. It provides a framework for building the Fund's resilience, with the capability for an effective response that safeguards the interests of its stakeholders, reputation and the brand.

The triggers/invocation criteria, as well as the incident response mechanisms are well documented in the BCMF, and in a nutshell include:

Stage Of Incident	Response
Immediate	Focuses on: • Welfare of the people–saving lives, limiting injury, limiting anxiety/panic • Limiting damage to property/assets • Salvaging property/assets
Intermediate	Focuses on: • Restoration of urgent activities • Treatment of the injured • Communication
Aftermath	Focuses on: • Repair/replacement • Relocation • Recovery of costs (from insurance) • Learning points

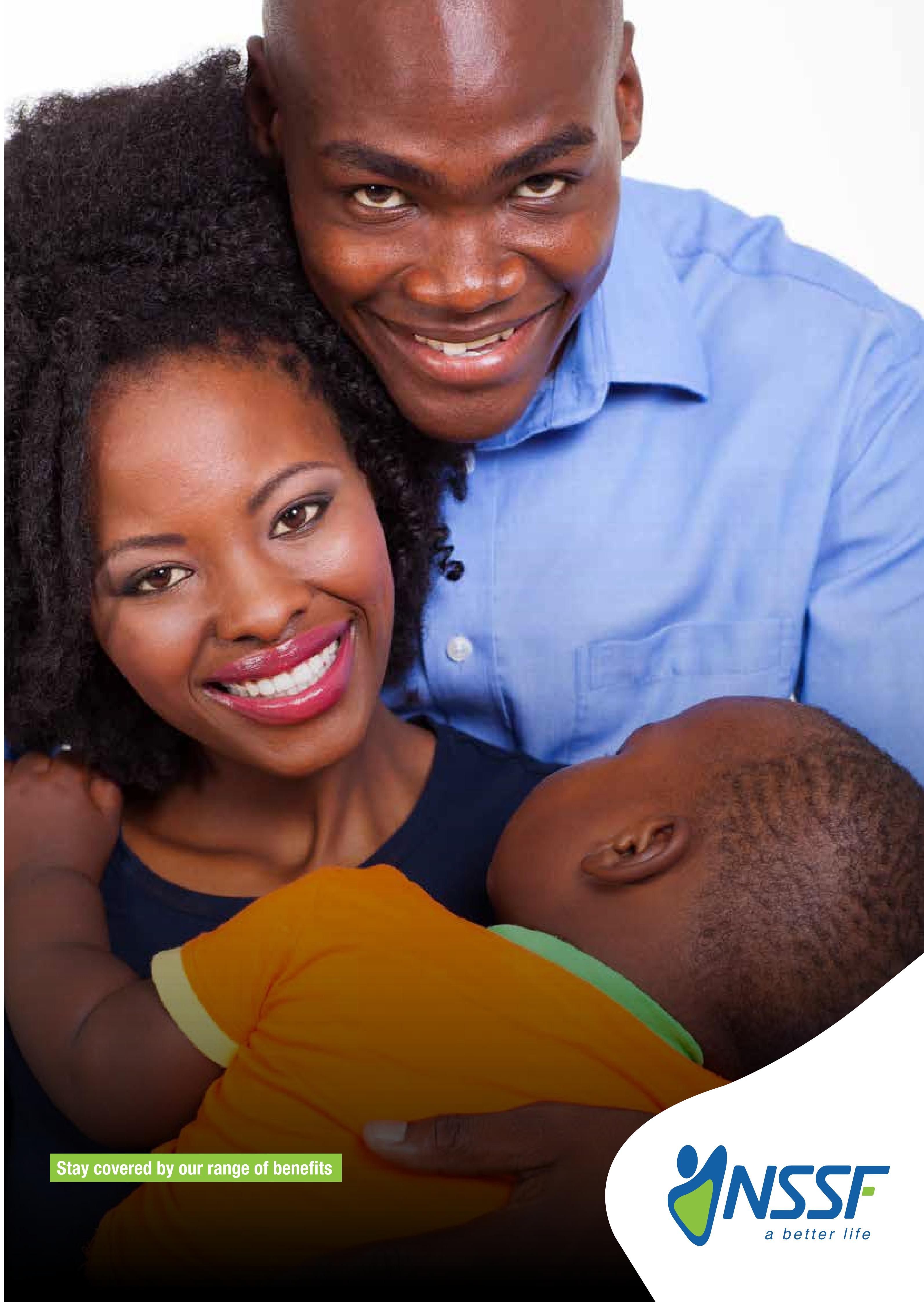
The Fund has a Crisis Management Committee, comprising the Managing Director, as the Chairman, the Head of Marketing and Communication, among others, with a clear and elabourate communication strategy.

Additionally, the Fund has a fully–fledged Disaster Recover Centre, situated more than 80 KM from the primary site at Workers House in Kampala.

In order to determine whether the BCMF is effective, exercise programs are regularly conducted (at least once a year).

Risk management standards

As stated under the risk management process, the Fund adopted the COSO model/ standard, which is an ERM (Enterprise Risk Management)/ integrated framework. However, the Fund makes use of other risk management standards including ISO 31000:2009 Risk management, ISO Guide 73: 2009 –Risk management– Vocabulary, ISO/IECO 31010: 2009, Risk management– Risk assessment techniques.



Corporate Governance

The National Social Security Fund's (The Fund) approach to governance is predicated on the belief that there is a link between high–quality governance and the creation of long–term member value. The term "corporate governance" refers to the framework of rules and practices by which the Board of Directors (the Board) ensures accountability, fairness, and transparency in the Fund's relationship with all its stakeholders.

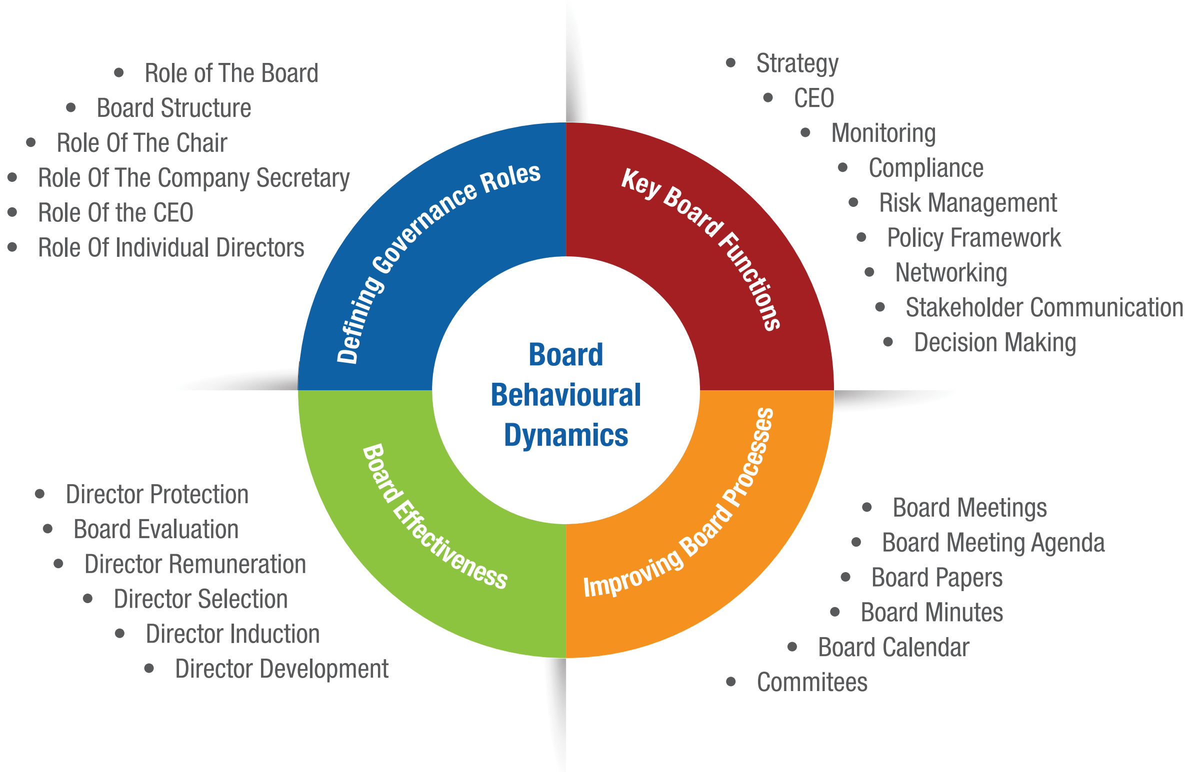
The Fund's Governance Framework has three key elements:

- **The way we are structured;** The Fund is structured to allow for effective and efficient decision making with clear accountabilities.
- **The way we work;** The Fund's Code of Conduct sets out the way in which we work and comprises the Fund's vision and values. The Code of Conduct is supported by the Fund's policies, standards, procedures and processes.
- **The way we assure our performance;** Management assurance is provided by a combination of effective management processes and embedded risk and compliance activities. Independent assurance is provided primarily by internal audit, the independent external auditors and by other external bodies.

The Fund complied with all applicable principles, rules, regulations and guidelines on corporate governance for the period under review. The following report explains key features of the Fund's governance structure and the governance framework adopted by the Board during the year ended 30th June 2015 (FY2015).

Corporate Governance Framework

The Fund uses the corporate governance framework shown below to guide its approach and ensure effective governance.



Compliance with Laws and Regulations

The Fund's activities are regulated by the Uganda Retirement Benefits Regulatory Authority (URBRA).

The Board is committed to compliance with legislation, regulations, and codes of best practice governing the retirement benefits sector and seeks to maintain the highest standards of governance, including transparency and accountability.
Management reports aid the Board in its role of monitoring compliance. The reports include information on any significant interactions with key stakeholders including regulators.
The Board confirms that the Fund has, throughout the period under review, complied with all applicable laws and regulations

Board of Directors

Role of the Board

The Board is primarily tasked with providing effective leadership and direction to enhance the long term value of the Fund to its members and other stakeholders. The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans, key operational initiatives, major investment proposals and corporate governance practices.

In addition, the principal duties of the Board include:

- Setting the Fund's strategic objectives and ensuring the necessary financial and human resources are in place for the Fund to meet its objectives.
- Overseeing the process for evaluating the adequacy of internal control, risk management, financial reporting and compliance.
- Reviewing the performance of senior management and overseeing performance of senior management.
- Setting the Fund's values and standards and ensuring that obligations to the members and other stakeholders are understood and met.

Matters reserved for the Board

There is a schedule of matters which are dealt with exclusively by the board.
These include approval of:

- Fund investments, material disposals and major capital projects.
- The Fund budget and annual capital expenditure plan.
- Major changes to the Fund's management and control structure.
- The risk management policy.

Board composition

The Fund has a unitary Board structure with division of responsibilities between the Chairman and the Chief Executive.
The Chairman is an independent Non–Executive Director and is responsible for leading the Board and for its effectiveness.

The Fund is directed and controlled by a board of ten directors, nine of whom are Non–Executive Directors. Cognizant of the key stakeholder groups, that is, the members, the employers and government, the Board is structured on a tripartite arrangement, with each of the stakeholder groups represented on the Board.

The Board performs its functions in consultation with the Minister responsible for Social Security.

The Board also combines a broad range of skills, experience and personalities which secures the necessary level of challenge and insight to enhance executive performance.

Board Strategy and Delegation of Authority

The Fund takes its strategic direction from the Board of directors. The Managing Director and the Executive management committee (ExCo) are responsible for overseeing the company's day–to–day operations and implementing the Board's decisions.

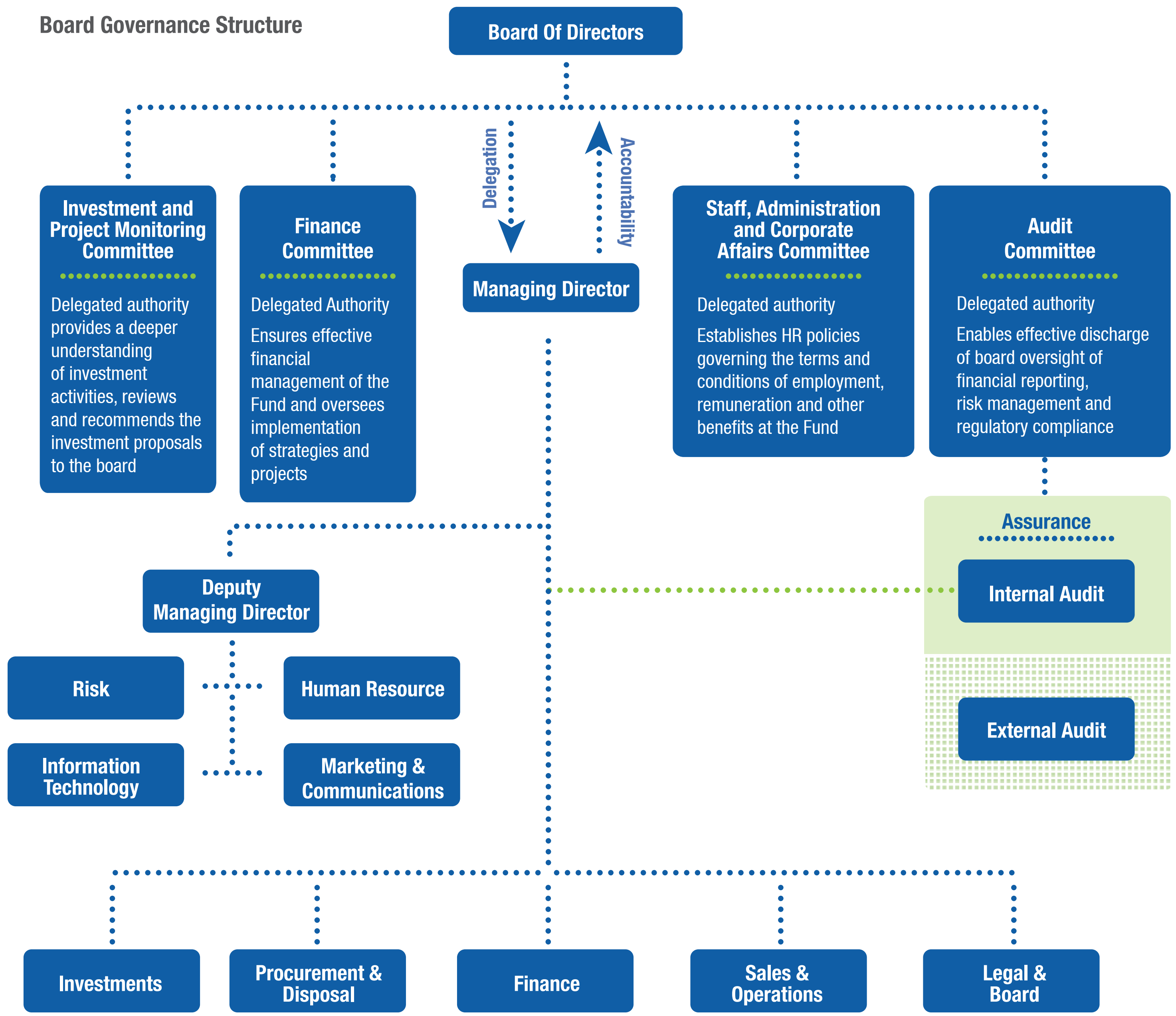
Day–to–day responsibilities of the Fund are delegated to management, under the overall leadership of the Managing Director, who regularly reports to and interacts with the Board and Board committees.

A delegation of authority framework has been implemented within all operating groups to sub–allocate the accountability of the Board and executive management.

The diversely skilled Board directs the Fund's integrated strategy. Smaller, more focused board committees ensure that material issues are quickly and thoroughly addressed. In this way the Board is well poised to support and complement the elements of an effective integrated reporting process.

With the strategy being guided centrally, the board committees are agile enough to direct attention to any element of the integrated approach

Board Governance Structure



Chairman and Managing Director

The Chairman and Managing Director functions are assumed by different individuals and there is a clear division of their responsibilities which ensures a balance of power at the top.

Role of The Chairman:
The Chairman is responsible for;

- leadership of the Board and is pivotal in creating the conditions for overall effectiveness of the Board, board committee and individual director.
- Taking a leading role in the Fund's drive to achieve and maintain a high standard of corporate governance with the full support of the directors, Company secretary and management.
- Approving the agendas for the Board meetings and ensures sufficient allocation of time for thorough discussion of agenda items.
- Providing close oversight, guidance, advice and leadership to the CEO and management.

Role of The Managing Director:

The Managing director who is also an executive Director of the Board is the highest ranking executive officer of the Fund and is responsible for:

- Running the day to day business of the Fund within authorities delegated to him by the Board
- Ensuring implementation of policies and strategy across the Fund as set by the Board.
- Day–to–day management of the executive and senior management team
- Leading the development of senior management within the Fund with the aim of assisting the training and development of suitable individuals for future director roles
- Ensuring that the chairman is kept appraised in a timely manner of issues faced by the Fund and of any important events and developments

Role of The Non–Executive Directors:

The Non–Executive Directors fulfil a key role in corporate accountability. The role of the Non–Executive Directors is to;

- Participate in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct
- Take the lead where potential conflicts of interests arise
- Scrutinise the Fund's performance in achieving agreed corporate goals and objectives, and monitor performance reporting
- Make a positive contribution to the development of the Fund's strategy and policies through independent, constructive and informed comments
- Engage with senior management and other relevant parties, such as the external or internal auditors as well as the Fund's legal department, to ensure that the various concerns and issues relevant to the management and oversight of the business and operations of the Fund are properly addressed.

Board Appointments and Resignations

The appointment of directors is governed by the National Social Security Fund Act and is subject to a "fit and proper persons test" under the provisions of the Uganda Retirement Benefits Regulatory Authority and in line with the applicable legislation and regulations.

Directors are appointed by the Minister responsible for Social Security, currently the Minister for Finance, and Planning & Economic Development for a three year term which is renewable
Under section 3(4) of the NSSF Act, a Director may, by writing in his or her hand a letter addressed to the Minister of finance resign his or her office.

Directors' Independence

All directors exercise due diligence and independent judgment, and make decisions objectively in the best interests of the Fund.
The independence of each Non–Executive Director is assessed at least annually.

To be identified as independent, a Director must be determined independent in character and judgment and free from any relationships or circumstances which are likely to affect, or could appear to affect, their judgment.

In conducting its current assessment, the Board referred to guidance, setting out criteria deemed relevant to determining whether a Director continues to exhibit those qualities and behaviors it considers essential to be considered independent.

The Board is confident that all non–executive Directors meet the criteria for independence.

Going concern

The Directors have reviewed the current and projected financial position of the Fund, making reasonable assumptions about future performance and valuation projections

On the basis of this review, the Board has a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, management continue to adopt the going concern basis in preparing the Annual Report and accounts

Access to information and training

The Board and its committees are supplied with full and timely information, including detailed financial information, to enable the directors to discharge their responsibilities.

All directors have access to the advice of the Company Secretary who is responsible for advising the board, through the Chairman, on matters of corporate governance.

Independent professional advice is also available to directors in appropriate circumstances, at the Fund's expense, and the committees have also been provided with sufficient resources to undertake their duties.

To ensure that the Board is properly informed about the performance of and current issues facing the different sections of the Fund, the Board and its committees may;

Co–opt members of management or invite any of the following to attend a meeting of the committee

- Internal Auditor
- External Auditor
- Any other Non–Executive Director or employee of the Fund.

Board Training and Induction

Keeping up–to–date with key business developments is essential for directors to maintain and enhance their effectiveness.

Induction Program

Upon joining the Fund, directors are provided with a bespoke induction program to further their understanding of the nature of the Fund, its business and the environment in which it operates, and also enhance their knowledge of the Fund's operation and staff.

The Induction program is tailored to each new director, depending on the experience and background of the director.

Continuous Professional Development Program.

As part of the Continuous Professional Development Program, the Board members from time to time receive presentations from Senior Executives in the Fund on matters of significance.

Financial plans, including budgets and forecasts, are regularly discussed at Board meetings. The Fund also arranges appropriate visits and seminars covering the Fund's operations, the industry and governance matters for directors to facilitate their understanding of the business and have a better awareness of the risks associated with the Fund's operations.

The Board attended the following trainings during the year;

- Balance Scorecard training on 25th June 2015
- Board and Strategic leadership training with the institute of directors of Kenya held on 25th May 2015
- Risk based internal auditing Training

Succession Planning

The Board embraces the underlying principles of Code provisions regarding tenure and refreshing of the Board, and seeks to strike an appropriate balance between continuity of experience and succession.

The Board recognizes that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. Accordingly, a succession that allows for some refreshment while maximizing continuity of experience is considered to be in the best interest of the Fund and its stakeholders.

Board Meetings

Board meetings are held in an atmosphere of intellectual honesty of purpose, integrity and mutual respect, with direct, robust and constructive challenge and debate among board and committee members

The Fund is committed to maintaining a strong representation of independent non–executives on the Board and this is demonstrated by the make–up of the Board. All of the Non–executive Directors are considered to be independent.
The non–executive directors, all of whom the board has determined are independent, are experienced and influential individuals from a range of industries.

Their mix of skills and business experience is a major contribution to the proper functioning of the board and its committees, ensuring that matters are fully debated and that no individual or group dominates the board's decision making processes.

The Board meetings and attendance during the year are set out in the table on ***page 91***;

Board and Board Committee Meeting Attendance

Directors	Board of Directors		Audit and Risk Committee		Investment and Project Management Committee		Staff and Corporate Affairs Committee		Finance Committee	
	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings
Ivan Kyayonka	94%	16/17	–	–	–	–	–	–	–	–
Richard Bigirwa	94%	16/17	100%	7/7	–	–	–	–	100%	6/6
Christopher Kahirita	100%	17/17	–	–	100%	11/11	100%	11/11	–	–
Patrick Ocailap	59%	10/17	–	–	100%	11/11	–	–	–	–
Pius Bigirimana	71%	12/17	71%	5/7	–	–	–	–	–	–
Agnes Kunihira	88%	15/17	–	–	–	–	91%	10/11	100%	6/6
Sarah Walusimbi	88%	15/17	–	–	–	–	82%	9/11	100%	6/6
Henry Mukasa	100%	17/17	100%	7/7	–	–	91%	10/11	–	–
Musa Okello	100%	17/17	86%	6/7	91%	10/11	–	–	–	–
Richard Byarugaba (b)	47%	8/17	29%	2/7	45%	5/11	55%	6/11	50%	3/6
Geraldine Busuulwa (a)	53%	9/17	57%	4/7	55%	6/11	27%	3/11	33%	2/6
Attendance rate	**81%**		**74%**		**78%**		**74%**		**77%**	

(a) Director until December 02, 2014
(b) Director since December 02, 2014

Conflict of interest management

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Fund. The Board has a set procedure and guidance to deal with actual or potential conflicts of interest of directors as follows;

i. The Board terms of reference provide that a leader shall not put him or herself in a position in which his or her personal interests conflicts with his or her duties and responsibilities

ii. To manage any possible conflict of interest, the board secretary circulates a conflict of interest form to any person attending the meeting

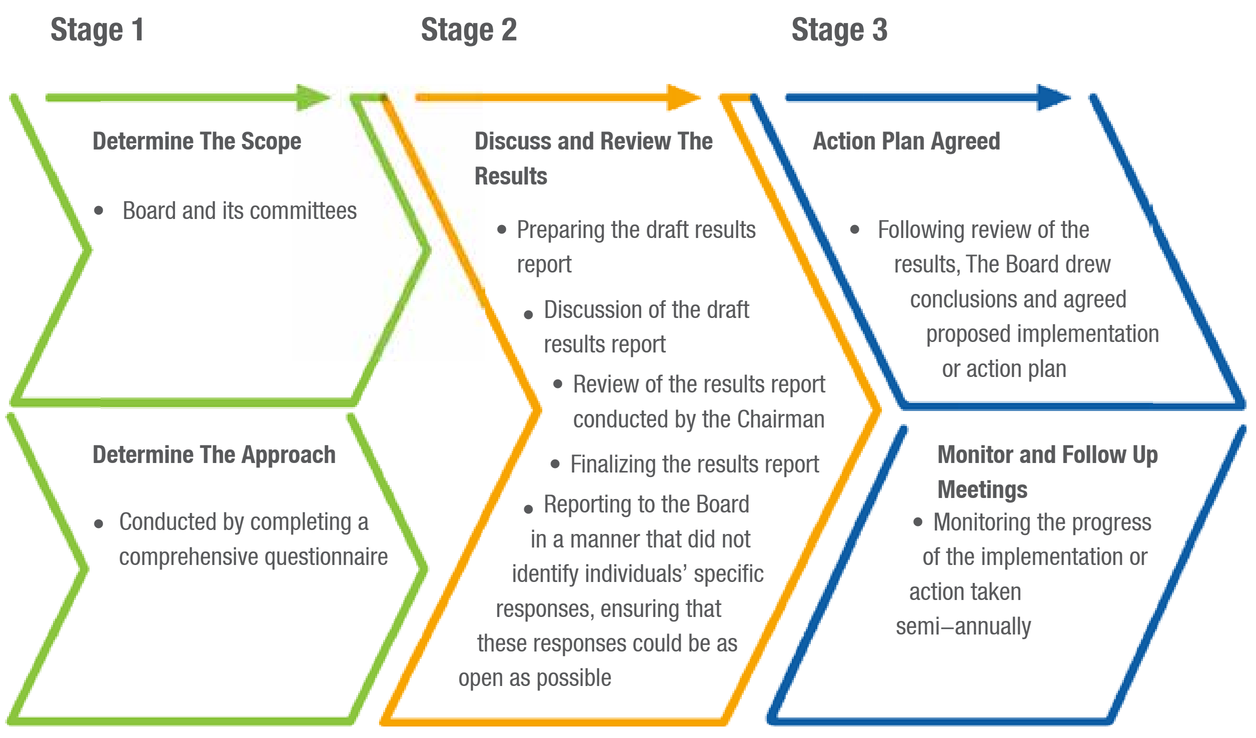
iii. The chairperson shall require any person who has conflict of interest to recuse himself from the deliberations or decision on the specific agenda item

Board Performance and Evaluation

The Board is aware of the importance of continually assessing its own performance in support of the leadership of the Fund.

The Board has established a formal process for the annual evaluation of the performance of the Board and Board Committees, to ensure that they continue to act effectively and efficiently and to fulfill their respective duties.

The Evaluation Process involves the following three stages



The objective of the evaluation was to build on the improvements made since the last evaluation, thereby improving the collective contribution of the Board as well as the competence and effectiveness of each individual director.

The evaluation took the form of a comprehensive questionnaire which was completed and feedback discussed by the board.

Amongst other things, the assessment focused on the Board's effectiveness in the following areas:

- Fund Performance
- Strategy and performance objectives
- Decision making process
- Relational integrity
- Information flows
- Board meetings and Board committees

Overall the review found that the Board and its Committees continue to operate effectively. The Board also identified enhancement areas, which will be incorporated into the future Board program to ensure that the operation of the Board and Board Committees continue to improve.

Board Committees

The Fund has four Board committees with clearly defined terms of reference

1. Audit and Risk Assurance Committee
2. Staff and Corporate Affairs Committee
3. Investments and Projects Management Committee
4. Finance Committee

Board Of Directors

Chairperson
Mr. Ivan Kyayonka

Executive Director
Mr. Richard Byarugaba

Non–Executive Directors
Mrs. Sarah Walusimbi
Mr. Richard Bigirwa
Mr. Christopher Kahirita
Mr. Patrick Ocailap
Mr. Pius Bigirimana
Mrs. Agnes Kunihira
Mr. Henry Mukasa
Mr. Musa Okello

Audit & Risk Assurance Committee

Chairperson
Mr. Pius Bigirimana

Members
Mr. Richard Bigirwa
Mr. Henry Mukasa
Mr. Musa Okello
Mrs. Geraldine Busuulwa

Investment & Project Management Committee

Chairperson
Mr. Patrick Ocailap

Members
Mr. Christopher Kahirita
Mr. Musa Okello
Mrs. Geraldine Busuulwa
Mr. Richard Byarugaba

Staff & Corporate Affairs Committee

Chairperson
Mr. Christopher Kahirita

Members
Mrs. Agnes Kunihira
Mrs. Sarah Walusimbi
Mr. Henry Mukasa
Mrs. Geraldine Busuulwa
Mr. Richard Byarugaba

Finance Committee

Chairperson
Mrs. Sarah Walusimbi

Members
Mr. Richard Bigirwa
Mrs. Agnes Kunihira
Mrs. Geraldine Busuulwa
Mr. Richard Byarugaba

Audit and Risk Assurance Committee

The role of this committee is to assist the Board to effectively discharge its oversight responsibilities for financial reporting, risk management, internal controls, internal and external audit and regulatory compliance and governance.

The Audit Committee's remit, which is set out in its terms of reference, includes responsibility for:

- monitoring the integrity of the Fund's accounts, ensuring that they meet statutory and associated legal and regulatory requirements and reviewing significant financial reporting judgments contained in them;
- monitoring announcements relating to the Fund's financial performance;
- monitoring and reviewing the effectiveness of the Group's internal audit function;
- monitoring and reviewing the external auditors' independence and the effectiveness of the audit process

Internal Control

The Board has overall responsibility for ensuring that the Fund maintains an adequate system of internal control and risk management and for reviewing its effectiveness. The Audit Committee on behalf of the Board undertakes the detailed monitoring of the controls through internal Audit function and reports to the Board on its findings. The Board has reviewed the system of internal controls including financial controls for the year under review and up to the date of approval of this Annual Report and Accounts.

External Auditors

The Audit Committee assesses annually the qualification, expertise and resources, and independence of the external auditors and the effectiveness of the audit process through an established policy aimed at safeguarding and supporting the external auditors' independence and objectivity.

The Board reviewed its relationship with its auditors, KPMG and concluded that there are sufficient controls and processes in place to ensure the required level of independence and that objectivity and independence of the external auditors were not in any way impaired in the year under review.

Investments and Projects Management Committee

The Committee undertakes the following responsibilities and other matters within its terms of reference that may warrant its attention:

1. Recommend on investment strategy, policies and guidelines to the Board for approval.
2. Review and recommend investment proposals to the Board.
3. Review and recommend project concepts, strategies and budgets to the Board.
4. Review and recommend to the Board a procurement strategy for each project.
5. Review and recommend design concepts and master plans to the Board, or changes thereto.
6. Review performance of real estate projects, equities and fixed income on a quarterly basis in line with the targets.

Investment and Projects Committee of the Board complied with its mandate for the year under review. The scheduled meetings were held.

Finance Committee

The finance committee is authorized by the Board to perform its duties within its terms of reference.

The committee is mandated to assist the Board in fulfilling its oversight responsibility as provided under the NSSF Act:
The following are the responsibilities of the Finance Committee of the Board;

1. Review the Fund's accounting policies and principles and assess the appropriateness of those policies to ensure that they conform to the internationally accepted accounting and reporting standards
2. Consider budget estimates and ensure control measures are in place
3. Review and approve audited financial statements prepared by management
4. Review quarterly budget performance reports
5. Recommend interest rate to members for declaration depending on the Fund's realized income
6. Approve budget re–allocations and increments

Staff and Corporate Affairs Committee

The Committee is authorized by the Board to perform its duties within its terms of reference.

It is responsible for establishing Human Resource policies governing the terms and conditions of employment, remuneration and other benefits at the Fund.

Corporation Secretary

The role of the Company Secretary is to ensure the Board remains cognizant of its duties and responsibilities. In addition to guiding the Board on discharging its responsibilities, the Company Secretary keeps the Board abreast of relevant changes in legislation and corporate governance best practices.

The Company Secretary oversees the induction of new Directors as well as the ongoing training of Directors.

Relationship with Members

Ongoing and effective communication with our members and customers is part of the Fund's Fundamental responsibility to create and enhance value for our members.

In addition to the on–going employer road show presentations, the Board Chairman and management held the Annual Member Meeting (AMM) 28th October 2014. During the meeting, the Fund got the opportunity to interact and receive feedback from its members and stakeholders.

Connecting with stakeholders

We continually engage with all our stakeholders. These include the Government, the public, members, and suppliers such as bankers, custodians, administrators and Fund Managers. We seek to continually build strategic partnership and maintain relationships with our stakeholders. This helps us to manage the expectations of society, minimize reputational risk and form strong partnerships, which all underpin business sustainability.

Ethics and Organizational integrity

The Fund's code of conduct outlines the ethical standards that guide directors, employees and other stakeholders who interact with the Fund to make effective decisions and adhere to when conducting the affairs of the Fund. Additionally as an institution holding our members savings in trust, it also aims to ensure adherence to the highest standards of responsible business practice.
The code of conduct incorporates and articulates the Fund values in greater detail and provides value–based decision making principles to guide our conduct. It is aligned with other policies and procedures, and supports the relevant industry regulations and laws.

The Managing Director is the formal custodian of the code of ethics and is ultimately responsible for its implementation. Ethics incidents are reported via the ethics and fraud hotline, human resources department, risk department and business unit ethics officers. Reported incidents include fraud and human resources–related issues.

Remuneration Report

Overview

The Fund's policy on remuneration is an integral role of the Staff and Corporate Affairs Committee of the Board. The Board Committee's key responsibility is to establish human resource policies governing the terms and conditions of employment including remuneration. The Committees' compensation decisions are thus guided by the Fund's remuneration policy as well as the social, legal and economic context of the country.

To determine the remuneration of employees, the Fund conducts annual salary surveys to obtain market information and also considers the Fund's performance against set objectives. This is aimed at attracting, motivating and retaining high calibre staff needed to deliver on the Fund's objectives.

Remuneration Structure:

The Fund's pay structure may include any or all of the following; fixed pay, performance based increment and variable pay.

- **Fixed pay:** The Fund has developed a fixed pay range that is linked to an approved grading system. This is aimed at ensuring that the pay is fair and there is internal equity and consistency within the Fund. The pay is competitive compared to entities of similar nature.
- **Performance Based Increments:** Performance–Based Increment (PBI) is a method of remuneration used by the Fund to ensure appropriate reward for performance. It links pay progression to an assessment of individual performance usually measured against pre–agreed objectives. Pay increases awarded through PBI are normally consolidated into basic pay. The increments are based on the appraisal results for the year, and are based on the rates below;

	Category	Marks	Increment
A+	Exceptional Performer	80% and above	15%
A	Very Good Performer	70 – 79%	10%
B	Good Performer	60–69%	5%
C	Fair Performer	50–59%	0%
D	Unacceptable	Below 50%	0%

- **Variable Pay:** The Fund has also got annual incentives in form of bonuses paid to qualifying staff. Bonus pay is a onetime lump–sum payment and the objective is to recognize and reward employee's contributions, retain exceptional and very good performers, motivate staff and also increase productivity. Individual employee bonus awards are based on agreed and reviewed performance and the overall contribution to the Funds' results for the year in question.
- **Benefits:** The Fund provides benefits in line with the market practice and the regulatory requirements. The Fund provides medical insurance cover and death benefits to all Fund employees and their dependents. In addition, a retirement benefit scheme "Staff Provident Fund" is provided to all the Non–Executive Staff as well as a "Gratuity Scheme" for the Executive Staff (EXCO). This is aimed at attracting and retaining our key talent.
- **Recognition Policy:** The Fund recognizes and rewards individuals and groups of staff who make exceptional (sustained or one–off) contribution that furthers the aims and objectives of the Fund, or meets exceptional shorter term operational challenge. The award (s) can be given to a "Group" or an "Individual" and are both financial and non financial.
- **Long Service Incentive:** Although service may not necessarily contribute to performance automatically, the Fund does value the commitment and loyalty of long serving employees, and want to recognize this. This is done in the form of a long service award. These awards recognize service in 5–year bands, starting with the service from 10 years' service and then continuing with awards every 5 years.

Directors' Remuneration

Remuneration of Statutory Appointees

The remuneration package and long term incentive for the Managing Director, Deputy Managing Director and Company Secretary are determined on the same basis and using the same qualifying criteria as for other employees. The appointee's remuneration is subject to an annual performance review process conducted by the Board. This package is approved by the appointing authority, who is the minister.

Non–executive directors' remuneration and terms of engagement

Terms of service

All non–executive directors are provided with a letter of appointment setting out the terms of engagement.

Directors are appointed by the Minister for a three year term which is renewable

Fees

Non–executive directors receive a retainer for their service on the Board and a meeting attendance fee for Board and Board Committee meetings. Fees are paid monthly in arrears. There are no contractual arrangements for compensation for loss of office. Executive director(s) do not receive any retainer or meeting attendance fee.

In determining the remuneration of non–executive directors, the Board considers the extent and nature of their responsibilities, and comparative remuneration offered by other major entities of a similar nature.

Directors' fees (UShs.)

Board Chairman	
Annual Retainer	48,000,000
Fee Per Sitting	500,000
Director	
Annual Retainer	36,000,000
Fee Per Sitting	450,000
Board Comittee	
Chairman (Fee Per Sitting)	450,000
Member (Fee Per Sitting)	450,000

Summary of 2014/2015 Board Emoluments

Category of Directors	Board Retainers Fees	Board sitting Allowance	Other benefits	Pension Contributions	Total
Executive Director *					
Non– Executive	365,200,000	109,785,000	355,159,092	33,610,000	863,754,092

** The Executive Director does not receive any retainer or sitting allowance*

30 Years of Leadership

The Fund is run by a Board of Directors who provide oversight on all of its activities. The Board sits representatives from the 3 stakeholder groups; The Government, employers and employees who are appointed by the Minister of Finance.

In the beginning, the supervision of the Fund was under the Ministry of Gender Labour and Social Development. In 2004, President Yoweri K. Museveni ordered that the supervision of the Fund be transfered to The Ministry of Finance.

Competent leadership as a cornerstone of our day to day has enabled the Fund to grow from strength to strength.

Directors' Report and Financial Statements

"*This being our last year of the 3–year strategy **(FY 2012/13 – FY 2014/15)**, I am delighted to say we have surpassed our set targets amidst the challenges posed by the dynamic macro economic environment.*

Patrick Byabakama Kaberenge
Board Chairman

Directors' Report

The directors submit their report together with the audited financial statements for the year ended 30 June 2015 which disclose the state of affairs of the National Social Security Fund ('the Fund' or "NSSF"), in accordance with Section 32 (Cap. 222) of the National Social Security Fund Act ('NSSF Act').

Principal activity

The principal activity of the Fund is to collect contributions from members and invest in a professional manner to earn a good return to meet the benefit obligations to its members. The Fund is financed by the employees' and employers' contributions. The total contribution is 15% of the employees' gross salary, of which 10% is paid by the employer and 5% is paid by the employee.

Results from operations

The results of the Fund for the year ended 30 June 2015 are set out on **page 106**

Interest to members

Interest is computed based on the opening balances of the members' Funds less benefit paid during the year. The rate paid during the year ended 30 June 2015 was 13% (2014: 11.5%).

Reserves and accumulated members' Funds

The reserves of the Fund and the accumulated members' Funds are set out on **page 108**

Unallocated members' Funds

These are collections received from employers that have not yet been allocated to individual member accounts due to missing details of the members. Management has put in place mechanisms to continuously follow up the missing details from employers in order to update the individual member accounts.

Directors

The directors who held office during and after the year end are set out on page 1(whereever board of directors happen to be).

Auditors

In accordance with Section 32 (2) of the NSSF Act (Cap 222) Laws of Uganda, the financial statements shall be audited once every year by the Auditor General or an auditor appointed by him to act on his behalf. For the year ended 30 June 2015, M/s KPMG Certified Public Accountants were appointed to act on behalf of the Auditor General.

Events after the Balance Sheet

There were no material events that occured between the reporting date and the date of this report

Approval of the financial statements

The financial statements were approved at the meeting of the directors held on **20th October 2015.**

By order of the board,

Mr. Richard Wejuli Wabwire
Corporation Secretary

Date **20th October 2015**

Directors' Responsibility Statement

The Fund's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Net Assets Available for Benefits at 30 June 2015, the Statement of Changes in Net Assets Available for Benefits, the Statement of Changes in Members' Funds and Reserves and statement of Cash Flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. They are also responsible for safe guarding the assets of the Fund.

The directors are required to prepare financial statements for each year that give a true and fair view of the state of affairs of the Fund as at the end of the financial year and of the operating results of the Fund for that year. It also requires the directors to ensure the Fund keeps proper accounting records that disclose with reasonable accuracy the financial position of the Fund.

The directors accept responsibility for the financial statements set out on pages 7 to 73 which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and the surplus and cash flow for the year ended 30 June 2015. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the Fund will not be a going concern for the next twelve months from the date of this statement.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the International Financial Reporting Standards.

Approval of the financial statements

The financial statements, as indicated above, were approved by the board of directors on **20th October 2015** and were signed on its behalf by:

Chairman
Mr. Patrick Byabakama Kaberenge

Managing Director:
Mr. Richard Byarugaba

Corporation Secretary:
Mr. Richard Wejuli Wabwire

Date : **20th October 2015**

Report of Independent Auditors to The Auditor General for the Year Ended 30th June 2015

Under the terms of section 32(2) of the National Social Security Fund (NSSF) Act (CAP 222), the Auditor General is required to audit the financial statements of the Fund. In accordance with the provisions of the same section, the Auditor General appointed M/s KPMG Certified Public Accountants to audit the financial statements on his behalf and report to him to enable him report to Parliament in accordance with Article 163 (4) of The Constitution of the Republic of Uganda.

Report on the Financial Statements

We have audited the financial statements of National Social Security Fund ("the Fund"), which comprise the Statement of Net Assets available for Benefits as at 30 June 2015, the Statements of Changes in Net Assets Available for Benefits, Changes in Members' Funds and Reserves, and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages ***(where financial statements start(pg 99) to where they end).***

Directors' responsibility for the financial statements

The Fund's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of National Social Security Fund as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 35(b) to the financial statements, which indicates that the Fund is challenging the basis on which the Uganda Revenue Authority (URA) disallowed certain expenses in calculating the Fund's tax assessment during the year ended 30 June 2013. The note also indicates the directors have not recognised any provision for the liability of UShs. 84.4 Billion to the URA, as management believes the tax treatment adopted by NSSF is in accordance with the provisions of Section 22(1)(a) and Section 25 of the Income Tax Act. Guidance provided by URA in 2001 allowed for the deduction of these expenses. The note gives details of the case and explains the directors have disclosed a contingent liability as the ultimate outcome of the case cannot presently be determined. Our opinion is not qualified in respect of this matter.

KPMG
Certified Public Accountants
P O Box 3509
Kampala, Uganda

Date:**20th October 2015**

Statement Of Changes in Net Assets Available for Benefits for The Year Ended 30 June 2015

	Note	2015 UShs. '000	2014 UShs. '000
Dealings With Members			
Contributions received during the year	31	688,095,082	622,353,746
Benefits paid	31	(186,609,416)	(165,926,552)
Net dealings with members		**501,485,666**	**456,427,194**
Comprehensive Income			
Revenue			
Interest Income	5	539,197,465	469,728,521
Rental Income	6	10,265,101	11,701,610
Dividend Income	7	33,693,725	12,898,276
Total Revenue		**583,156,291**	**494,328,407**
Other Income			
Other Operating Income	8	169,776,564	42,027,939
Fair value gains from Equity Investments at fair value through profit or loss	18	48,438,003	60,319,956
Total Other Income		**218,214,567**	**102,347,895**
Expenditure			
Administrative Expenses	9	(52,074,535)	(48,873,657)
Other Operating Expenses	10	(13,150,183)	(17,858,210)
Amortisation of Intangible Assets	25	(1,724,404)	(1,686,790)
Depreciation of Property and Equipment	26	(1,859,644)	(1,216,408)
Total Expenditure		**(68,808,766)**	**(66,635,065)**
Share of Results from Associates	21	5,654,082	672,716
Surplus from Operations		**738,216,174**	**530,713,953**
Interest transfer to Members	31	(521,769,156)	(365,842,850)
Surplus Before Tax	**11**	**216,447,018**	**164,871,103**
Income Tax Expense (Witholding Tax as final Tax)	12(a)	(90,433,851)	(78,297,276)
Surplus for the Year		**126,013,167**	**86,573,827**
Other Comprehensive Income			
Other comprehensive income to be reclassified to profit or loss in subsequent years:	–	–	–
Items not to be reclassified to profit or loss in subsequent years:	–	–	–
Total Comprehensive Income for the Year, Net of Tax		**126,013,167**	**86,573,827**
Net Increase in Scheme Funds during the Year		**627,498,833**	**543,001,021**

The accounting policies and notes on pages 11 to 73 form an integral part of these financial statements.

Statement Of Changes in Net Assets Available for Benefits for The Year Ended 30 June 2015

	Note	2015 UShs. '000	2014 UShs. '000
Assets			
Cash and Bank Balances	13	14,064,337	14,634,466
Deposits with Commercial Banks	14	251,067,909	682,070,805
Equity securities held–for–trading	15	90,134,171	73,318,553
Trade and other Receivables	16	26,923,918	22,467,276
Tax Deposit Receivable	12(c)	25,323,522	–
Investments in Securities held–to–maturity	17	3,859,400,332	2,792,735207
Equity investments at fair value through profit or loss	18	734,270,133	251,274,475
Loans and Advances	19	34,464,037	39,325,612
Inventories(Office Supplies)	20	853	2,910
Investment in Associates	21	74,892,790	71,495,208
Other Investments	22	–	–
Capital Work–In–Progress	23	308,911,107	250,241,953
Investment in Properties	24	135,873,682	193,710,495
Intangible Assets	25	5,857,796	7,312,122
Property and Equipment	26	8,422,563	4,356,884
Finance Lease	27	256,289	–
Total Assets		**5,569,863,439**	**4,402,946,079**
Liabilities			
Withholding Tax payable	28	1,208,340	971,228
Other Payables	29	27,011,883	24,858,304
Provosion for Litigation	30	11,852	903
Total Liabilities		**40,073,126**	**35,249,728**
NET ASSETS		**5,529,790,313**	**4,367,696,351**
Members' Fund and Reserves			
Accumulated Members' Funds	31	5,166,761,915	4,147,285,690
Reserve Account	32	71,316,122	50,149,442
Accumulated Surplus		291,712,276	170,261,219
Total Members' Funds and Reserves		**5,529,790,313**	**4,37,696,351**

The accounting policies and notes on pages 11 to 73 form an integral part of these financial statements.

These financial statements were approved for issue by the Board of Directors on **20th October 2015** and signed on its behalf by:

Mr. Patrick Byabakama Kaberenge	**Mr. Richard Wejuli Wabwire**	**Mr. Richard Byarugaba**
Chairman:	**Corporation Secretary:**	**Managing Director:**

Statement Of Changes in Members' Funds and Reserves

	Reserve Account UShs. '000	Accumulated Members' Funds UShs. '000	Accumulated Surplus UShs. '000	Total UShs. '000
At 1 July 2013	**36,829,033**	**3,222,576,227**	**90,778,294**	**3,450,183,554**
Surplus for the Year	–	–	86,573,827	86,573,827
Special Contrinutions (Note 32(a))	6,229,507	–	–	6,229,507
Transfer of Interest recovered from arrears, fines and penalties received (Note 32(a))	7,090,902	–	(7,090,902)	–
Members' Contributions received (Note 31)	–	622,353,746	–	622,353,746
Benefits Paid to Members (Note 31)	–	(165,926,552)	–	(165,926,552)
Interest allocated to Members arising from arrears recovered (Note 31)	–	2,439,419	–	2,439,419
Provision for Interest to Members (Note 31)	–	365,842,850	–	365,842,850
At 30 June 2014	**50,149,442**	**4,147,285,690**	**170,261,219**	**4,367,696,351**
At 1 July 2013	**50,149,442**	**4,147,285,690**	**170,261,219**	**4,367,696,351**
Surplus for the Year	–	–	126,013,167	126,013,167
Special Contrinutions (Note 32(a))	8,34,140	–	–	8,34,140
Transfer of Interest recovered from arrears, fines and penalties received (Note 32(a))	4,562,110	–	(4,562,110)	–
Members' Contributions received (Note 31)	–	688,095,082	–	688,095,082
Benefits Paid to Members (Note 31)	–	(186,609,416)	–	(186,609,416)
Interest allocated to Members arising from arrears recovered (Note 31)	(1,902,042)	1,902,042	–	–
Provision for Interest to Members (Note 31)	9,872,472	516,088,517	–	525,960,989
At 30 June 2015	**71,316,122**	**5,166,761,915**	**291,712,276**	**5,529,790,313**

The accounting policies and notes on pages 11 to 73 form an integral part of these financial statements.

Statement Of Cash Flows for the Year Endded 30 June 2015

	Note	2015 UShs. '000	2014 UShs. '000
Net cash used in operating activities	**33**	**(38,015,463)**	**(107,244,040)**
Investing Activities			
Purchase of Software	25	(270,079)	(518,982)
Purchase of Property and Equipment	26	(4,827,044)	(1,294,263)
Proceeds from sale of Fixed Assets		224,946	349,600
Purchase of Investment Properties	24	(3,810,383)	(11,607,952)
Proceeds from disposal of Investment Properties	6	2,505,000	–
Purchase of Capital Work–In–Progress	23	(2,584,704)	(7,630,628)
Purchase of Equity Investments at fair value through profit or loss		(380,034,368)	(38,683,163)
Purchase of Equity Investments held for trading		(920,750)	(25,512,569)
Proceeds from disposal of Equity Investments held for trading		164,458	385,530
Purchase of Held To Maturity Investments		(1,318,746,814)	(1,198,171,798)
Maturities of Held To Maturity investments		358,933,563	425,858,902
Purchase of Deposits with Commercial Banks		(908,058,993)	(1,048,961,370)
Maturities of Deposits with Commercial Banks		1,319,057,666	1,089,488,400
Maturities of Loans and Advances		9,621,361	9,542,376
Interest received from Held To Maturity Investments		362,772,044	326,756,009
Interests received from Commercial Bank deposits		92,320,147	119,084,912
Dividends Received		979,478	2,320,710
Net Cash Flows used in Investing Activities		**(472,674,472)**	**(358,594,286)**
Financing Activities			
Benefits paid out to members	31	(186,609,416)	(165,926,552)
Contributions received from Members	31	688,095,082	622,353,746
Interest recovered on Arrears	31	–	2,439,419
Special Contributions	32	8,634,140	6,229,507
Net Cash Flows from Financing Activities		**510,119,806**	**465,096,120**
Decrease in Cash and Cash equivalents		(570,129)	(742,206)
Cash and Cash equivalents as at 1 July		14,064,337	15,376,672
Cash and Cash Equivalents as at 30 June	**13**	**14,064,337**	**14,634,466**

The accounting policies and notes on pages 11 to 73 form an integral part of these financial statements.

Notes to the Financial Statements

1. Fund Information

National Social Security Fund (the "Fund") is a corporate body domiciled in Uganda. The Fund is primarily involved in collection of contributions and investment of the contributions in a professional manner to earn a good return to meet the benefit obligations to its members as stipulated under the National Social Security Fund (NSSF) Act (Cap 222).

The Fund is a defined contribution scheme which covers all employees in the private sector, with a total contribution of 15% of the employees' gross salary (employer contribution 10%, employee contribution 5%).

During the year to 30 June 2015, 15,589 beneficiaries were paid (2014: 12,898).

According to the NSSF Act (Cap. 19), the benefits paid out of the Fund are:

- **Age Benefit** – payable to a member who has reached the retirement age of 55 years;
- **Withdrawal Benefit –** payable to a member who has attained the age of 50 years, and is out of regular employment for one year;
- **Invalidity benefit** – payable to a member who because of illness or any occurrence develops incapacity to engage in gainful employment;
- **Survivors Benefit** – Payable to the dependant survivor(s) in the unfortunate event of member's death; and
- **Emigration Grant** – Payable to a member (Ugandan or Expatriate) who is leaving the country for good. Such a member must have been contributing for a minimum of four financial years; else will have to forfeit the 10% employer contribution.

Government is currently implementing policy reforms whose objective is a liberalised and regulated retirement benefits sector. These reforms have entailed the enactment of the Retirement Benefits Regulatory Authority Act 2011, which came into force in September 2011. The new law established a Retirement Benefits Regulatory Authority [RBRA] whose function is to regulate all retirement schemes including NSSF. Like all other schemes, the Fund has an operating license, which has since been renewed until June 2016.

Government also tabled the Retirement Benefits Sector Liberalisation Bill 2011 before Parliament. The objective of the bill is, among others, to repeal the National Social Security Fund Act. There is ongoing debate in parliament including provisions to amend (not repeal) the NSSF Act, and to permit NSSF continue as a national scheme receiving a substantial portion of the mandatory contribution.

The Fund is also listed in Class 1 of the Public Enterprises Reform and Divestiture Act as an entity in which the Government of Uganda (GoU) shall retain 100% control and/or ownership. Consequently, management's expectation is that government will do all it can to ensure that the Fund continues to exist in the new liberalised and regulated framework.

The Board of Directors assessed the implications of the above developments and determined that they do not have an effect on the Fund's going concern in the foreseeable future.

2. Basis Of Preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) to meet the requirements of the National Social Security Fund Act (Cap 222) of Uganda.

The financial statements have been prepared on a historical cost basis except for some financial assets (equity investments held–for–trading or designated at fair value through profit or loss), and investment properties that have been measured at fair value. The financial statements are presented in Uganda Shillings (UShs.), which is the Fund's functional currency and all values are rounded off to the nearest thousand (UShs. 000), except where otherwise indicated.

3. Summary Of Significant Accounting Policies

The principal accounting policies set out below have been applied consistently to all periods presented in the financial statements.

(a) Investment in Associates

The Fund's investments in its associates are accounted for using the equity method. An associate is an entity in which the Fund has significant influence but not control over the financial and operating policies. Significant influence is presumed to exist when the Fund holds 20 to 50 percent of the voting power of another entity and when the Fund is represented on the Board of the Investee Company for holdings below 20 percent. Under the equity method, the investment in the associates is carried in the statement of financial position at cost plus post acquisition changes in the Fund's share of net assets of the associate.

The statement of comprehensive income reflects the share of the results of operations of the associate. The share of the results of an associate is shown on the face of the statement of comprehensive income. These are the results attributable to equity holders of the associate and therefore the results after tax and non–controlling interests in the subsidiaries of the associate. Where necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Fund.

(b) Foreign currencies

Transactions in foreign currencies during the year are translated into Uganda Shillings at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Uganda Shillings at the exchange rate ruling at that date. Non–monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Uganda Shillings at the date when the fair value was determined. Foreign currency gains and losses arising from translation are recognised in the statement of comprehensive income.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The following specific recognition criteria must also be met before revenue is recognised:

vii. **Interest income**
For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

viii. **Dividends**
Dividend income is recognised when the right to receive dividends is established.

ix. **Rental income**
Rental income from investment properties is recognized in the statement of comprehensive on the straight line basis over the term of the lease.

x. **Other income**
Other income comprises gains less losses related to trading assets and liabilities, and includes gains from disposal of Fund assets and all realised and unrealised foreign exchange differences.

(d) Financial instruments – initial recognition and subsequent measurement

i) Financial assets

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held–to–maturity investments, available–for–sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Fund determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Fund's financial assets include cash and cash equivalents, trade and other receivables, loans and advances, deposits with commercial banks, investments in government and corporate bonds and equity investments.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in surplus or deficit.

Financial assets held for trading
Financial assets held for trading include securities held for trading which are equity investments by Fund managers. Financial assets held for trading are carried in the statement of financial position at fair value with changes in fair value recognised in surplus or deficit.

Loans and advances
Loans and advances are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.
The EIR amortisation is included in interest income in the statement of comprehensive income. The losses arising from impairment are recognised in impairment losses in the statement of comprehensive income.

Held–to–maturity investments
Non–derivative financial assets with fixed or determinable payments and fixed maturities are classified as held–to–maturity when the Fund has the positive intention and ability to hold it to maturity. After initial measurement, held–to–maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of comprehensive income.

Other receivables
Other receivables are carried at amortised cost which approximates the original invoice amount less provision made for impairment losses. An allowance for impairment of other receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of receivables.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a Fund of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either
    a. the Fund has transferred substantially all the risks and rewards of the asset, or
    b. the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

ii) Impairment of financial assets

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Fund first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.
The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in surplus or deficit. Interest income continues to be accrued on the

reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings measured at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of loans and borrowings, directly attributable transaction costs.

The Fund's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Trade payables

Trade payables include trade payables and are subsequently measured at amortised cost. Gains and losses on derecognition and amortisation are recognised in surplus or deficit.

Other accounts payable

Other accounts payable are carried at amortised cost, which approximates the consideration to be paid in the future for goods and services received.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(e) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(f) Fair value of financial instruments

The Fund measures financial instruments such as financial assets, and non–financial assets such as investment properties, at fair value at each reporting date. Fair value related disclosures for financial instruments and non–financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions – Note 4.
- Quantitative disclosures of fair value measurement hierarchy – Note 38
- Financial instruments (including those carried at amortised cost) –Notes 15,17 to 19 and 29

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction of transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

(g) Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self–constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.
Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of replacing part of an item of property and equipment is recognized in the carrying value of the item if it is probable that the future economic benefits embodied within the part will flow to the Fund and its cost can be measured reliably. The carrying value of the replaced part is de–recognised. The cost of day to day servicing of the property and equipment is recognized in surplus or deficit as incurred.
Depreciation is recognized in surplus or deficit and calculated to write off the cost of the property and equipment on a straight line basis over the expected useful lives of the assets concerned. Land is not depreciated.

The estimated depreciation rates for the current and comparative periods are as follows: –

Percentage	
Machinery	20 %
Motor vehicles	20 %
Furniture and equipment	12.5 %
Computer equipment	25%

Management and directors review the depreciation methods, residual value and useful life of an asset at the year end and any change considered to be appropriate is recorded in surplus or deficit as a change in estimates.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying value of property and equipment and recognized net within other income in profit or loss.

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset. There are no intangible assets with indefinite useful lives.

Intangible assets are amortised at a rate of 10%.
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

(i) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day–to–day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in surplus or deficit in the period in which they arise.
Fair values are evaluated every after two years by an accredited external, independent valuer.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner–occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. When the use of property changes from owner occupied to investment property, the property is re–measured at fair value and reclassified as investment property. Any gain arising on revaluation is recognized through other comprehensive income. Any loss arising on revaluation is recognized through the surplus or deficit.

(j) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on first–in–first out principle and includes the expenditure incurred in acquiring the inventory, and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses or the replacement cost as appropriate.

(k) Impairment of non–financial assets

The carrying amounts of the Fund's non–financial assets other than investment properties, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such condition exists, the asset's recoverable amount is estimated and an impairment loss recognised in surplus or deficit whenever the carrying amount of an asset exceeds its recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash–generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount that would have been determined net of depreciation or amortization if no impairment loss was recognized.

(l) Employee benefits

i. Gratuity

The Fund's terms and conditions of employment provide for gratuity to qualifying employees equivalent to 20% of the monthly salary per year of service to the organisation. This employment benefit is accrued on a monthly basis and paid annually in arrears. The provision in the financial statements takes account of service rendered by employees up to the statement of financial position date and is based on the calculated staff benefits payable.

ii. Staff Provident Fund

The Fund operates a defined contribution plan for all qualifying employees. The contribution payable to the plan is in proportion to the services rendered to the Fund by the employees and is recorded as an expense under 'staff costs'. Unpaid contributions are recorded as a liability. The Fund also contributes to the plan on behalf of the employees. The Fund's Contributions are charged to the income statement in the year to which they relate.

(m) Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre–tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where the Fund expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain

(n) Income tax

Income tax expense comprises current tax and change in deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised through other comprehensive income or equity, in which case it is recognised through other comprehensive income or equity.

Current tax is provided for on the surplus for the year adjusted in accordance with the Ugandan Income Tax Act. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided for using the liability method, for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. In respect of temporary differences associated with investments in subsidiaries and associates, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax is recognized as an expense/(income), except to the extent that the tax arises from a transaction which is recognized directly in other comprehensive income or equity. In this case the tax is also recognized in other comprehensive income or equity.

Revenue, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or rendering of services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of accounts receivables or account payables in the statement of financial position.

(p) Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost subsequent to initial recognition. For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the reporting date and include cash and bank balances.

(q) Capital work–in–progress

The ongoing construction/installation of capital projects are recorded at the cost to date or valuation and are only transferred into the relevant assets categories once completed and commissioned. No depreciation is computed on capital work–in–progress as these assets are not yet available for use. However, an expected impairment loss on capital work–in–progress is recognized immediately in surplus or deficit.

(r) Members' Funds

The Fund is Funded through contributions from members and investment income.

i. Contributions from members

Contributions from employees remitted by the employers are recognized on a cash basis. Contributions due but not yet received at the end of the financial year are not accrued but accounted for and recognized in subsequent years when received.

ii. Benefit payments to members

Benefits to members are accounted for on a cash basis. Benefit payments made but not collected by members are written back in the cash book and no liability thereof recognized in the financial statements.

iii. Interest payments to members

Interest payable on members' accumulated contributions is calculated based on the opening accumulated contributions (standard contribution plus interest) less benefits paid during the year. The effective interest rate used to compute interest accrued to members is approved by the Minister of Finance, Planning & Economic Development in accordance with Section 35 (1) and (2) of the National Social Security Fund Act.

(s) Reserve account

The reserve account is credited with contributions that cannot be allocated to members, special contributions by non–eligible employees and amounts recovered in form of fines and penalties from employers that fail to remit members Funds as stipulated in the National Social Security Fund Act. The special contributions are credited directly to the reserve account while the fines and penalties are recognised through the statement of comprehensive income and then appropriated from the accumulated surplus/deficit to the reserve account. Transfers from the reserve account require the approval of the Minister of Finance in accordance with the NSSF Act.

(t) Leases

Leases, where a significant portion of the risks and rewards of ownership are transferred to the Fund are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

(u) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for adoption of IAS 26 presentation and disclosure during the year. The adoption of IAS 26 disclosures resulted in renaming the primary statements and additional disclosures on the statement of changes in Net Assets Available for Benefits.

Adoption of new and revised standards

Changes resulting from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRSs did not have any impact on the accounting policies, financial position or performance of the Fund.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The amendments clarify that a qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investment activities. The consolidation exemption is mandatory and not optional.

The Fund is not an investment entity in terms of IFRS 10. This amendment has had no impact on the Fund.
This amendment became effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
The amendments clarify when an entity can offset financial assets and financial liabilities. This amendment would result in the Fund no longer offsetting two of its master netting arrangements. This amendment has had no impact on the Fund.
This amendment became effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.
Recoverable Amount Disclosures for Non–Financial Assets (Amendment to IAS 36)

The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash–generating unit to which significant goodwill or indefinite–lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed. This amendment has had no impact on the Fund.
The amendments were applicable retrospectively for annual periods beginning on or after 1 January 2014 with early adoption permitted.

Standards issued but not yet effective
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Fund are set out below. The Fund does not plan to adopt these standards early. These will be adopted in the period that they become mandatory or/ and effective.

IFRS 14 Regulatory Deferral Accounts
IFRS 14 provides guidance on accounting for regulatory deferral account balances by first–time adopters of IFRS. To apply this standard, the entity has to be rate–regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.
The standard is effective for financial reporting years beginning on or after 1 January 2016 with early adoption permitted. The adoption of these changes will not have a material impact on the financial statements of the Fund.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted. The adoption of these changes will not have a material impact on the financial statements of the Fund.
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue–based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue–based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted. The adoption of these changes will not have a material impact on the financial statements of the Fund.
Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures.
The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted. The Fund is still assessing the potential impact this standard will have on recognition and disclosures.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted. The Fund is still assessing the potential impact this standard will have on recognition and disclosures.

Disclosure Initiative (Amendments to IAS 1)
The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to of the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted. The Fund is still assessing the potential impact this standard will have on recognition and disclosures.

IFRS 15 Revenue from contracts with customers
This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC–31 Revenue – Barter of Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract–based five–step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Fund, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Fund is still assessing the potential impact this standard will have on recognition and disclosures.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS.
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendment to IFRS 10 Consolidated Financial Statements clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to IFRS 12 Disclosure of Interests in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 Investments in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non–investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted.

IFRS 9 Financial Instruments
On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

(u) Comparatives
Where necessary, comparative figures are adjusted to conform to changes in presentation in the current year as shown below;

i. Interest transfer to members
The interest transfer to members has been presented on

the face of Statement of Changes in Net Assets Available for Benefits rather than being presented under the Statement of Changes in Members' Funds and Reserves.

ii. **Trade and other receivables** Certain loans have been reclassified from trade and other receivables to loans and advances as shown in the table below;

	2014 UShs.'000
Discount on staff loans	(1,250,442)
Staff advances	499,544
Net impact to loans and advances, and trade receivables	(750,898)

4. Determination of Fair Value

The fair value of both financial/non–financial assets and fair values have been determined for measurement and/or disclosure purposes based on the methods below;

i. **Investment properties –** The Fund uses an external independent valuation company with recognized professional qualification experience and values the Fund's investment properties after every two years (previously on an annual basis). The fair values are based on the market conditions being the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date. In the absence of an active price in an active market, the values are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. The yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

ii. **Investment in debt and equity securities –** The fair value of financial assets at fair value through profit or loss, held–to–maturity investments and available for sale is determined by reference to their quoted bid price at the reporting date. The fair value–of–held to maturity investments is determined for disclosure purposes only.

iii. **Trade and other receivables –** The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value of trade and other receivables is determined at initial recognition and for disclosure purposes only.

5. Interest Income

	2015 UShs. '000	2014 UShs. '000
Interest income on short term deposits with Commercial Banks	83,002,603	107,982,217
Interest income on Government bonds held to maturity	429,310,880	338,784,799
Interest income on call deposits made by Fund managers	11,554	46,804
Interest income on corporate bonds held–to–maturity	18,861,854	14,460,542
Interest income on loans measured at amortisation cost	8,010,574	8,454,159
Total Interest Income	**539,197,465**	**469,728,521**

6. Rental Income

	2015 UShs. '000	2014 UShs. '000
Workers House	5,959,849	6,031,647
Social Security House	2,055,783	2,251,584
Service Charge	1,645,268	3,052,847
Others	604,201	365,532
Total Rental Income	**10,265,101**	**11,701,610**

This relates to rental income earned from investment properties (refer to Note 24) owned by the Fund, and rented out to tenants for commercial purposes. Tenants are charged rental fees based on the square metres occupied at agreed rental charges as specified in the tenancy agreements.

7. Dividend Income

	2015 UShs. '000	2014 UShs. '000
Stanbic Bank Uganda Limited	1,740,891	1,600,732
Bank of Baroda (Uganda) Limited	124,891	131,675
New Vision Printing and Publishing Company Limited	525,000	525,000
DFCU Limited	10,277,333	525,912
Safaricom Kenya Public Limited Company	4,993,970	3,361,017
UMEME Limited	6,696,788	4,946,725
Equity Group Holdings Limited	117,931	90,771
Kenya Commercial Bank (KCB)	2,348,672	52,237
Bank of Kigali	3,109,256	–
Other dividend income earned from Fund managers	3,758,993	1,664,207
Total Dividend Income	**3,758,993**	**1,664,207**

8. Other Operating Income

	2015 USh. '000	2014 USh. '000
Gain on disposal of Property and Equipment	216,658	346,186
Loss on disposal of investment property	(595,000)	–
Clearance Fees	9,362	11,075
Miscellaneous Income	132,920	375,900
Fair value gain on equity investments held for trading	14,709,202	11,679,788
Gain on disposal of equity investments held for trading	–	111,437
Accruals for legal and related costs no longer required	–	448,539
Notional (expense)/ income on staff loans	(80,944)	70,001
Fines and penalties from defaulting employers (Note 32(b))	4,562,110	7,090,902
Fair value gain on investment property	5,900,000	12,197,330
Foreign exchange gains	151,922,256	2,696,781
	169,776,564	**42,027,939**

Miscellaneous income is majorly made up of fees from sale of bid documents and insurance claims.
Foreign exchange gains arose from appreciation of foreign currencies against the Uganda Shilling which affected monetary foreign denominated assets and liabilities.

9. Administrative Expenses

	2015 USh. '000	2014 USh. '000
Staff Costs (Note 9a)	30,620,840	29,559,137
Staff Medical Insurance	810,189	855,426
General Staff and training expenses	1,951,932	1,588,925
Advertising and Promotion	5,038,131	3,564,482
Auditors' Remuneration	152,071	171,080
Bank Charges and Commission	15,435	140,947
Board Expenses	356,159	376,125
Cleaning Expenses	162,779	254,798
IT Connectivity and Internet	581,728	513,459
Directors' Allowances	505,945	391,500
Proffessional Fees	2,084,362	1,224,703
Legal Fees	1,096,040	1,573,432
Motor vehicle fuel costs, maintenance and repairs	619,569	795,753
Printing and Stationary	606,856	492,798
Subscriptions	243,560	218,716
Telefone, Fax, Telex and Post	505,248	427,196
Travel and Substinence Costs	2,192,803	1,844,035
Commission and brokerage Fees	4,514,845	580,990
Uganda Retirement Benefits Regulatory Authority annual levy	–	1,150,000
Other admonostrative Expenses	16,043	150,155
	52,074,535	**45,873,657**
Staff Costs		
Leave Pay	372410	399,137
Overtime Expenses	122,149	51,723
Salaries and Wages	25,080,566	24,155,480
Social Securiy Contributions	2,662,914	2,632,265
Contributions to the Staff Provident Fund	1,807,104	1,808,688
Gratuity	512,697	511,844
	30,620,840	**29,559,137**

10. Other Operating Expenses

	2015 USh. '000	2014 USh. '000
Rent and Rates	3,778,012	3,769,936
Electricity and Water	1,438,511	1,665,337
Repairs and Maintenance	2,339,465	6,589,616
Insurance	1,132,545	893,266
Security Expenses	702,665	637,398
Research and Library Expenses	485,637	163,318
Fund manager Expenses	24,712	–
Impairment loss provision for bad debts	3,248,636	4,139,339
	13, 150,183	**17,858,210**
a) Impairment Loss Provision for Bad debts		
Loan due from Uganda Clays Limited (Note 19)	3,248,636	2,884,367
Rent Receivable (Note 16)	–	1,254,972
	3,248,636	**4,139,339**

11. Surplus Before Tax

Surplus before tax is arrived at after charging/(crediting):

	2015 USh s. '000	2014 USh s. '000
Amortisation of intangible assets (Note 25)	1,724,404	1,686,790
Depreciation of property and equipment (Note 26)	1,859,644	1,216,408
Gains on disposal of property and equipment	(216,658)	(346,186)
Loss on Disposal of investment property	595,000	–
Auditors' Remuneration	152,071	171,080
Directors Emoluments	505,945	391,500
Staff Costs	30,620,840	29,559,137
Unrealised Foreign Exchange (gains)/ losses	(149,744,943)	4,210,390
Provision for Bad and Doubtful debts	3,248,636	4,139,771
Fair value gains from equity investments at FVTPL	(48,438,003)	(60,319,956)
Fair value gains from equity instruments held for trading	(142,925,242)	(11,679,788)
Fair value gain on nvestment property	5,900,000	12,197,330
Fair value (loss)/ gain on capital work in progress	**(7,000,000)**	**7,000,000**

12. Tax

a) Income tax expense

The income tax expense relates to withholding tax deducted at source from interest on investments in treasury bills and bonds as a final tax as per Income Tax Act section 122(a). No other income tax is charged because the Fund had accumulated trading losses amounting to UShs. 702 Billion as at 30 June 2015 (2014: UShs. 514 Billion).

The tax on the Fund's surplus after interest to member's Funds differs from the theoretical amount that would arise using the basic rate of 30% as follows:

	2015 UShs. '000	2014 UShs. '000
Tax Calculated at 30%	221,464,852	159,214,186
Effect of expenses related to income tax at source	86,390,867	44,151,541
Effect of interest expense transferred to Members' Funds	(156,530,747)	(107,843,972)
Effect of income taxed at source	(144,480,235)	(127,487,129)
Effect of non–taxable income	(2,646,776)	(3,274,862)
Effect of other non–deductibleexpenses	395,170	98,137
Deffered tax prior year over provision	(44,944,051)	(9,801,951)
Unrecognised Deffered tax credit	40,350,920	44,944,050
Unrecoverable witholding tax deducted at source	90,433,851	78,297,276
Statement of Comprehensive Income Tax Charge	**90,433,851**	**78,297,276**

b) Deferred income tax asset

Deferred income tax is calculated on all temporary differences under the liability method using the principal tax rate of 30% (2014: 30%).

	At 30 June 2014 UShs. '000	Movement for the year UShs. '000	At 30 June 2015 UShs. '000
Deffered Tax Asset			
Unrealized foreign exchange losses	(8,690,546)	(20,656,301)	(29,346,847)
Provision for impairment loss on trade and other receivables	(7,734,749)	(971,417)	(8,706,166)
Bonus Provision	–	(1,175,910)	(1,745,910)
Tax losses carried forward	(154,100,650)	(56,592,491)	(210,693,141)
	(170,525,945)	**(79,396,119)**	**(249,922,064)**
Deffered Tax Liabilities			
Unrealized foreign exchange gains	4,833,490	65,579,784	70,413,274
Fair value gains on investment properties	67,653,577	(330,000)	67,323,577
Fair value changes on equity investments	47,025,840	14,531,401	61,557,241
Unrealized gains in investments with Fund managers	3,503,936	4,412,761	7,916,697
Accelerated depreciation	2,565,051	(204,696)	2,360,355
	125,581,894	**83,989,250**	**209,571,144**
Net Income deffered tax asset	**(44,944,051)**	**4,593,131**	**(40,350,920)**

	At 30 June 2013 UShs. '000	Movement for the year UShs. '000	At 30 June 2014 UShs. '000
Deffered Tax Asset			
Unrealized foreign exchange losses	(5,120,173)	(3,570,373)	(8,690,546)
Provision for impairment loss on trade and other receivables	(6,492,947)	(1,241,802)	(7,734,749)
Tax losses carried forward	(93,890,060)	(60,210,590)	(154,100,650)
	(150,503,180)	**(65,022,765)**	**(170,525,945)**
Deffered Tax Liabilities			
Unrealized foreign exchange gains	–	4,833,490	4,833,490
Fair value gains on investment properties	63,994,378	3,659,199	67,653,577
Fair value changes on equity investments	28,929,853	18,095,987	47,025,840
Unrealized gains in investments with Fund managers	–	3,503,936	3,503,936
Accelerated depreciation	2,774,665	(209,614)	2,565,051
	95,698,896	**29,882,998**	**125,581,894**
Net Income deffered tax asset	**(9,804,284)**	**(35,139,767)**	**(44,944,051)**

The net income deferred tax asset of UShs. 40.3 Billion (2014: UShs. (44.9) Billion) has not been recognised in these financial statements because it is not probable that future taxable profit will be available against which the Fund can use the benefits therefrom. Despite the Fund making surplus earnings, Section 22(1) and 25 of the Income Tax Act allows a deduction of interest incurred during the year of income in respect of a debt obligation. In addition, the Fund obtained a ruling from Uganda Revenue Authority in 2001 advising that interest paid to members is tax deductible. The Fund follows this ruling when preparing income tax computations and it is unlikely that the Fund will have taxable profits against which the deferred income tax asset can be utilised.

c) Tax deposit receivable

	2015 UShs. '000	2014 UShs. '000
Tax deposit receivable	**221,464,852**	**159,214,186**

As disclosed under Note 35(b), the Fund received an assessment for tax from URA on 15 April 2013 which it disputed. In accordance with the Income Tax Act the Fund was required to pay 30% of the assessed tax before proceeding to court. The directors believe that this amount is recoverable as the deposit will either be reFunded in the event of a succeNSSFul outcome, or applied toward the tax obligation in the event that the Fund is not succeNSSFul in its court case.

13. Cash and Bank Balances

	2015 UShs. 000	2014 UShs. 000
Barclays Bank of Uganda Limited	151,572	732,604
Citibank Uganda Limited	1,646,716	299,578
Housing Finance Uganda Limited (Note 34)	22,816	614,616
Stanbic Bank Uganda Limited	2,866,410	3,247,590
Standard Chartered Bank Uganda Limited	5,063,290	8,541,938
KCB Rwand Francs Custodian	3,044,034	–
Imperial Bank Limited	11,957	–
Ecobank Uganda Limited	199,195	225,212
Bank of Africa	78,104	205,424
Crane Bank Limited	141,045	2,483
Centenary Bank	444,616	476,937
DFCU Bank Limited	37,237	45,194
United Bank for Africa	217,617	30,401
Orient Bank Limited	15,906	2,087
Global Trust Bank	5,474	6,578
Tropical Bank –collection account	353	18,453
Bank of Baroda Uganda Limited–collection account	46,148	124,801
Cash at hand	71,847	60,570
	14,064,337	**14,634,466**

Collecting banks are required to transfer amounts collected at the end of every week to the Fund's custodian Standard Chartered Bank. There are no transfer charges and the banks do not pay interest on amounts held to the Fund except for Standard Chartered Bank, Citibank and Stanbic Bank which pay interest at the rates of 7%, 5% and 1% respectively. The fair value of the cash and bank balances is equal to its carrying amount.

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the above cash and bank balances.

14. Deposits with Commercial Banks

	2015 % in Class	2014 % in Class	2015 UShs. 000	2014 UShs. 000
Barclays Bank of Uganda Limited	5.0	–	12,519,360	–
Bank of Baroda Uganda Limited	8.9	23.5	22,261,186	160,048,554
Post Bank Uganda Limited	4.2	–	10,573,925	–
Cairo International Bank Limited	–	1.4	–	9,614,746
Global Trust Bank Limited	–	2.6	–	17,599,110
Crane Bank Limited	36.3	28.7	91,173,646	195,598,634
DFCU Bank Limited	10.7	9.9	26,917,918	67,806,535
Diamond Trust Bank Uganda Limited	–	1.6	–	10,740,189
Housing Finance Bank Limited (Note 34)	–	9.8	–	66,666,176
Orient Bank Limited	10.2	7.9	25,521,721	53,645,140
Standard Chartered Bank Uganda Limited	16.9	4.4	42,359,829	29,794,221
Tropical Bank Limited	–	0.8	–	5,501,442
Finca Uganda Limited	2.5	–	6,237,297	–
Equity Bank Uganda Limited	–	0.8	–	5,202,137
Deposit with Banks by Fund Managers	–	0.1	–	404,481
Imperial Bank Limited	–	2.0	–	13,589,405
KCB Bank Uganda Limited	–	5.4	–	36,620,230
Uganda Finance Trust Limited	4.1	1.4	10,413,148	9,239,805
Guarantee Trust Bank	1.2	–	3,089,879	–
	100	**100**	**251,067,909**	**682,070,805**

The deposits with commercial banks are analysed as follows:

Amounts due within three (3) months	35,047,004	93,545,656
Amounts due after three (3) months	216,020,905	588,525,149
	251,067,909	**682,070,805**

The change in the bank deposits during the year was as follows;

	2015 UShs. 000	2014 UShs. 000
At 1 July	682,070,805	731,954,095
New placements / deposits	908,058,993	1,048,961,370
Maturities	(1,319,057,666)	(1,089,488,400)
Interest accrued	72,154,895	107,982,217
Interest received	(92,320,147)	(119,084,912)
Foreign exchange gains	161,029	1,746,435
At 30 June	**251,067,909**	**682,070,805**

The deposits are carried at amortised cost and made for varying periods of between 1 and 365 days depending on the cash requirements of the Fund. The weighted average effective interest rate on deposits with commercial banks as at 30 June 2015 was 15.55% (2014: 16.45%).

15. Equity Securities (Held–For–Trading)

	2015 UShs. 000	2014 UShs. 000
STANLIB Uganda Ltd	43,952,171	35,601,088
Pinebridge Investments	46,182,000	37,717,465
Total	**90,134,171**	**73,318,553**

The investments in securities held–for–trading are equity investments managed by the Fund Managers, Stanlib and Pinebridge Investments. The Fund Managers have the mandate to make investments at their discretion but in compliance with the Fund's investment policy.

	% in Class		Number of shares held		Market Value	
	2015	2014	2015	2014	2015 UShs.'000	2014 UShs.'000
Uganda Securities Exchange						
Stanbic Bank (U) Ltd	25.7	28.7	94,758,530	94,758,530	3,127,032	2,842,756
DFCU Bank	40.4	33.4	5,435,580	2,717,790	4,902,893	3,315,704
New Vision Group	10.8	13.2	2,185,857	2,185,857	1,311,514	1,311,514
UMEME Ltd	8.3	8.2	2,143,164	2,143,164	1,007,287	814,402
Uganda Clays Limited	1.4	1.9	9,575,568	9,575,568	172,360	191,511
Bank of Baroda (Uganda)	13.4	14.5	12,525,000	12,525,000	1,628,250	1,440,375

	% in Class		Number of shares held		Market Value	
	2015	2014	2015	2014	2015 UShs.'000	2014 UShs.'000
	100	**100**			**12,149,336**	**9,916,262**
Nairobi Stock Exchange						
BAT Kenya Ltd	11.3	10.3	283,700	283,700	7,208,040	5,570,940
Safaricom	11.5	9.1	13,000,000	13,000,000	7,332,446	4,897,079
Kenya Commercial Bank	7.8	7.6	2,650,974	2,650,974	4,999,284	4,090,723
East African Breweries Ltd	11.7	11.4	719,466	719,466	7,499,348	6,160,573
Bamburi Cement ltd	3.8	4.5	460,745	460,745	2,432,882	2,425,684
Equity Group Holdings Limited	6.9	7.4	2,732,042	2,852,042	4,449,596	3,969,522
NIC Bank Limited	5.2	5.3	1,826,589	1,644,128	3,350,688	2,860,407
Barclays Bank Kenya	2.5	2.8	3,000,800	3,005,800	1,599,952	1,518,801
Athi River Mining	4.1	4.5	1,026,025	994,025	2,638,510	2,406,089
Nation Media Group	3.3	5.4	310,712	310,712	2,120,073	2,914,366
Diamond Trust Bank	10.3	10.4	853,475	775,887	6,613,614	5,634,224
Standard Chartered Bank	2.4	2.6	148,317	148,317	1,515,468	1,386,672
Centum Investments (ICDC)	2.5	1.7	720,690	720,690	1,618,562	899,491
Kenya Power & lighting	2.8	1.9	2,830,750	2,550,750	1,781,054	1,026,465
WPP Scan group ltd	1.3	1.2	565,600	457,100	829,058	632,742
Diamond Trust Bank Rights	0.0	0.1	–	57,456	–	57,803
Co–operative Bank	3.0	2.8	2,615,386	2,615,386	1,950,449	1,527,276
CFC Stanbic Holdings	4.7	5.6	773,000	773,000	3,021,510	3,017,127
Britam	1.7	1.7	1,550,000	1,550,000	1,089,495	933,274
I&M Holdings Ltd	1.9	2.3	299,400	299,400	1,201,095	1,250,130
Kenya Airways	0.6	0.8	1,428,000	1,428,000	359,878	447,194
TPS Serena Ltd	0.5	0.5	247,013	247,013	296,434	257,848
Kenol Kobil Ltd	0.2	0.2	400,000	400,000	115,893	105,899
	100	**100**			**64,023,329**	**53,990,329**
Dar es Salaam Stock Exchange						
Tanzania Breweries Ltd	77.7	74.8	460,000	460,000	10,853,424	7,039,251
CRDB Bank Plc	21.9	25.2	4,700,000	4,700,000	3,059,136	2,372,711
CRDB BANK PLC–RIGHTS 6/2015	0.4	–	940,000	–	48,946	–
	100	**100**			**13,961,506**	**9,411,962**

The change in held–for–trading investments during the year were as follows;

	2015 UShs. 000	2014 UShs. 000
As at 1 July	**73,318,553**	**35,313,327**
Purchases	920,750	25,512,569
Disposals	(164,458)	(274,093)
Fair value gain	14,709,202	11,679,788
Foreign exchange gain	1,350,124	1,086,962
As at 30 June	**90,134,171**	**73,318,553**

The trading prices at the last date of trading for the years ended 30 June 2015 and 2014 were as follows:

	2015			2014		
	UShs.	KShs.	Tshs.	UShs.	KShs.	Tshs
Stanbic Bank (U) Ltd	33.00	–	–	30.00	–	–
DFCU Bank	902.00	–	–	1,220.00	–	–
New Vision Group	600.00	–	–	600.00	–	–
UMEME Ltd	470.00	–	–	380.00	–	–
Uganda Clays Limited	18.00	–	–	20.00	–	–
Bank of Baroda (Uganda)	130.00	–	–	115.00	–	–
British American Tobacco Uganda	8,525.00	–	–	6,515.00	–	–
BAT Kenya Ltd	25,407.26	15.55	–	19,636.73	649.00	–
Safaricom	564.03	–	–	376.70	12.45	–
Kenya Commercial Bank	1,885.83	199.00	–	1,543.10	51.00	–
East African Breweries Ltd	10,423.49	226.00	–	8,562.70	283.00	–
Bamburi Cement ltd	5,280.32	298.00	–	5,264.70	174.00	–
Equity Group Holdings Limited	1,628.67	65.50	–	1,391.82	46.00	–
NIC Bank Limited	1,834.40	18.35	–	1,739.77	57.50	–
Barclays Bank Kenya	533.18	42.75	–	505.29	16.70	–
Athi River Mining	–	–	–	2,420.55	80.00	–
Nation Media Group	6,823.27	21.75	–	9,379.64	310.00	–
Diamond Trust Bank	7,749.04	114.00	–	7,261.66	240.00	–
Standard Chartered Bank	10,217.76	20.50	–	9,349.38	309.00	–
Centum Investments (ICDC)	2,245.85	117.00	–	1,248.10	41.25	–
Kenya Power & lighting	629.18	741.00	–	402.42	13.30	–
WPP Scan group ltd	1,465.80	16.45	–	1,384.25	45.75	–
Diamond Trust Bank Rights	–	–	–	1,006.04	33.25	–
Co–operative Bank	745.76	304.00	–	583.96	19.30	–
CFC Stanbic Holdings	3,908.81	154.00	–	3,903.14	129.00	–
Britam	702.90	47.50	–	602.11	19.90	–

	2015			2014		
	UShs.	KShs.	Tshs.	UShs.	KShs.	Tshs
I&M Holdings Ltd	4,011.67	53.50	–	4,175.45	138.00	–
Kenya Airways	252.02	7.00	–	313.16	10.35	–
TPS Serena Ltd	1,200.07	35.00	–	1,043.86	34.50	–
Kenol Kobil Ltd	289.73	8.00	–	264.75	8.75	–
Tanzania Breweries Ltd	52.07	–	32.00	15,302.72	–	9,700.00
CRDB BANK PLC – RIGHTS 6/2015	650.88	–	400.00	–	–	–
CRDB Bank Plc	23,594.40	–	14,500.00	504.83	–	320.00

16. Trade and Other Receivables

	2015 UShs. 000	2014 UShs. 000
Prepayments	2,497,552	1,562,788
Staff advances	195,483	182,308
Trade receivables	8,973,910	8,117,311
Contributions receivable	889,095	1,021,943
Rent receivable	2,181,118	3,149,352
VAT (payable)/ recoverable	(420,194)	1,110,052
Cash advances to Fund Managers	2,088,201	915,224
Dividends receivable	16,855,150	12,825,639
Deferred staff loan expense	1,331,386	1,250,442
Provisions for impairment loss	(7,667,783)	(7,667,783)
	26,923,918	**22,467,276**

The staff advances are interest free and repayable within one month through payroll deductions. The contributions receivable relate to cheque payments in previous years (2011) that were not honoured and fully recognised as a receivable.

Provisions for impairment loss is analysed as follows:–	**UShs. 000**
At 1 July 2013	**6,412,811**
Charge for the year	1,254,972
Utilised	–
Unused amounts reversed	–
At 30 June 2014	**7,667,783**
Charge for the year	–
Utilised	–
Unused amounts reversed	–
At 30 June 2015	**7,667,783**

The provision relates to the trade receivable, contributions receivable, and rent receivable accounts. The carrying amount for trade receivables reasonably approximate its fair value due to the short term nature of the receivables.

17. Investments in Securities Held–to–Maturity

	2015 % in Class	2014 % in Class	2015 UShs. 000	2014 UShs. 000
Treasury bonds	96.4	94.9	3,720,562,497	2,649,550,032
Corporate bonds	3.6	5.1	138,837,835	143,185,175
	100	**100**	**3,859,400,332**	**2,792,735,207**
The investments are analysed as follows:				
Maturing within 3 months			64,998,988	205,756,417
Maturing after 3 months but within 1 year			162,131,426	276,283,330
Maturing after 1 year			3,632,269,918	2,310,695,460
			3,859,400,332	**2,792,735,207**

The change in Held–to–Maturity investments during the year were as follows;

	2015 UShs. 000	2014 UShs. 000
As at 01 July	**2,792,735,207**	**1,990,125,710**
Purchases	1,318,746,814	1,198,171,798
Maturities	(358,933,563)	(425,858,902)
Interest accrued	371,669,140	353,245,341
Interest received	(362,772,044)	(326,756,009)
Foreign exchange gains	97,954,778	3,807,269
As at 30 June	**3,859,400,332**	**2,792,735,207**

The yield rates on the treasury bonds ranged from 10.75% to 21% (2014: 10.25% to 14.35%) and the treasury bonds mature between 1 to 15 years. The interest rates for corporate bonds ranged from 10.94% to 14.7% (2014: 11.03% to 17%) and the corporate bonds mature between 1 to 8 years.

18. Equity Investments at Fair–Value through Profit or Loss

	2015 % in Class	2014 % in Class	2015 % Held	2014 % Held	2015 UShs. 000	2014 UShs. 000
Bank of Baroda (Uganda) Limited	0.9	2.3	2.00	2.00	6,494,313	5,744,969
DFCU Limited	3.6	7.2	5.93	5.93	26,597,868	17,987,471
Centum Investments Limited	1.3	2.1	0.73	0.73	9,640,400	5,187,600
Stanbic Bank Uganda Limited	4.7	12.5	2.05	2.05	34,588,468	31,444,062
New Vision Printing and Publishing Company Limited	1.2	3.6	19.61	19.61	9,000,000	9,000,000
Umeme	14.8	35.0	14.27	14.27	108,909,702	88,054,653
Safaricom Kenya Public Co. Ltd	18.3	35.7	0.60	0.60	134,353,012	89,729,583
Equity Group Holdings Limited	20.5	1.1	2.50	0.03	150,678,495	2,783,639
Kenya Commercial Bank	15.6	0.5	2.05	0.05	114,790,411	1,342,498
Tanzania Breweries Ltd	11.2	–	1.19	–	82,580,400	–
Bank of Kigali	7.7	–	6.32	–	56,637,064	–
	100	**100**			**734,270,133**	**251,274,475**

All the above equity investments are traded on the Uganda Security Exchange (USE) except for Safaricom, KCB, and Equity Group which are traded on the Nairobi Stock Exchange (NSE), Tanzania Breweries which is traded on the Dar es Salaam Stock Exchange (DSE) and Bank of Kigali which is traded on the Rwanda Stock Exchange (RSE). The trading prices at the last date of trading for the years ended 30 June 2015 and 2014 were as follows:

	2015				2014	
	UShs.	KShs.	Tshs.	Rwf.	UShs.	KShs.
Bank of Baroda (Uganda) Limited	130.00	–	–	–	115.00	–
DFCU Limited	902.00	–	–	–	1,220.00	–
Centum Investments Limited	2,245.85	65.50	–	–	1,248.10	41.25
Stanbic Bank Uganda Limited	33.00	–	–	–	30.00	–
New Vision Printing and Publishing Company Limited	600.00	–	–	–	600.00	–
Umeme	370.00	–	–	–	380.00	–
Safaricom Kenya Public Co. Ltd	564.03	16.45	–	–	376.70	12.45
Equity Group Holdings Limited	1,628.67	47.50	–	–	1,543.10	51.00
Kenya Commercial Bank	1,885.83	55.00	–	–	1,391.82	46.00
Tanzania Breweries Ltd	23,594.40	–	14,500.00	–	–	–
Bank of Kigali	1,332.64	–	–	289.00	–	–

During the year, the Fund purchased the following shares;

	Currency	Shares	Share Price	Exchange Rate	Cost USh. 000
Equity Group Holdings Limited	KShs.	90,516,255	50.00	31.35	141,864,126
Kenya Commercial Bank	KShs.	6,000,000	58.35	32.26	11,292,714
Kenya Commercial Bank	KShs.	42,330,000	58.50	31.79	78,733,763
Kenya Commercial Bank	KShs.	6,511,100	60.00	32.84	12,830,068
Kenya Commercial Bank	KShs.	5,158,900	61.00	31.84	10,020,548
Bank of Kigali	Rwf.	32,500,000	260.00	3.91	33,036,738
Bank of Kigali	Rwf.	10,000,000	285.00	4.10	11,685,000
Tanzania Breweries Ltd	TShs.	1,000,000	14,500.00	1.57	22,740,350
Tanzania Breweries Ltd	TShs.	2,500,000	14,750.00	1.57	57,831,061
					380,034,368

The change in the equity investments during the year was as follows:

	2015 UShs. 000	2014 UShs. 000
At 1 July	**251,274,475**	**153,851,580**
Acquisition of new shares	380,034,368	38,683,163
Bonus issue	9,583,489	–
Change in fair value	48,438,003	60,319,956
Foreign exchange gains / (losses)	44,939,798	(1,580,224)
At 30 June	**734,270,133**	**251,274,475**

The Fund's investment in equities that are designated at fair value through profit or loss represent equities for which there is an active market and where the Fund holds less than 20% of the voting rights of the investee companies and the Fund does not have significant influence over the financial and operating decisions of the investee companies.

19. Loans and Advances

	2015 UShs. 000	2014 UShs. 000
DFCU Limited	–	519,352
Uganda Clays Limited (Note 34)	21,352,771	18,104,135
Housing Finance Bank Limited (Note 34)	33,333,333	37,019,686
Staff loans	2,462,090	3,037,016
	57,148,194	**58,680,189**
Discount on staff loans	(1,331,386)	(1,250,442)
	55,816,808	**57,429,747**
Provision for Uganda Clays Limited loan	(21,352,771)	(18,104,135)
	34,464,037	**39,325,612**

The provision for Uganda Clays Limited loan is analysed as follows;

	UShs. 000
At 1 July 2013	**15,219,768**
Charge for the year	2,884,367
Utilised	–
At 30 June 2014	**18,104,135**
Charge for the year	3,248,636
Utilised	–
At 30 June 2015	**21,352,771**

The change in the loans and advances during the year was as follows:

	2015 UShs. 000	2014 UShs. 000
At 1 July	**39,325,612**	**45,299,537**
Placements/(disbursements)	–	–
Maturities (proceeds from maturing loans)	(9,621,361)	(9,542,376)
Interest Accrued	8,089,217	8,454,158
Provisions for Bad Debts during the year	(3,248,636)	(2,884,367)
Fair value adjustment	(80,795)	(2,001,340)
At 30 June	**34,464,037**	**39,325,612**

The loan to DFCU Limited matured during the year and was fully repaid.

The loan to Uganda Clays Limited which was granted on 29 December 2010 is unsecured and is repayable within 96 months in equal monthly instalments commencing after a grace period of two years (effective 27 December 2013).

The loan has a fixed interest rate of 15%, plus a penalty default surcharge of 2%. For the six months period to 30 June 2015, Uganda Clays Limited made a loss before tax of UShs. 1,866 million, however, the current assets exceeded the current liabilities by UShs. 3,225 million as at 30 June 2015. The Company has experienced financial problems since the loan was disbursed and no loan repayment has been received as at 30 June 2015. The loan has therefore been fully impaired as recovery procedures continue to be enforced.

Housing Finance Bank Limited (the bank) has two loan facilities with the Fund of UShs. 25 Billion at a rate of 11.5% (2014: 11.5%) and UShs. 22.5 Billion at a rate of 15.5% (2014: 15.5%) respectively. The Loans were granted on 25 February 2011 and 16 October 2009 respectively. The loan of UShs. 25 Billion is repayable over a period of 15 years while that of UShs. 22.5 Billion is repayable over 10 years. Instalments are due on a quarterly basis after a grace period of 24 months from the date of the first disbursement. During the grace period, interest accrued is payable. The loans are secured by the bank's property on Plot 25, Kampala Road and identifiable and performing condominium mortgage book portfolio worth at least UShs. 10 Billion of present and future assets representing 25% of the loan sum for the duration of the loan agreement.

In addition, a lien imposed at all times on the government securities owned and held by the bank with a total value of at least UShs. 10 Billion representing 25% of the loan sum. The reported amount represents the carrying amount as at year–end.

The staff loans are loans issued by the Fund to its employees at a discounted interest rate of 6.5% (2014: 6.5%). The loans are issued to employees to acquire/construct houses. The loans are secured by the acquired houses and are to be paid over a period of 15 to 20 years. As at 30 June 2015, the average market rate for mortgages was 18% (2014: 17.1%).

All the above loans and advances are measured at amortised cost with exception of the staff loans which are marked to market. Management assessed all loans outstanding as at 30 June 2015 for indicators of impairment and determined that no loans exhibited signs of impairment and as such no provision for impairment loss has been made with exception of the Uganda Clays Limited loan which has been fully impaired.

Based on the impairment provision, the carrying value of the loans and advances reasonably approximates the fair value.

20. Inventories

	2015 UShs. 000	2014 UShs. 000
Consumables and stationery	**853**	**2,910**

This relates to consumables and stationery maintained by the Fund for day to day operations.

21. Investments in Associates

	Housing Finance Bank Limited UShs. 000	Uganda Clays Limited UShs. 000	TPS Uganda Limited UShs. 000	Total UShs. 000
At 1 July 2013	**53,981,153**	**13,739,037**	**5,423,012**	**73,143,202**
Share of profit/(loss)	1,592,824	(1,800,142)	880,034	672,716
Less: dividends	(1,935,917)	–	(384,793)	(2,320,710)
At 30 June 2014	**53,638,060**	**11,938,895**	**5,918,253**	**71,495,208**
Share of profit/(loss)	5,497,030	(997,496)	1,154,548	5,654,082
Less: dividends	(1,277,022)	–	(979,478)	(2,256,500)
At 30 June 2015	**57,858,068**	**10,941,399**	**6,093,323**	**74,892,790**

As at 30 June 2015, the Fund had shareholding of 50%, 32.52% and 13.99% in the issued share capital of Housing Finance Bank Limited, Uganda Clays Limited and TPS Uganda Limited respectively. These investments have been accounted for under the equity method. The Fund retained representation on the Board of Directors of TPS subsequent to share dilution in 2013 thus retaining significant influence. As such, the investment in TPS Uganda Limited continues to be accounted for as an investment in associate.

The Fund's 50% holding in Housing Finance Bank Ltd does not give it a controlling interest nor does it give a joint control and as such the investment continues to be accounted for as an associate.

Nature of activities of associate companies

Company	Nature of activities
Housing Finance Bank Limited	The Bank is engaged in the business of commercial banking and the provision of related services, and is licensed under the Financial Institutions Act, 2004.
Uganda Clays Limited	The principal activities of the company are the production and sale of a wide range of clay building products. The main items produced are roofing tiles.
TPS (Uganda) Limited	The principal activities of the company are that of operating and running a hotel facility in Uganda, serving the business and tourist markets.

21. Investments in Associates (Continued)

	Housing Finance Bank Limited	Uganda Clays Limited	TPS (Uganda) Limited
Principle place of business	Investment House, Plot 4 Wampewo Avenue, Kololo, P. O. Box 1539, Kampala	14 kms, Entebbe Road, Kajjansi, P. O. Box 3188, Kampala	SN Chambers, Plot 36 Nile Avenue, P. O. Box 7814, Kampala
Market price	Not listed, the trading prices for comparable Banks have been used to determine the fair value of the investment.	UShs. 18 per share	Not listed, the trading price of TPS (Kenya) Limited has been used to determine the fair value of the investment.

	Number of Shares Held		Price per Share		Fair Value	
	2015	2014	2015 UShs.	2014 UShs.	2015 UShs. 000	2014 UShs. 000
Housing Finance Bank	3,050,000	3,050,000	902	1,220	2,751,100	3,721,000
TPS (Uganda) Limited	19,500	19,500	1,208.64	1,043.86	23,569	20,355
Uganda Clays Limited	292,640,000	292,640,000	18	20	5,267,520	5,852,800
					8,042,189	**9,594,155**

The summary of the financial information for the investments in associates as at 30 June is as follows:

	Housing Finance Bank Limited		Uganda Clays Limited		TPS (Uganda) Limited	
	2015 UShs. 000	2014 UShs. 000	2015 UShs. 000	2014 UShs. 000	2015 UShs. 000	2014 UShs. 000
Current assets	179,871,114	161,193,631	10,032,220	10,720,615	17,838,652	13,612,809
Non–current assets	430,428,802	457,748,541	52,664,713	56,328,094	61,322,929	61,394,246
Current liabilities	357,825,538	353,487,528	6,807,467	13,593,191	9,211,209	7,139,327
Non–current liabilities	147,548,742	157,972,275	30,414,514	23,887,892	5,940,944	3,430,480
Revenue	93,551,067	91,121,673	22,523,755	20,766,935	46,851,839	44,814,777
Total comprehensive income/(loss) for the year	9,162,483	3,185,647	(4,165,606)	(6,697,605)	9,422,609	6,777,633
Percentage held	**50%**	**50%**	**32.52%**	**32.52%**	**13.99%**	**13.99%**

22. Other Investments

Victoria Properties Development Limited (VPDL) was incorporated in 2004 to develop the Fund's property at Lubowa for sale to the public. NSSF held a 50% equity interest in VPDL, through its wholly owned subsidiary, Premier Developments Ltd (PDL). VPDL borrowed US$ 1 million from Premier Developments Limited to finance its preliminary activities. VPDL entered into a contract for the design and supervision of the Lubowa Housing Project with M/s SBI, at a contract price of US$ 4.9 million, and paid the US$ 1 million borrowed from PDL to SBI to deliver preliminary designs.

PDL was later dissolved by the Constitutional Court, and in 2009, the shareholders of VPDL agreed to wind up the joint venture company and instead have an arm's length contract for design and supervision of the Lubowa Housing Project. The investment was therefore written off in 2009. The winding up/dissolution agreements and arm's length design/supervision contract were signed and the joint venture was finally wound up during the year. The Fund retained 100% ownership of the land, while the other party was retained to provide an arm's length contract for design and supervision of the Lubowa Housing Project.

23. Capital Work–In–Progress (CWIP)

	Arua UShs. 000	Lubowa UShs. 000	Lumumba UShs. 000	Others UShs. 000	Total UShs. 000
Cost					
At 01 July 2013	**2,330,000**	**235,611,325**	**–**	**65,076**	**238,006,401**
Additions	–	7,034,218	–	596,410	7,630,628
Transfers to intangible assets	–	–	–	(65,076)	(65,076)
Revaluation gains	–	7,000,000	–	–	7,000,000
At 30 June 2014	**2,330,000**	**249,645,543**	**–**	**596,410**	**252,571,953**
Additions		1,275,117		1,309,587	2,584,704
Transfers to computers	–	–	–	(1,362,859)	(1,362,859)
Reclassification from Investment property	–	–	64,447,309	–	64,447,309
Revaluation loss	–	(7,000,000)	–	–	(7,000,000)
At 30 June 2015	**2,330,000**	**243,920,660**	**64,447,309**	**543,138**	**311,241,107**
Provision for impairment					
At 30 June 2014/2015	**(2,330,000)**	**–**	**–**	**–**	**(2,330,000)**
Net carrying amount					
At 30 June 2015	**–**	**243,920,660**	**64,447,309**	**543,138**	**308,911,107**
At 30 June 2014	**–**	**249,645,543**	**–**	**596,410**	**250,241,953**

The Arua capital work–in–progress relates to construction costs for a hotel at the golf course. As at 30 June 2009, construction of the hotel was near completion but modalities of share of interest in the hotel had not been finalized with the trustees of the Arua Golf Club. The Fund has estimated to incur losses as a result of the delayed implementation of this joint venture and ownership structure of the joint venture. Due to uncertainties surrounding the recoverability of these amounts, the balance was fully impaired in 2008. Management is currently negotiating with the trustees of the Golf Club with a view of finalizing the joint venture arrangements.

The Lubowa capital work in progress relates to Lubowa Housing Project. The Fund contracted Soleh Boneh International (SBI) Holdings AG Uganda as the project designer and supervisor for the project. The fair value of the land at Lubowa was assessed by Ridgeline, certified professional valuer as at 30 June 2015 and a significant movement was noted in comparison to the year ended 30 June 2014. The movement has been accounted for in the financial statements.

The Fund completed Phase 1 of the development of Lumumba avenue and the property has been classified under capital work in progress. The fair value of this property under construction is not reliably determinable and is therefore carried at cost until completion.

24. Investment Properties

	Valuation at 30 June 13 UShs. 000	Additions UShs. 000	Disposal UShs 000	Change in Fair value UShs. 000	Valuation at 30 June 14 UShs. 000	Additions UShs 000	Reclassification to CWIP UShs. 000	Disposal UShs. 000	Change in Fair value UShs. 000	Valuation at 30 June 15 UShs. 000
Workers House	52,900,000	5,270	–	1,594,730	54,500,000	1,748,682	–	–	–	56,248,682
Plot 5 Mvule Rd Naguru	1,620,000	–	–	180,000	1,800,000	–	–	–	–	1,800,000
Land on Yusuf Lule Road	17,622,000	–	–	1,378,000	19,000,000	–	–	–	–	19,000,000
Independence Ave Arua	135,000	–	–	15,000	150,000	–	–	–	–	150,000
Land in Kisugu	185,000	–	–	10,000	195,000	–	–	–	–	195,000
Land in Kabale	225,000	–	–	5,000	230,000	–	–	–	–	230,000
Land in Jinja	535,000	–	–	25,000	560,000	–	–	–	–	560,000
Land in Tororo	125,000	–	–	65,000	190,000	–	–	–	–	190,000
Lumumba Avenue	58,918,326	3,467,282	–	–	62,385,608	2,061,701	(64,447,309)	–	–	–
Social Security House	21,015,000	42,150	–	4,942,850	26,000,000	–	–	–	–	26,000,000
Mbuya Property M65	2,840,000	–	–	260,000	3,100,000	–	–	(3,100,000)	–	–
Land in Mbuya	1,620,000	–	–	180,000	1,800,000	–	–	–	–	1,800,000
Land in Busiro Temangalo	12,165,000	–	–	3,435,000	15,600,000	–	–	–	5,900,000	21,500,000
Plot 16 Nakasero Rd (FRV 304)	–	8,093,250	–	106,750	8,200,000	–	–	–	–	8,200,000
Total	**169,905,326**	**11,607,952**	**–**	**12,197,330**	**193,710,608**	**3,810,383**	**(64,447,309)**	**(3,100,000)**	**5,900,000**	**135,873,682**

Investment properties comprise of land and buildings held to earn rental income and/or capital appreciation. The fair values of the Investment Properties were assessed by Ridgeline, certified professional valuer as at 30 June 2015 and no significant movements were noted except for Land at Temangalo in comparison to the year ended 30 June 2014. The movement in Temengalo land has been accounted for in the financial statements. In determining the fair values of investment properties, the valuer used the market approach by reference to the open market value which is the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of assessment.

In instances where the market value of a property could not be ascertained due to lack of information, the valuers adopted the cost approach which is based on the depreciated replacement cost. With this method, the values for buildings and other improvements are determined by calculating the present day replacement cost of putting up a similar and functional structure ready to provide the same facilities at the same place but depreciating them accordingly.
Changes in fair values are recognised as gains in profit or loss and included in 'other operating income'. All gains are unrealised except for Mbuya Property M65 that was disposed of during the year.

The impact of revaluing investment properties on profit for the year is UShs. 5.9 Billion (2014: 12.2) as disclosed in the table above which also shows the reconciliation of the movement in the carrying amount of the investment property between the opening and closing dates.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

	Significant unobservable inputs	Range (weighted average) 2015	Range (weighted average) 2014
Office properties	Estimated rental value per square meter per month	No material change in the fair value of office properties as assessed by the Fund's independent valuer.	UShs. 31,300 – UShs. 39,000 (UShs. 35,000)
	Rent growth per annum		2% – 3% (2.5%)
	Long–term vacancy rate		10% – 16% (13%)
	Discount rate		11%
Land & buildings	Price per square meter		UShs. 1,000,000 – UShs. 3,000,000

Valuation techniques for investment properties:

Land	**Market Approach** Land was valued by the sales comparison method on the basis of its unimproved state taking into account the various categories of existing and potential use. Other factors such as location, services, accessibility, and proximity to suppliers, inputs and markets were also taken into account. Attention was paid to the concept of 'Highest and Best Use' of property.
Buildings	**Cost Approach** Buildings, structures and services were valued at current replacement costs taking into account their depreciation.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The Fund generated rental income from its investment properties as shown below:

	2015 UShs. 000	2014 UShs. 000
Workers House	5,959,849	6,031,647
Social Security House	2,055,783	2,251,584
Others	604,201	365,532
Service charge	1,645,268	3,052,847
	10,265,101	11,701,610

The Fund incurred direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period as below;

	2015		
	Workers House UShs. 000	Social Security House UShs. 000	Total UShs. 000
Maintenance & repairs	743,031	623,315	1,366,346
Ground & property rent	183,107	73,790	256,897
Cleaning services	129,813	76,478	206,291
Security services	276,599	86,400	362,999
Electricity	731,962	348,492	1,080,454
Water	156,536	91,887	248,423
Total	2,221,048	1,300,362	3,521,410

	2014		
	Workers House UShs. 000	Social Security House UShs. 000	Total UShs. 000
Maintenance & repairs	2,596,556	996,894	3,593,450
Ground & property rent	184,336	74,690	259,026
Cleaning services	112,726	48,001	160,727
Security services	162,000	67,200	229,200
Electricity	835,657	363,159	1,198,816
Water	294,914	67,067	361,981
Total	4,186,189	1,617,011	5,803,200

The Fund incurred direct operating expenses (including repairs and maintenance) arising from investment properties which did not generate rental income during the period as shown below (no expenses were incurred on properties other than those indicated in the table below):

	2015			
	Land in Lubowa UShs. 000	Land in Busiro Temangalo UShs. 000	Land in Mbuya UShs. 000	Total UShs. 000
Security expenses	32,400	21,600	21,600	75,600
Demolition expenses	50,000	–	–	50,000
Cleaning expenses	–	–	18,436	18,436
Total	82,400	21,600	40,036	144,036

	2014			
	Land in Lubowa UShs. 000	Land in Busiro Temangalo UShs. 000	Land in Mbuya UShs. 000	Total UShs. 000
Security expenses	25,488	25,488	31,860	82,836
Demolition expenses	2,000	–	–	2,000
Cleaning expenses	–	–	18,408	18,408
Total	27,488	25,488	50,268	103,244

As at 30 June 2015, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal and there were no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

25. Intangible Assets

	2015 UShs. 000	2014 UShs. 000
Cost		
At 1 July	19,168,629	18,584,571
Transfers from capital work in progress	–	65,076
Additions	270,079	518,982
At 30 June	19,438,708	19,168,629
Amortisation		
At 1 July	11,856,508	10,169,717
Charge for the year	1,724,404	1,686,790
At 30 June	13,580,912	11,856,507
Net carrying amount	5,857,796	7,312,122

Intangible assets relate to software which makes up the Integrated Management Information System (IMIS) of the Fund. The remaining useful life as at 30 June 2015 is three years.

26. Property and Equipment

	Land USh. 000	Machinery USh. 000	Motor vehicles USh. 000	Furniture and equipment USh. 000	Computer equipment USh. 000	Total USh. 000
Cost						
At 1 July 2013	**400,000**	**1,620,032**	**3,592,955**	**3,139,681**	**10,627,975**	**19,380,643**
Additions	–	147,975	–	834,200	312,088	1,294,263
Reclassified from Held for sale	256,290	–	–	–	–	256,290
Disposals	–	–	(1,003,232)	–	–	(1,003,232)
At 30 June 2014	**656,290**	**1,768,007**	**2,589,723**	**3,973,881**	**10,940,063**	**19,927,964**
Additions	–	965,937	2,135,486	596,176	1,129,445	4,827,044
Transfer from CWIP	–	–	–	–	1,362,859	1,362,859
Reclassification to Finance Lease	(256,290)	–	–	–	–	(256,290)
Disposals	–	(89,165)	(636,205)	(206,438)	(227,662)	(1,159,470)
At 30 June 2015	400,000	2,644,779	4,089,004	4,363,619	13,204,705	24,702,107
Depreciation						
At 1 July 2013	**–**	**1,213,724**	**3,452,484**	**1,668,794**	**9,019,488**	**15,354,490**
Charge for the year	–	131,467	133,643	335,302	615,996	1,216,408
Disposals	–	–	(999,818)	–	–	(999,818)
At 30 June 2014	**–**	**1,345,191**	**2,586,309**	**2,004,096**	**9,635,484**	**15,571,080**
Charge for the year	–	294,424	233,500	409,995	921,725	1,859,644
Disposals	–	(89,165)	(636,206)	(198,146)	(227,663)	(1,151,180)
At 30 June 2015	**–**	**1,550,450**	**2,183,603**	**2,215,945**	**10,329,546**	**16,279,544**
Net carrying amount						
At 30 June 2015	**400,000**	**1,094,329**	**1,905,401**	**2,147,674**	**2,875,159**	**8,422,563**
At 30 June 2014	**656,290**	**422,816**	**3,414**	**1,969,785**	**1,304,579**	**4,356,884**

27. Finance Lease

	2015 USh. 000	2014 USh. 000
Plot 47 Masaka K'la RD	46,787	–
Plot 87 Churcchill Gulu	105,248	–
Plot 8 Msk CL. MBARARA	104,254	–
	256,289	–

Finance leases relate to properties that were acquired by the Fund under lease agreements to build offices. These have been reclassified from property and equipment.

28. Withholding Tax Payable

	2015 USh. 000	2014 USh. 000
Withholding tax payable	1,208,340	971,228

This relates to withholding tax withheld from suppliers and consultants which is payable to Uganda Revenue Authority.

29. Other Payables

	2015 USh. 000	2014 USh. 000
Accounts and other payables	17,476,653	15,849,088
Accrual for legal costs	7,043,594	7,277,857
Alcon retention payable	2,005,056	1,202,310
Deferred income	486,580	529,049
	27,011,883	**24,858,304**

The accounts payables are interest free and not overdue. Deferred income relates to advance rent payments from customers as required by the Fund's rental agreements.

The accrual for legal costs is analysed as follows:

	2015 USh. 000	2014 USh. 000
At 1 July	**7,277,857**	**6,810,744**
Payments made during the year	(1,170,913)	(1,004,887)
Reversal of previous provisions	(2,043,050)	–
Increase in accrual during the year	2,979,700	1,472,000
At 30 June	**7,043,594**	**7,277,857**

The accrual for legal costs relates to fees for the lawyers who handled the Alcon case disclosed in Note 30 and other legal fees relating to other cases based on the fee notes raised by the lawyers. The fee notes relating to the Alcon case have been referred to court for assessment of reasonableness before they can be paid.

30. Provisions For Litigation

	2015 USh. 000	2014 USh. 000
Alcon International Limited		
At 1 July	**9,420,196**	**9,239,702**
Foreign exchange losses	2,432,707	180,494
Additional provision	–	–
At 30 June	**11,852,903**	**9,420,196**

On 21 July 1994, the Fund and Alcon International Limited (Alcon), a company incorporated in the Republic of Kenya, entered into a building

contract to erect a building on land located on Plot 1 Pilkington Road, Kampala ("the site") at the contract price of USD 16,160,000. In addition, the parties signed a co–financing agreement by which Alcon agreed to lend NSSF USD 8,080,000 in the form of materials, workmanship and labour. On 8 June 1996, the parties signed an additional agreement to carry out "improvement works" for an additional sum of USD 9,066,917.

NSSF alleged default on the terms of the contract by Alcon and construction of all the works contemplated by the contract was not completed. NSSF terminated the contract on 15 May 1998 due to breaches by Alcon. Consequently, on 30 November 1998, Alcon filed Civil Suit No.1255 of 1998 against NSSF seeking general damages for breach of contract. The High Court stayed the suit and referred the dispute to arbitration.

On 29 March 2001, the arbitrator awarded Alcon USD 8,858,470 and interest at 6% per annum.
A corresponding provision was made in the financial statements for this amount which was accruing interest on an annual basis. However, NSSF was dissatisfied with the award and filed an objection in the High Court under Misc. Application No. 417 of 2001 seeking to set it aside. On 30 September 2003, the High Court dismissed the objection. NSSF filed a Civil Appeal No. 2 of 2004 in the Court of Appeal which was also dismissed with costs on 25 August 2009. NSSF then filed Civil Appeal No. 15 of 2009 in the Supreme Court against the decision of the Court of Appeal.

During the financial year 2012/13, the Fund adopted a new litigation strategy, introduced new grounds of appeal and also instructed new lawyers to conduct the case. In February 2013, the Supreme Court delivered a judgment setting aside the arbitration award, and ordered that the case be tried afresh in the High Court.

Management is of the opinion Alcon's claim has no chance of success owing to the Supreme Court's findings of fraud and lack of a cause of action for breach of contract which are binding on the High Court. The High Court trial will therefore be a formality. The provision hitherto made for that liability amounting to UShs. 41.6 Billion was accordingly reversed in the financial year 2012/13. However, a provision of USD 3,553,731 was made in the financial statements in the same period for works performed by Alcon that had not been settled by the Fund. This provision is still held as at 30 June 2015.\

31. Accumulated Members' Funds

	2015 UShs. 000	2014 UShs. 000
At 1 July	**4,147,285,690**	**3,322,576,227**
Contributions received during the year	688,095,082	622,353,746
Interest allocated to members arising from arrears recovered	1,902,042	2,439,419
13% interest (2014: 11.5%) **	516,088,517	365,842,850
Members Fund liability before benefit payments	**5,353,371,331**	**4,313,212,242**
Benefits paid during the year		
Age benefits	(67,531,078)	(57,509,800)
Withdrawal benefits	(55,253,246)	(46,630,298)
Exempted employee benefits	(14,682,681)	(19,324,449)
Invalidity benefits	(13,255,329)	(14,261,378)
Survivors benefits	(6,185,931)	(4,544,874)
Emigration grant benefits	(29,701,151)	(23,655,753)
Total benefits payments	**(186,609,416)**	**(165,926,552)**
At 30 June	**5,166,761,915**	**4,147,285,690**

** This represents interest payment to members as declared by the Minister in accordance with section 35 (2) of the National Social Security Fund Act, (Cap 222). For the year ended 30 June 2015, the Minister for Finance, Planning & Economic Development approved an interest rate of 13% (2014: 11.5%) to be calculated and added to the members' Funds.

	2015 UShs. 000	2014 UShs. 000
Prior year over provision	4,191,833	–
Charged to Profit and Loss	521,769,156	365,842,850
Total provision for interest to members	**525,960,989**	**365,842,850**
Total Interest provision to members is allocated as below;		
Allocated to Members Funds	516,088,517	365,842,850
Allocated to Reserves (Note 32(b))	9,872,472	–
	525,960,989	**365,842,850**

32. Reserves

	Note	2015 UShs. 000	2014 UShs. 000
Special contributions, fines and penalties	(a)	36,851,150	25,556,942
Unallocated members contributions	(b)	34,464,972	24,592,500
		71,316,122	**50,149,442**

a) Special contributions, fines and penalties

	2015 UShs. 000	2014 UShs. 000
At 1 July	**25,556,942**	**12,236,533**
Special contributions received	8,634,140	6,229,507
Fines and penalties	4,562,110	7,090,902
Interest allocated to members arising from arrears recovered	(1,902,042)	–
At 30 June	**36,851,150**	**25,556,942**

In accordance with Section 13 (1) and Section 14 (1) of the National Social Security Fund Act, (Cap 222), special contributions by non–eligible employees are recognised directly in reserves since they relate to members' contributions and not operating results of the Fund. Fines and penalties recovered from employers that fail to remit members' Funds in time are recognised through the income statement and then appropriated from the accumulated surplus/deficit to the reserve account.

b) Unallocated members' contributions

	2015 UShs. 000	2014 UShs. 000
Principal Contributions	24,592,500	24,592,500
Provision for interest on unallocated members' contributions	9,872,472	–
	34,464,972	**24,592,500**

The movement in the provision for interest on unallocated members' contributions was as follows;

	2015 UShs. 000	2014 UShs. 000
At 1 July	**–**	**–**
Charged to Profit and Loss	9,872,472	–
Transfer from accumulated members' Funds	–	–
At 30 June	**9,872,472**	**–**

As at 30 June 2015, the Fund had unallocated members' contributions of UShs. 24.6 Billion that formed part of the reserve account. As at 30 June 2007, the unallocated members' contributions amounted to UShs. 360 Billion and through the measures taken by management to identify the respective members to whom the amounts belonged, the unallocated amounts gradually reduced over the years to UShs. 24.6 Billion as at 30 June 2012. The directors believe that, in addition to putting in place measures to curtail the growth of the unallocated amounts, the Fund had exhausted all possible measures to identify the members to whom these amounts belonged and accordingly resolved to transfer the UShs. 24.6 Billion to the reserve account in accordance with Section 36 (1) (b) of the NSSF Act. In the event that a member of the Fund presents adequate documentation to prove that there are contributions that should have been credited to their account, NSSF will transfer the contributions from the reserve account to the members' account following approval by the Minister of Finance as stipulated in Section 36 (2) of the NSSF Act. There was no transfer of these Funds noted during the year.

33. Net Cash used in Operating Activities

	Note	2015 UShs. 000	2014 UShs. 000
Surplus from operations		**738,216,174**	**530,713,953**
Depreciation of property and equipment	26	1,859,644	1,216,408
Gain on disposal of property and equipment		(216,658)	(346,186)
Gain on disposal of equity investments held for trading		–	(111,437)
Loss on disposal of Investment properties		595,000	–
Amortization of intangible assets	25	1,724,404	1,686,790
Share of results from associates	21	(5,654,082)	(672,716)
Staff loan fair value adjustment		80,795	–
Unrealised foreign exchange (gains)/ losses on equity investments at fair value through profit or loss	18	(44,939,798)	1,580,224
Unrealised foreign exchange gains on held to maturity investments	17	(97,954,778)	(3,807,269)
Unrealised foreign exchange gains on held for trading investments	15	(1,350,124)	(1,086,962)
Unrealised foreign exchange gains on deposits with commercial Banks	14	(161,029)	(1,746,435)
Fair value gains on investment properties	24	(5,900,000)	(12,197,330)
Fair value loss on capital work in progress	23	7,000,000	(7,000,000)
Fair value gain on equity investments held for trading	15	(14,709,202)	(11,679,788)
Fair value gain on equity investments at fair value through profit or loss	18	(48,438,003)	(60,319,956)
Interest income on loans & advances	19	(8,089,217)	(8,454,159)
Interest income on held to maturity investments	17	(371,669,140)	(353,245,341)
Interest income on commercial bank deposits	14	(72,154,895)	(107,982,217)
Withholding tax on investments accrued for the year		(90,433,851)	(78,297,275)
Bonus equity investments received	18	(9,583,489)	–
Prior year interest to members over–provision		4,191,833	–
Changes in working capital			
Increase in provisions		2,432,707	180,495
Increase in provisions for bad loans		3,248,636	2,884,367
Decrease in inventories		2,057	1,715
Increase in trade and other receivables		(3,179,620)	(5,471,962)
Increase in tax deposit receivable		(25,323,522)	–
Increase in other payables		2,153,583	6,911,041
Increase in WHT payable		237,112	–
Net cash used in operating activities		**(38,015,463)**	**(107,244,040)**

34. Related Party Disclosures

The following table provides the total amount of transactions that have been entered into with related parties. For further information regarding the outstanding balances at 30 June 2015 and 2014, refer to Notes 13, 14, 17 and 19:

	2015 UShs.	2014 UShs.
Bank balances		
Housing Finance Bank Limited	22,816	614,616
Loans and Advances		
Housing Finance Bank Limited	33,333,333	37,019,686
Uganda Clays	21,352,771	18,104,135
Staff loans to key management staff	488,902	506,476
	55,175,006	**55,630,297**
Corporate Bonds		
Housing Finance Bank Limited	7,418,417	9,018,971
Fixed deposits		
Housing Finance Bank Limited	–	66,666,176
Treasury Bonds		
Government of Uganda	3,061,585,099	2,000,975,228
Dividends receivable (Associate Companies)		
Housing Finance Bank Limited	5,657,123	4,380,101
TPS (U) Limited	–	327,074
Uganda Clays	111,192	111,192
	5,768,315	**4,818,367**

Other related party transactions during the year:

	2015 UShs.	2014 UShs.
Housing Finance Bank Limited		
Interest income on loans and advances	4,532,569,912	5,169,710,527
Interest income on corporate bonds	973,533,657	1,238,887,361
Interest income on term deposits	4,370,936,801	3,989,584,813
	9,877,040,370	**10,398,182,701**
Dividend Income		
TPS (U) Limited	979,478	384,793
Housing Finance	1,277,022	1,935,917
	2,256,500	**2,320,710**
Uganda Clays		
Interest income on loans and advances	3,248,636	2,884,367
Government of Uganda		
Withholding tax expense for the year	90,433,851	78,297,276
Interest income on treasury bonds	337,021,078	277,904,218

a) Housing Finance Bank Limited

The Fund has 50% shareholding in Housing Finance Bank Limited (the bank):

- Bank balances – The bank balances relate to balances on the current accounts held by NSSF in the bank. These accounts are non–interest bearing.
- Fixed deposits – The Fund has fixed deposit placements with the bank maturing within a period of 365 days. There were no fixed deposits outstanding with the bank as at 30 June 2015.
- Corporate bond – Housing Finance Bank Limited (the bank) has two corporate bond facilities with the Fund of UShs. 5 Billion at a rate of 13.5% and UShs. 5 Billion of 13.75% respectively. These bonds are repayable over a period of 10 years and they mature on 12 January 2018 and 31 July 2018 respectively.
- Loans – Loans to the bank are at interest rates ranging between 11.5% and 15.5%. Refer to Note 19 for the terms and conditions of the facilities.

b) Uganda Clays Limited

The Fund has 32.5% shareholding in Uganda Clays Limited. Refer to Note 19 for the terms and conditions of the loan facility.

c) TPS –The Fund has 13.9% shareholding in TPS.

d) Government of Uganda

The Government has 100% control of the Fund. The Fund invests in treasury bonds issued by the Government which have the terms and conditions presented in Note 17. Other significant related party transactions with the Government of Uganda include payment of taxes (Pay as–

You–Earn (PAYE), VAT and withholding tax on local supplies and professional services), utility costs and rental income earned from government ministries that occupy the Fund's properties.

e) Terms and conditions

Other than the terms disclosed above, there have been no guarantees provided or received for any of the above related party balances. For the year ended 30 June 2015, the Fund has recorded an impairment of receivables relating to amounts owed by related parties of UShs. 3.25 Billion (2014: UShs. 2.88 Billion). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

f) Compensation for key management personnel and directors emoluments

	2015 UShs. 000	2014 UShs. 000
Non–executive directors' emoluments:		
Directors' allowances	505,745	391,500
Key management remuneration:	2,349,359	2,645,999
Salaries and allowances	512,697	511,844
Gratuity	2,862,056	3,157,843
Total compensation for key management personnel	**6,229,857**	**6,707,186**

The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel and directors.

35. Contingent Liabilities

a) The Fund is a litigant in various cases for breach of contract arising in the normal course of business. The directors are of the view that the Fund has high chances of success against the plaintiffs and none of the cases individually or in aggregate would have a significant impact on the Fund's operation. The directors are confident that the Fund shall receive favourable ruling from the outstanding cases. Information on these cases has not been disclosed as the directors consider that the disclosure of the information could prejudice the Fund's position. The cases in which the Fund is a litigant majorly relate to breach of contracts that the Fund entered into and members suing for their unsettled benefit claims.

b) The Fund received a notice of assessment for corporation tax from Uganda Revenue Authority (URA) amounting to UShs. 84.4 Billion during the year ended 30 June 2013.

The Fund objected to the assessment on the grounds that URA's tax computations wrongly disallowed expenses that are actually deductible for tax purposes. Management believes the tax treatment adopted by NSSF is in accordance with the provisions of Section 22(1)(a) and Section 25 of the Income Tax Act which allows a deduction for interest incurred during the year of income in respect of a debt obligation. Guidance received from the URA in 2001 allowed for these expenses to be deductible for tax purposes. There have been no changes to those sections of the Income Tax Act. The Fund has treated the interest incurred in the past in exactly the same way and it has been audited like that as well.

The Fund filed a suit with the High Court Commercial Division to challenge the assessment and the case is still under mediation. The Fund's legal advisors have indicated that this is a strong basis of challenging the assessment. Therefore, the directors have not recognised any provision for liability to the URA.
In accordance with the Income Tax Act the Fund was required to pay 30% deposit of the assessed tax as disclosed under Note 12(c). Payment of this deposit is not an admission of guilt but purely a statutory payment.

The ultimate outcome of this case cannot presently be determined. Accordingly, these matters are disclosed as a contingent liability as the Fund currently has a possible obligation and the existence of any obligation to URA will be confirmed only by the decision of the court.

36. Nsimbe Holdings Limited

Through its wholly owned subsidiary, Premier Developments Limited (PDL), the Fund entered into a joint venture arrangement with Mugoya Estates Limited in which the latter held a 51% share of the joint venture entity, Nsimbe Holdings Limited. Subsequent to the formation, the Fund's investment in Nsimbe Holdings Limited was investigated by the Inspector General of Government (IGG) who declared the Fund's investment illegal and one done in bad faith. As a result of this investigation, Nsimbe Holdings Limited challenged the IGG's findings in the Constitutional Court. The Constitutional Court subsequently declared the agreement leading to the formation of Nsimbe Holdings Limited unconstitutional and therefore the company did not exist in law i.e. a non–entity which cannot sue or be sued. PDL was later dissolved by the Constitutional Court and the Board of Directors of the Fund resolved that the joint venture is formally liquidated and both parties share the joint venture assets in proportion to their shareholding. This investment was written off in 2010 but the Fund has taken legal action to recover its investment. The matter was been referred by court to arbitration.

37. Use of Estimates and Judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The estimates and associated assumption are based on historical experiences, the results of which form the basis of making the judgments about the carrying values and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates.

The Fund makes estimates and assumptions that could affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The accounting policies that involve high judgement in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

i. **Impairment –** The Fund regularly reviews its assets and makes judgements in determining whether an impairment loss should be recognized in respect of observable data that may impact on future estimated cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Further information on impairment is disclosed in Note 16 and Note 19.

ii. **Determining fair values –** The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. Further information on determination of fair value is disclosed in Notes 24 and 38.

iii. **Provisions and contingencies –** A provision is recognized if, as a result of past events, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Management has made judgements in determining the provisions presented in Note 30.

iv. **Investment property –** The Fund carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Fund engaged an independent valuation specialist to assess fair value as at 30 June 2015. The investment properties were valued by reference to market–based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in note 24.

38. Financial Risk Management

The Fund has exposure to the following risks from its use of financial instruments:

- Market risk,
- Liquidity risk,
- Credit risk, and
- Capital management risk

Included below is information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing the risks and the Fund's management of capital.

Risk management framework

The Fund's Board of Directors has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board has established an Audit and Risk Committee, and the Risk Department, which are responsible for developing and monitoring the risk management policies in their specified areas. All Board committees have both executive and non–executive members and report regularly to the Board of Directors on their activities.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Fund through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Fund's Audit and Risk Committee is responsible for monitoring compliance with the Fund's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Fund. The Audit and Risk Committee is assisted in these functions by Internal Audit and Risk functions.

Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

(a) Market risk

Market risk is the risk that changes in market prices, such as investment prices, interest rates and foreign exchange rates will affect the Fund'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 optimising the return on investment.

Management of market risks

Market risk arises from a decrease in the market value of a portfolio of financial instruments caused by adverse movements in the market variables such as equity, bonds and property prices, currency exchange rates and interest rates.

The Board grants authority to take on market risk exposure to the Management Investment Committee (MIC). This committee manages this risk through the guidelines set out in the Fund's investment policy.

Equity price risk

The Fund is exposed to equity securities price risk through its investments in quoted and unquoted shares. The Fund's Investment committee diversifies its portfolio. Diversification of the portfolio is done in accordance with the guidelines set out in the Fund's investment policy. All shares held by the Fund are either quoted or traded on the Uganda, Dar–es–salaam, Rwanda and Nairobi Securities Exchanges.
The table below shows the effect of share price sensitivity on the surplus before tax based on the share price volatility as at 30 June 2015;

Type of Investment	Change in share price % USh s. 000	Effect on surplus before tax UShs. 000
Equity securities held–for–trading	+/–5%	+/– 4,506,709
Equity investments at fair value through profit or loss	+/–5%	+/– 36,713,507

Property price risk

The Fund is exposed to property price risk through its investments in real estate properties. The Fund's Investment committee diversifies its portfolio. Diversification of the portfolio is done in accordance with the guidelines set out in the Fund's investment policy.
The table below shows the effect of property price sensitivity on the surplus before tax based on the property price volatility as at 30 June 2015;

	Change in property price % UShs. 000	Effect on surplus before tax UShs. 000
Investment property	+/–5%	+/– 6,793,684

Currency risk

The Fund is exposed to currency risk through transactions in foreign currencies. The Fund transactional exposures give rise to foreign currency gains and losses that are recognised in the statement of comprehensive income. In respect of monetary assets and liabilities in foreign currencies, the Fund ensures that its net exposure is kept to an acceptable level by matching foreign currency assets to liabilities when considered appropriate. Monitoring of foreign currency fluctuations is done through the Audit and Risk Committee.

The Fund operates wholly within Uganda and its assets and liabilities are reported in Uganda Shillings, although it maintains some of its assets and trades with banks in foreign currencies.

The Fund had the following currency positions as at 30 June 2015. All balances are in UShs. 000.

	USD	KShs.	TShs.	UShs.	Rwf.	Total
Financial assets						
Cash and bank balances	762,960	3,208,090	–	10,093,287	–	14,064,337
Deposits with commercial banks	–	–	–	251,067,909	–	251,067,909
Equity securities held–for–trading	–	64,023,329	13,961,506	12,149,336	–	90,134,171
Trade and other receivables	340,278	1,432,311	142	25,151,187	–	26,923,918
Investments in securities held–to–maturity	–	824,840,461	–	3,020,630,647	13,929,224	3,859,400,332
Equity investments at fair value through profit or loss	–	399,821,918	–	334,448,215	–	734,270,133
Loans and advances	–	–	–	34,464,037	–	34,464,037
Total Assets	**1,103,238**	**1,293,326,109**	**13,961,648**	**3,688,004,618**	**13,929,224**	**5,010,324,837**
Financial liabilities						
Withholding tax payable	–	–	–	1,208,340	–	1,208,340
Other payables	645,562	–	–	26,366,321	–	27,011,883
	645,562	**–**	**–**	**27,574,661**	**–**	**28,220,223**
Currency gap						
At 30 June 2015	**457,676**	**1,293,326,109**	**13,961,648**	**3,660,429,957**	**13,929,224**	**4,982,104,614**

The Fund had the following currency positions as at 30 June 2014. All balances are in UShs. 000.

	USD	KShs.	TShs.	UShs.	Total
Financial assets					
Cash and bank balances	42,540	153	–	14,591,773	14,634,466
Deposits with commercial banks	41,778,817	404,481	–	639,887,507	682,070,805
Equity securities held–for–trading	–	53,990,329	9,411,962	9,916,262	73,318,553
Trade and other receivables	–	890,270	142	21,576,864	22,467,276
Investments in securities held–to–maturity	–	647,062,696	–	2,145,672,511	2,792,735,207
Equity investments at FVTPL	–	93,855,720	–	157,418,755	251,274,475
Loans and advances	–	–	–	39,325,612	39,325,612
Total Assets	**41,821,357**	**796,203,649**	**9,412,104**	**3,028,389,284**	**3,875,826,394**
Financial liabilities					
Withholding tax payable	–	–	–	971,228	971,228
Other payables	645,562	–	–	24,212,742	24,858,304
	645,562	–	–	25,183,970	25,829,532
Currency gap					
At 30 June 2014	**457,676**	**1,293,326,109**	**13,961,648**	**3,688,144,170**	**3,849,996,862**

The table below indicates the currencies to which the Fund had significant exposure at 30 June on its non–trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Uganda Shilling, with all other variables held constant, on the statement of comprehensive income (due to the fair value of currency sensitive non–trading monetary assets and liabilities). A negative amount in the table reflects a potential net reduction in the statement of comprehensive income and equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the below currencies against the Uganda Shilling would have resulted in an equivalent but opposite impact.

	2015	2015 UShs. '000	2014	2014 UShs. '000
Currency	**Change in currency rate in %**	**Effect on profit before tax**	**Change in currency rate in %**	**Effect on profit before tax**
USD	+/–5%	+/–569,761	+/–0.9%	+/–285,800
KES	+/–5%	+/–64,666,305	+/–3.5%	+/–27,867,128
TZS	+/–5%	+/–698,082	+/– 0.3%	+/–28,236
RWS	+/–5%	+/–696,461	–	–

The following exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015 UShs.	**2014 UShs.**	**2015 UShs.**	**2014 UShs.**
KES	31.83	30.19	34.29	30.26
USD	2,886.38	2,578.62	3,335.34	2,650.79
TZS	1.5564	1.5776	1.6272	1.5691
RWS	4.264	–	4.6112	–

Interest Rate Risk

In broad terms, interest rate risk is the risk that concerns the sensitivity of the Fund's financial performance to changes in interest rates. The Fund's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest bearing liabilities mature or re–price 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 Fund's business strategies. In order to minimize interest rate risk, the Fund has a policy whereby the approved investment commitments are matched to members' Funds.

The Fund does not account for any fixed rate or variable rate financial assets at fair value through profit or loss. Therefore a change in interest rate at the statement of financial position date will not affect the Fund's surplus or deficit but would change the future performance of the Fund. The financial assets held at variable interest rates relate to the corporate bonds for African Development Bank (ADB). These balances are not significant when compared with the total financial assets of the Fund as at year end, hence a change of 1 basis point in the interest rate for these instruments would have an insignificant effect on the statement of comprehensive income.

The table below summarizes the exposure to interest rate risk. Included in the table are the Fund's assets and liabilities at carrying amounts, categorized by the earlier of contractual re–pricing dates and the maturity dates. All balances are in UShs. 000.

	Matured	<3 months	3–12 months	> 1 year	Non–Interest bearing	Total
Assets						
Cash and bank balances	–	–	–	–	14,064,337	14,064,337
Deposits with commercial banks	–	35,047,004	216,020,905	–	–	251,067,909
Equity securities held–for–trading	–	–	–	–	90,134,171	90,134,171
Trade and other receivables	–	–	–	–	26,923,918	26,923,918
Investments in securities held–to–maturity	–	64,998,988	162,131,426	3,632,269,918	–	3,859,400,332
Equity investments at fair value through profit or loss	–	–	–	–	734,270,133	734,270,133
Loans and advances	–	–	–	34,464,037	–	34,464,037
Total Assets	**–**	**100,045,992**	**378,152,331**	**3,666,733,955**	**865,392,559**	**5,010,324,837**
Liabilities						
Withholding tax payable	–	–	–	–	1,208,340	1,208,340
Trade and other payables	–	–	–	–	27,011,883	27,011,883
Total Liabilities	–	–	–	–	28,220,223	28,220,223
Gap as at 30 June 2015	**–**	**100,045,992**	**378,152,331**	**3,666,733,955**	**837,172,336**	**4,982,104,614**

	Matured	<3 months	3–12 months	> 1 year	Non Interest bearing	Total
Assets						
Cash and bank balances		–	–	–	14,634,466	14,634,466
Deposits with commercial banks	–	93,545,656	588,525,149	–	–	682,070,805
Equity securities held–for–trading	–	–	–	–	73,318,553	73,318,553
Trade and other receivables	915,224	–	–	–	21,552,052	22,467,276
Investments in securities held–to–maturity	–	205,756,417	276,283,330	2,310,695,460	–	2,792,735,207
Equity investments at fair value through profit or loss	–	–	–	–	251,274,475	251,274,475
Loans and advances	–	–	–	39,325,612	–	39,325,612
Total Assets	**915,224**	**299,302,073**	**864,808,479**	**2,350,021,072**	**346,145,080**	**3,875,826,394**
Liabilities						
Withholding tax payable	–	–	–	–	971,228	971,228
Trade and other payables	–	–	–	–	24,858,304	24,858,304
Total Liabilities	**–**	**–**	**–**	**–**	**25,829,532**	**25,829,532**
Gap as at 30 June 2014	**915,224**	**299,302,073**	**864,808,479**	**2,350,021,072**	**320,315,548**	**3,849,996,862**

Fair value versus carrying amounts

Fair values of cash and deposits with commercial banks, trade receivables, loans and advances and other payables reasonably approximate their carrying amounts largely due to the short–term maturities of these instruments and/or because they carry interest rates that reasonably approximate to market rates.

The carrying amounts of equity securities held for trading and at fair value through profit of loss are the same as their fair values since the instruments are presented at fair value.

The financial instruments whose fair values differ from the carrying value as shown in the statement of financial position are analysed as follows:

	30 June 2015 Carrying amount UShs. '000	Fair Value UShs. '000	30 June 2014 Carrying amount UShs. '000	Fair Value UShs. '000
Investment securities held to maturity	3,859,400,332	3,626,822,419	2,792,735,207	2,819,527,806

Valuation hierarchy

IFRS 13 requires a three tiered disclosure for all financial assets and financial liabilities that are carried in the books of entities at fair value. This fair value disclosure is divided into three levels as follows:

- **Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities e.g. quoted equity securities.
- **Level 2** – inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (e.g. prices) or indirectly (e.g. derived from prices).
- **Level 3** – inputs for the asset or liability that are not based on observable market data. These items are not Level 1 products and contain at least one significant input parameter which could not be price tested from any of the methods described for Level 2 products. Examples are products where correlation is a significant input parameter and products where there is severe illiquidity in the markets for a prolonged period of time.

Fair value measurement hierarchy

The following table provides the fair value measurement hierarchy of the Fund's assets and liabilities measured at fair value or those for which fair value is disclosed:

	Fair value measurement using				
	Date of valuation	Total UShs. '000	Quoted price in active market (Level 1) UShs. '000	Significant observable input (Level 2) UShs. '000	Significant unobservable input (Level 3) UShs. '000
Financial instruments measured at fair value					
Quoted equities– at fair value through profit or loss (Note 18)	30–Jun–15	734,270,133	734,270,133	–	–
Quoted equities–held for trading (Note 15)	30–Jun–15	90,134,171	90,134,171	–	–
Investment Properties (Note 24)	30–Jun–15	135,873,682	–	–	135,873,682
Capital work in progress – Lubowa (Note 23)	30–Jun–15	243,920,660	–	–	243,920,660
Assets for which fair values are disclosed					
Investment securities held to maturity	30–Jun–15	3,626,822,419	–	3,626,822,419	–

There have been no transfers between the levels during the period.

Description of valuation techniques used and key inputs to valuation of held to maturity investments:

	Valuation technique	Significant observable inputs	Range (weighted average)	
			Uganda Treasury Bonds	Kenya Treasury bonds
Held to maturity investments	Market approach	Market interest rate for similar bonds	14.07% –17.52% (15.795%)	11.6% – 13.15% (12.375%)

Shown below are the fair value changes arising from level 3 investments that have been recognised through profit and loss during the year ended 30 June 2015.

	2015 UShs. '000	2014 UShs. '000
Investment Properties (Note 24)	5,900,000	12,197,330
Capital work in progress – Lubowa (Note 23)	(7,000,000)	7,000,000

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations on its financial liabilities. It includes both the risk of being unable to Fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

Management of liquidity risk

The Fund has access to a diverse Funding base. Funds are raised mainly from members' contributions and reserves. The Fund continually assesses liquidity risk by identifying and monitoring changes in Funding required in meeting business goals and targets set in terms of the overall Fund strategy. In addition, the Fund has a Management Investment Committee that meets on a regular basis to monitor liquidity risk, review and approve liquidity policies and procedures.

Exposure to liquidity risk

The table below analyses financial assets and financial liabilities into relevant maturity groupings based on the remaining period at 30 June 2015 to the contractual maturity date. All balances are in UShs. 000.

At 30 June 2015	Matured	<3 months	3–12 months	1–5 years	> 5 years	Total
Financial assets						
Cash and bank balances	14,064,337	–	–	–	–	14,064,337
Deposits with commercial banks	–	35,047,004	216,020,905	–	–	251,067,909
Equity securities held–for–trading	–	–	–	90,134,171	–	90,134,171
Trade and other receivables	–	–	26,923,918	–	–	26,923,918
Investments in securities held–to–maturity	–	48,208,231	157,668,060	1,244,977,276	2,408,546,765	3,859,400,332
Equity investments at fair value through profit or loss	–	–	–	734,270,133	–	734,270,133
Loans and advances	–	–	–	34,464,037	–	34,464,037
Total financial assets	**14,064,337**	**83,255,235**	**400,612,883**	**2,103,845,617**	**2,408,546,765**	**5,010,324,837**
Financial liabilities						
Withholding tax payable	–	1,208,340	–	–	–	1,208,340
Other payables	–	27,011,883	–	–	–	27,011,883
Total Financial liabilities	**–**	**28,220,223**	**–**	**–**	**–**	**28,220,223**
Gap as at 30 June 2015	**14,064,337**	**55,035,012**	**400,612,883**	**2,103,845,617**	**2,408,546,765**	**4,982,104,614**

At 30 June 2014	Matured	<3 months	3–12 months	1–5 years	> 5 years	Total
Financial assets						
Cash and bank balances	14,634,466	–	–	–	–	14,634,466
Deposits with commercial banks	–	93,545,656	588,525,149	–	–	682,070,805
Equity securities held–for–trading	–	–	–	73,318,553	–	73,318,553
Trade and other receivables	915,224	–	21,552,052	–	–	22,467,276
Investments in securities held–to–maturity	–	205,756,417	276,283,330	833,748,441	1,476,947,019	2,792,735,207
Equity investments at fair value through profit or loss	–	–	–	251,274,475	–	251,274,475
Loans and advances	–	2,200,375	6,957,736	10,529,982	19,637,519	39,325,612
Total financial assets	**15,549,690**	**301,502,448**	**893,318,267**	**1,168,871,451**	**1,496,584,538**	**3,875,826,394**
Financial liabilities						
Withholding tax payable	–	971,228	–	–	–	971,228
Other payables	–	24,858,304	–	–	–	24,858,304
Financial liabilities	–	25,829,532	–	–	–	25,829,532
Gap as at 30 June 2014	**15,549,690**	**275,672,916**	**893,318,267**	**1,168,871,451**	**1,496,584,538**	**3,849,996,862**

(c) Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Fund's loans and advances, trade and other receivables, deposits with commercial banks and investments in government and corporate bonds. For risk management reporting purposes, the Fund considers all elements of credit risk exposure such as individual obligator default risk, country and sector risk.

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Management Investment Committee. The Investments Department is responsible for oversight of the Fund's credit risk, including:

- Formulating credit policies, covering collateral requirements and credit assessments, risk grading and reporting. Documentary, legal procedures and compliance with regulatory and statutory requirements is done in consultation with the Fund's Legal and Compliance Department.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to the Management Investment Committee. Larger facilities require approval by the Board of Directors as appropriate.
- Reviewing compliance of investment mix with agreed exposure limits, including those for selected industries, country risk and product types. The Fund's Investment Committee is responsible for monitoring the credit quality of investments and ensuring that appropriate corrective action is taken and providing advice, guidance and specialist skills to business units to promote best practice throughout the Fund in the management of credit risk.

The Investment department is required to implement the Fund's credit policies and procedures, with credit approval authorities delegated from the Fund's Board of Directors. The Investment department is responsible for the quality and performance of the Fund's investment portfolio and for monitoring and controlling all credit risks in the Fund's portfolio, including those subject to Board approval.

Regular audits of the Investment department and the Fund's credit processes are undertaken by the Internal Audit department.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure as at the statement of financial position date was:

	Note	2015 UShs. 000	2014 UShs. 000
Bank balances		13,992,490	14,573,896
Deposits due from banks	14	251,067,909	682,070,805
Trade and other receivables	16	30,762,763	27,821,374
Investment securities held–to–maturity	17	3,859,400,332	2,792,735,207
Loans and advances	19	57,148,194	58,680,189
		4,212,371,688	**3,575,881,471**

The concentration of credit risk for loans at amortised costs as at the reporting date was:

	2015 UShs. 000	2014 UShs. 000
DFCU Bank Limited: Loan for mortgage financing	–	519,352
Housing Finance Bank Limited	33,333,333	37,019,686
Uganda Clays Limited	21,352,771	18,104,135
Staff loans	2,462,090	3,037,016
	57,148,194	**58,680,189**

The ageing of loans at amortized cost as at the statement of financial position date was as follows:

	30 June 2015		30 June 2014	
	Gross UShs. 000	Impairment UShs. 000	Gross UShs. 000	Impairment UShs. 000
Neither past due nor impaired	35,795,423	–	40,576,054	–
Past due 30–60 days	–	–	–	–
Past due 31–120 days	–	–	–	–
Past due 120–360 days	21,352,771	(21,352,771)	18,104,135	(18,104,135
More than a year	–	–	–	–
	57,148,194	**(21,352,771)**	**58,680,189**	**(18,104,135)**

As at the reporting date, there was no impairment loss allowances in respect of held to maturity investments.

The concentrations of credit risk for trade and other receivables as at the reporting date by the type of receivables was as follows:

	2015 UShs. 000	2014 UShs. 000
Staff advances	195,483	182,308
Trade receivables	8,973,910	8,117,311
Contributions receivable	889,095	1,021,943
Rent receivable	2,181,118	3,149,352
VAT recoverable	(420,194)	1,110,054
Cash advances to investment managers	2,088,201	915,224
Dividends receivable	16,855,150	12,825,639
Total	**30,762,763**	**27,821,374**

The ageing of trade and other receivables as at the reporting date was as follows:

	30–Jun–15		30–Jun–14	
	Gross UShs. 000	Impairment UShs. 000	Gross UShs. 000	Impairment UShs. 000
Neither past due nor impaired	23,008,855	–	16,201,916	–
Past due 30–60 days	–	–	–	–
Past due 31–120 days	5,854	(19,698)	3,951,675	–
Past due 120–360 days	999,690	(899,721)	–	–
Past due 360 days	6,748,364	(6,748,364)	7,667,783	(7,667,783)
	30,762,763	**(7,667,783)**	**27,821,374**	**(7,667,783)**

Based on historical default rates, the Fund believes that no impairment allowance is necessary in respect of trade receivables not past due by 90 days.

The allowance account in respect of trade and other receivables (as per Note 16) is used to record impairment losses unless the Fund is satisfied that no recovery of the amount owing is possible. At that point the amount considered irrecoverable is written off against the financial asset directly.

d) Categories of financial assets and financial liabilities

The fair values of financial assets and liabilities together with the carrying value shown in the balance sheet are analysed as follows

	Carrying Amount		Fair value	
	2015 USh s. 000	2014 UShs. 000	2015 UShs. 000	2014 UShs. 000
FINANCIAL ASSETS				
Held–for–trading				
Investment securities held–for–trading	90,134,171	73,318,553	90,134,171	73,318,553
Financial assets at fair value through profit or loss				
Equity investments	734,270,133	251,274,475	734,270,133	251,274,475
Held–to–maturity Investments				
Deposits with commercial banks	251,067,909	682,070,805	251,067,909	682,070,805
Investments in securities held–to–maturity	3,859,400,332	2,792,735,207	3,626,822,419	2,792,735,207
	4,110,468,241	3,474,806,012	3,877,890,328	3,474,806,012
Financial assets at amortised cost				
Cash and bank balances	14,064,337	14,634,466	14,064,337	14,634,466
Trade and other receivables	26,923,918	21,716,379	52,247,440	21,716,379
Loans and advances	34,464,037	41,326,953	34,464,037	41,326,953
	75,452,292	77,677,798	100,775,814	77,677,798
Total financial assets	**5,010,324,837**	**3,877,076,838**	**4,803,070,446**	**3,877,076,838**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Other payables	27,011,883	24,858,304	27,011,883	24,858,304

e) Capital management risk

The primary source of capital used by the Fund is member contributions and income from investments. The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board. There have been no significant changes in the Fund's capital management policies and processes and capital structure during the past year and previous year.

An important aspect of the Fund's overall capital management process is the setting of target risk and inflation adjusted rates of return, which are aligned to performance objectives and ensure that the Fund is focused on the creation of value for the members. The Fund's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, and taking appropriate actions that will provide the target return in light of changes in economic conditions and risk characteristics.

The Fund seeks to optimise the structure and investment of capital to ensure that it consistently maximises returns to its members within an acceptable risk appetite. The NSSF Act provides that members must be provided with a minimum return of at least 2.5%. An interest rate of 13% was declared for the year 2015 (2014: 11.5%).

39. Establishment

The Fund was established in Uganda under section 2 of the NSSF Act (Cap 222).

40. Subsequent Events

There were no material events occurring after the reporting date which had an impact on the financial position or results of the Fund.

Making a difference in our communities

Over the years, The Fund has been involved in a number of Corporate Social Responsibility (CSR) initiatives in which it has supported community projects, vulnerable persons and sports activities.

The Fund believes in having a positive impact on the communitievs in which it operates. The CSR activities we have undertaken are holistic and geared towards underscoring the Fund's motto; A better life.

With the Torch Awards, NSSF rewards people who have undertaken initiatives that improve the lives of others. The free dental camps and blood drives focus on improving health care. Over the last 8 years, the Fund has also played a leading role in supporting volleyball, giving an opportunity to the players and teams to develop their skills.

Sustainability Report

1. Responsible Business
2. Contributing to Sustainable Economic Growth
3. Environmental Management
4. Corporate Social Responsibility

Sustainability is integrated into how we do business. It guides everything we do, from the services we provide to our members, to the way we run the Fund and support the local communities in which we live and work. We are committed to creating an inclusive business culture that welcomes the strengths of our diverse workforce and supports everyone;s involvement. We strive to be relevant at all times and responsive to our customers needs in our dynamic business environment.

Richard Byarugaba
Managing Director

NSSF members at the 2015 Annual Members Meeting

National Social Security Fund Strategic Focus for Sustainability

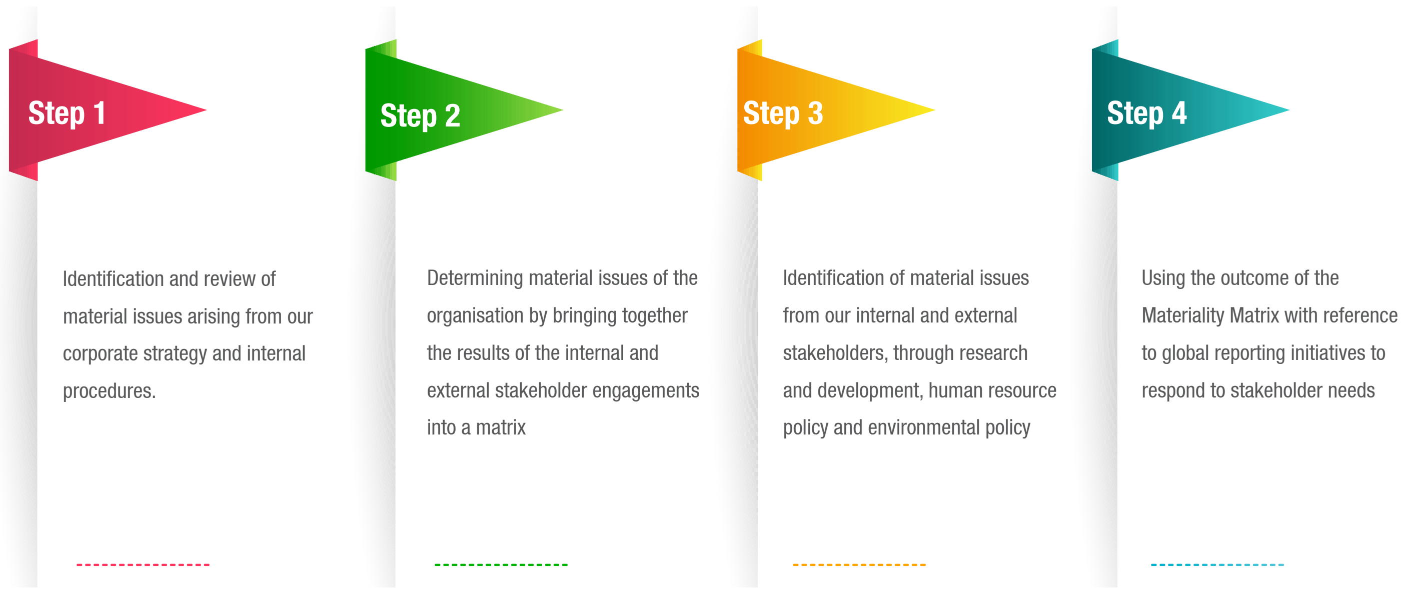
At NSSF, our commitment to sustainability is the cornerstone of our business. It is also a driver of innovation. As we ensure a better life for our members, we are working to create products that not only strengthen our business but also enhance our society, improve the infrastructure in the East African region and help to solve today's most significant safety and environmental challenges.

Our strategy guides where and how we seek to compete. We constantly assess our progress against this strategy and provide regular updates to stakeholders. We play a central role in society and in the economic system. Our target is to build and maintain a business which is sustainable in the long term.

In the year 2015–2016, the Fund adopted Global reporting initiative G3/G3.1 reporting framework with an effort to measure, disclose and be accountable to internal and external stakeholders. The limitations and scope of the information, and the changes in criteria applied with respect to the previous report, are reflected in the corresponding section of the report and the table of GRI performance indicators. If central performance indicators are omitted, the reason for the omission is explained, following consideration of the principle of materiality. Our annual Sustainability Report, based on the GRI framework, can be used by us, and by our stakeholders, to benchmark our performance against others in our industry.

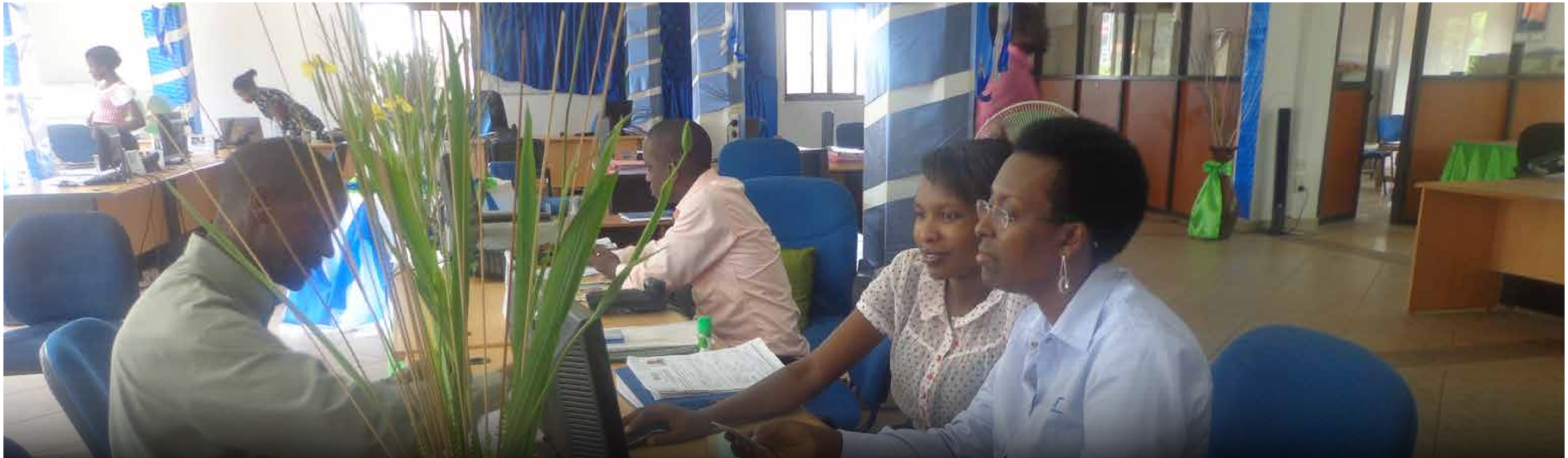
Materiality Assessment and Reporting Scope

At NSSF we prioritize stakeholders' issues based on their level of relevance and significance with regard to their economic, environmental, social and financial impact as guided by the GRI framework. Our materiality assessment process involved qualitative analysis and quantitative assessment. Such relevant issues were identified through;



This report intends to highlight significant environmental, economic and social impact resulting from our activities in the financial year 2015–2016. This is structured under three broad headings:

1. **Responsible Business,**
2. **Contributing to sustainable economic growth, and**
3. **Environmental Management.**



NSSF staff walking a customer through the registration process during Customer Connect Week

1. Responsible Business

Acting responsibly towards our stakeholders and the environment at large is one of the objectives firmly enshrined in our corporate philosophy. Our members, customers, staff and suppliers are central to all that we do and key to our success.

Our Approach in 2014–2015

Meeting the needs of our customers is very important to the Fund and our strategic approach is focused on achieving high levels of customer satisfaction and addressing customer complaints satisfactorily. We tracked customer satisfaction across our business, and used customer satisfaction scores as one of our five key business performance indicators for evaluating staff. We engaged our customers in various ways to address their enquiries and respond to any complaints raised by them. The lessons learnt from such engagements continue to guide our strategy development process.

Customer Satisfaction

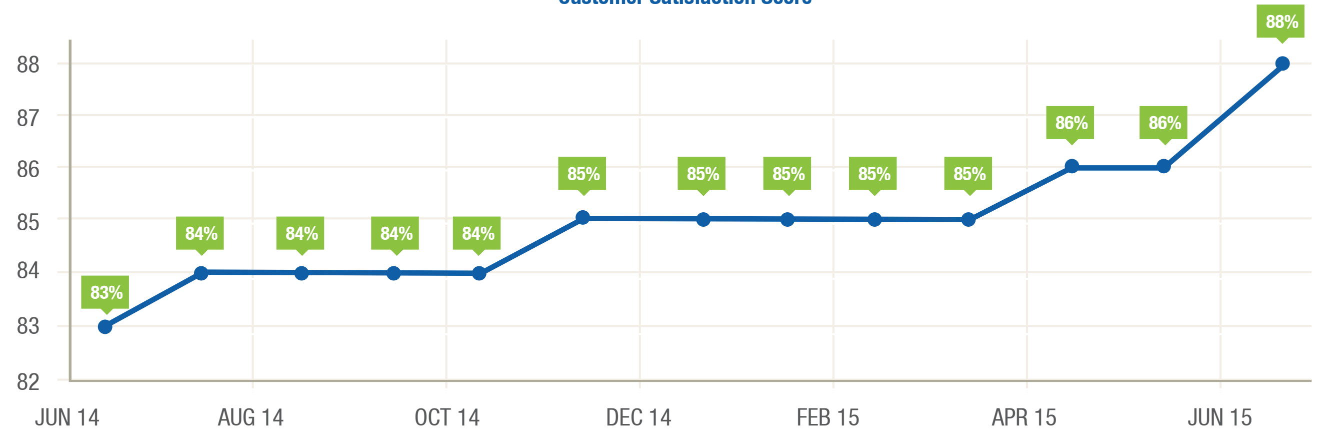
Our ***Customer Service Charter*** communicates to our customers the service standards we have set and declares our total commitment to better service delivery, empowering our customers to demand timely and quality services at all touch points.

NSSF annually measures customer satisfaction, as well as development of the company's reputation and the factors that impact it through the extensive and regular surveys. During the year, we made a significant investment in improving our customer service and continued to enhance the value we provide to our customers.

Our Customer satisfaction rate improved from 83% in June 2014 to 88% in June 2015. The high customer satisfaction score was as a result of implementing our customer service charter which underpins our commitment to meeting members' needs. We aim to provide services to customers that will create a memorable experience at every encounter.

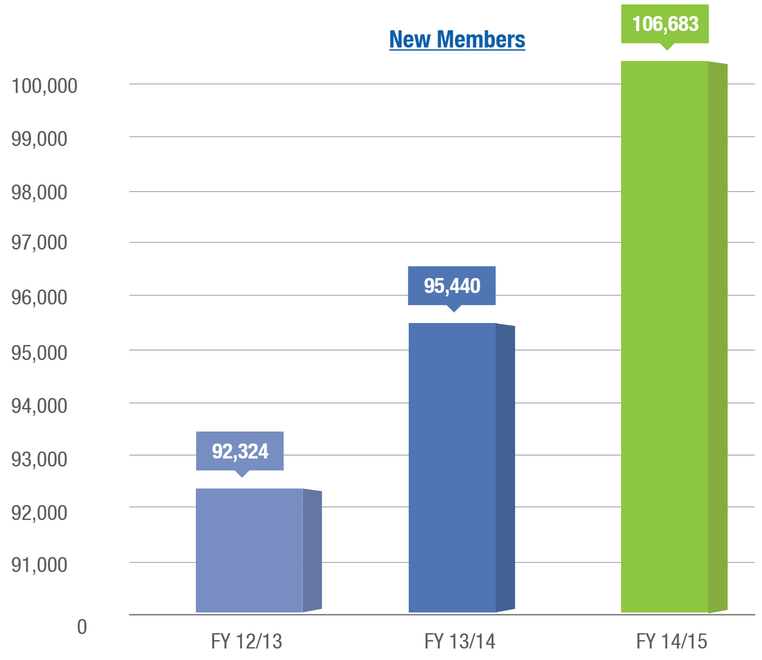
Improving accessibility to all our stakeholders is a major part of NSSF's commitment. We use a segmentation approach which ensures that we stay in touch with our customers through relationship managers on a regular basis.

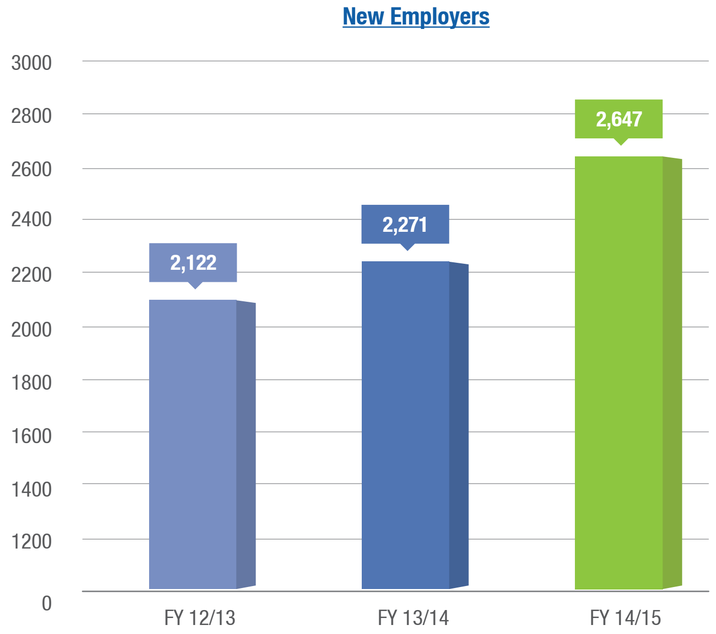
Customer Satisfaction Score



Our employer to relationship manager ratio has improved from 220 in 2012–2013 to 100 in 2014–2015. We also have a branch network of 20 branches across the country. Furthermore, our outreach centres throughout the country have increased from 52 in 2013 to 132 in 2015. These outreach centres help us stay in touch with our customers who can't access the branches.

The total new employers registered in the year 2014–2015 were 2,647. This is a 17% increase compared to the previous financial year. The registrations of new members also increased by 12% from the previous year to a total of 106,683 in 2014/15. The increase in the number of members increases the Fund's coverage enabling a wider spectrum of society to benefit from social security services.





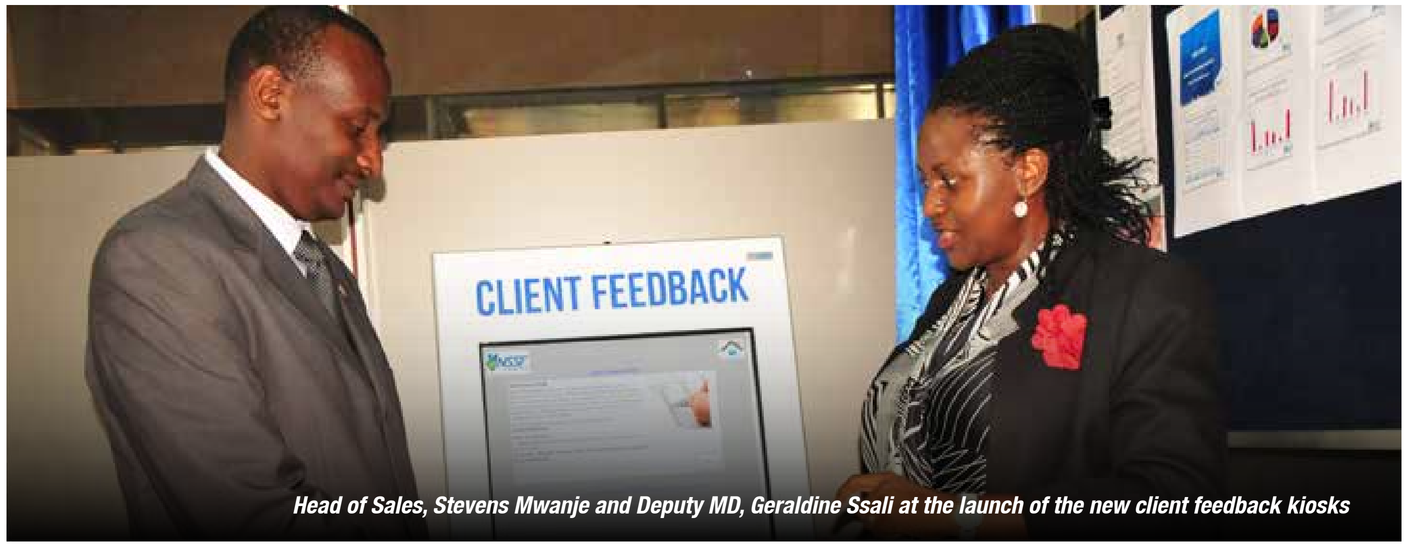
Customer Complaints

We keep customers updated with news about our business and answer queries through social media (Facebook, Twitter), and our branch network. By listening carefully to the feedback we receive from customers, we align our services with their expectations.

We received a total of 5,202 customer inquiries in 2015 compared with 4,324 in 2014. The number of complaints which were handled directly remained approximately the same. To ensure that our customers remain at the heart of our business, we continue to place the utmost value on customer feedback and customer engagement.

Customer Engagement and Relations

Building long term relationships with our customers is core to our growth strategy and organizational values. Customer engagement helps us to deepen our understanding of our customers and reinforce our relationship with them.



Head of Sales, Stevens Mwanje and Deputy MD, Geraldine Ssali at the launch of the new client feedback kiosks

NSSF staff re–painting the Kitante Primary School zebra crossing during Customer Connect Week

To ensure that our customers remain at the heart of our business, we continue to place the utmost value on customer feedback.

Our Customer engagement activities in 2014–2015 included interviews on radio and television talk shows, road shows and employer breakfasts. We have increased our visibility on social media to engage with customers and members to get them involved in our campaigns. One of our new emphases is on monitoring queries sent via Twitter, Facebook and our SMS platform.

Customer Connect Week

Our annual Customer Connect Week is held with the objectives of demonstrating our commitment to provide great customer service, quality products, appreciate Employers for the business they provide to the Fund and build loyalty among existing customers. It also targets recognition of the staff, as internal customers and the responsible resource for customer satisfaction.

This year's theme was ***"Making a Difference for Our Senior Citizens"***. The Customer Service, Marketing, and Sales division coordinate the sustainability activities with in the week. During this week heads of department and staff who do not usually serve customers directly, help to handle enquires. The idea is to help managers and staff become well acquainted with the issues the NSSF customers' service team face daily in dealing with real customers and real cases.

USh. 230 Million
Spent on Customer Connect Week

50 **community support initiatives** were carried out

300 **new members** were signed up during a period of 7 days

Over 4000 **elderly lives were Impacted**

Managing Director, Richard Byarugaba and Head of Finance, Patrick Ayota engaging with stakeholders at the Annual Members Meeting 2015

Members

National Social Security Fund is mandated by the NSSF Act to provide social security services to members of the private sector in Uganda. Our members include employers who we regard as primary members and employees who are secondary members. As a public institution charged with collection and investment of members' savings over the long term, we have a responsibility to our members and all other stakeholders.

Annual Members' Meeting

The Annual Members Meeting (AMM) is intended for the Board of Directors to report on the performance of the Fund, to communicate plans for the future and to receive feedback from members in an interactive forum. The meeting helps the Fund to develop a long–term relationship with the customers, which proactively helps us to understand their needs and tailor relevant solutions while consistently delivering on our promises.

During the year 2014–2015 we held our third Annual Members' Meeting, at which we demonstrated our commitment to transparency and accountability to stakeholders. The meeting brought together over 1200 NSSF members and workers unions' representatives, government representatives and members of the public.

During the year we declared an impressive 13% interest rate to our members, fulfilling one of our promises to pay a competitive return on members' savings. This was as a result of an impressive financial performance for the financial year 2014/2015.

Member Rewards

During the year 2014–2015 the Fund continued to reward employers for their compliance. These rewards were aimed at recognizing employers who make regular NSSF contributions for their members.

Attendance

1,200

Members attended the 2015 AMM

AMM Highlights

Managing Director, Richard Byarugaba presented the Fund's 3 year Strategic Plan to Members

Centenary Bank, Hima Cement and Vision Fund emerged as overall winners in the Gold, Silver and Bronze categories respectively

Employees

Our vision to be the social security provider of choice come liberalization will only be possible if our work force envisions the Fund as the best place to work. We therefore provide excellent opportunities for career progression, an enabling environment that facilitates fairness, consistency and equity in the management of the employees at the Fund.

Reward and remuneration.

Being a steward of other people's Funds, pay levels and bonuses were a continued significant issue to both the employees and the public. Some of the figures that were quoted through a local tabloid were out dated and did not reflect the true picture of the business. We are committed to pay salaries and wages that are equitable and to maintain a competitive salary structure as approved by the Board of Trustees.

Salaries are targeted to the top seventy fifth percentile levels of the industry and we use one of the best job evaluation methods on the market to measure the relative worth of jobs. Job evaluations are carried out every three years to ensure we have robust frameworks in place to deliver a competitive reward strategy.

In December 2014, we contracted the Hay group to undertake a job evaluation exercise with the aim of aligning our pay to the activities of the jobholder. A new salary structure in line with the industry was adopted by the Board of Trustees that saw most of the employees' salaries go up by up to 15%. Employees also received a fixed percentage pay increment based on their performance rating and position in the salary grading for their role.

Social security provisions

We also follow the NSSF act and provide all our staff with social security contributions to the larger Fund. All our staff are eligible whether they are on a long term employment contract, fixed term employment contract or on a temporary employment contract. We have even gone a step further and committed to paying social security for everyone including interns.

Benefits

Our employees are provided with an attractive benefits package aligned to their grades. A number of additional benefits were introduced during the year 2014/2015 to further enhance the package that was being offered. All of these benefits are geared to promote the wellbeing of the employee both at the workplace and at their homes.

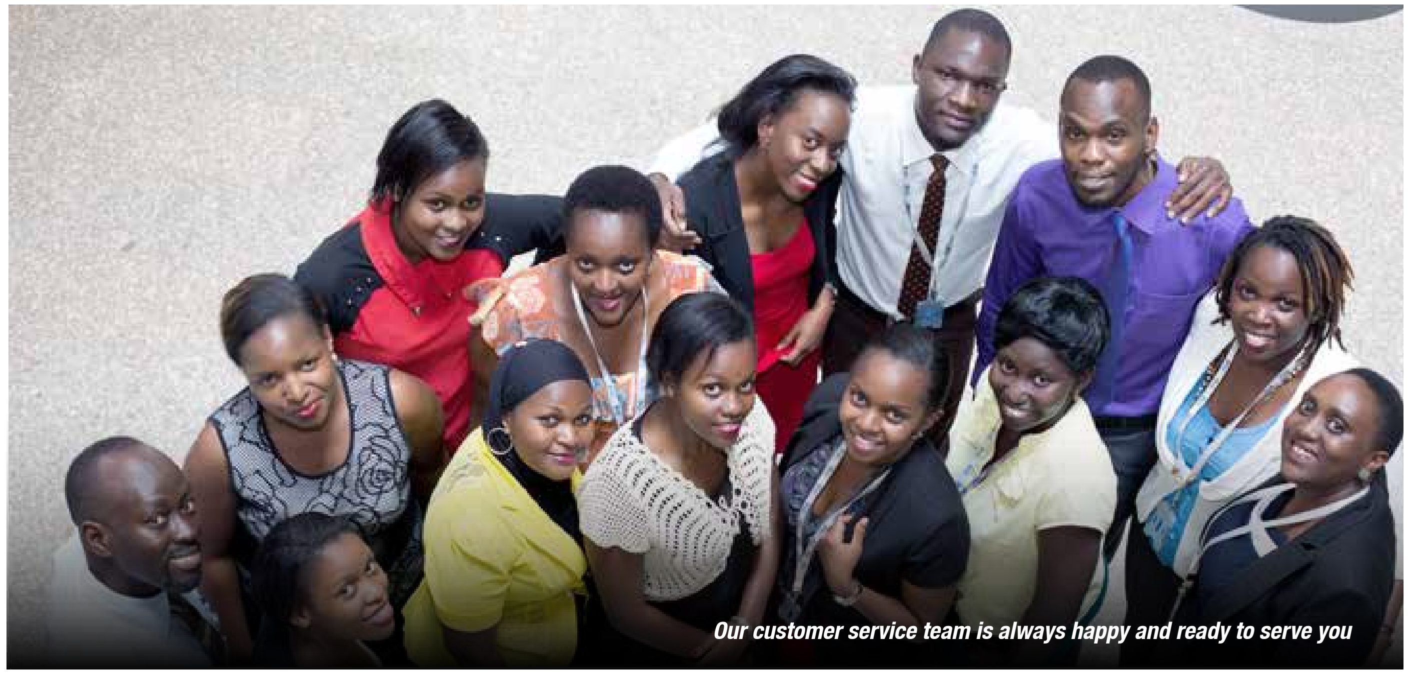
Paying attention to health

Our staff and their immediate family members are given medical insurance in order to maintain a healthy workforce. We also provide group and travel insurance to all our employees.

Physical health and wellbeing.

A wellness and fitness program was introduced this year to further enhance our commitment to our employees' physical wellbeing. This is supposed to complement the medical insurance benefit that we are already providing. We believe that a healthy employee begins

NSSF staff engaging in the tug–of–war competition during the annual Sports Day 2015



Our customer service team is always happy and ready to serve you

with what they eat and how they exercise and this translates into their productivity at the workplace.

The following were some of the initiatives adopted to promote employee health. Some of these were:

1. **Partnerships.**
   We partnered with a renowned nutritionist, Dr. Kasenene Paul from Wellcare to provide vital health and nutrition related information to our staff. This information is circulated through periodical newsletters and health alerts.
2. **Aerobics.**
   In line with our wellness and healthy living policy; aerobics was introduced in May 2015 at the head office and the branch network.
3. **Orthopedic Chairs.**
   In 2015, a policy was introduced to provide every employee with an orthopedic chair to promote a good sitting posture for long term spinal health.

Occupational safety and wellbeing.

A safe place to work.

We are aware that our staff face occupational hazards as they carry out the Fund's business. We have thus taken steps to identify the full range of health risks that affect our staff to ensure they are properly managed. We have therefore deliberately targeted to have a safe working environment for our staff.

Some of the interventions that were undertaken during the reporting period include;

A Fire Marshalls training which was conducted by the Uganda police for 40 Fire Marshalls from all departments and branches. This equipped a select group of employees with hands on knowledge on how to handle a fire breakout and help fellow colleagues on how to conduct themselves during this process.

Workman's compensation

The safety of our employees is taken seriously and is necessary if they are going to pUShs. the Fund's vision into reality. We have undertaken to insure against accidents that occur both at home and at the work place. This insurance helps the employees to be able to afford medical coverage that is beyond the basic medical insurance offered.

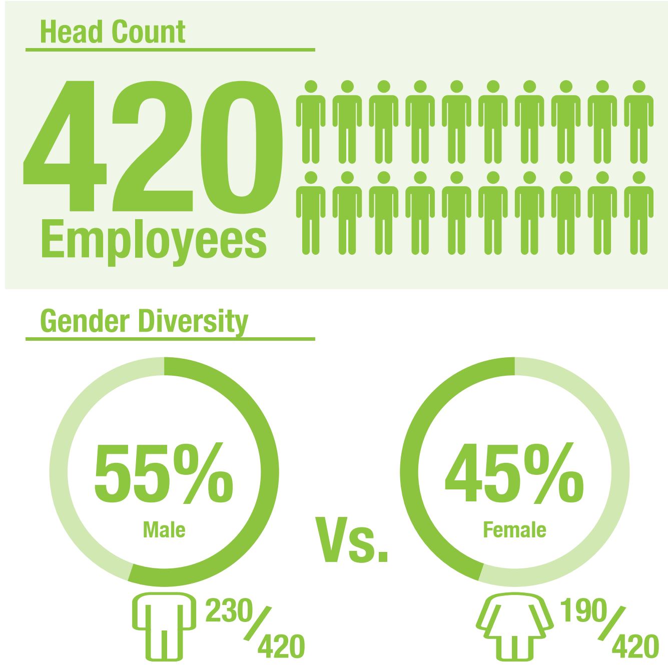
In the reporting year, only three injuries were suffered by the Fund's staff and all these happened away from the work place. No minor accidents were recorded and efforts are being taken to ensure that all staff are safe at all times.

An all–inclusive Workplace

Promoting diversity

We are committed to supporting diversity and promoting a culture where every employee feels valued and therefore is able to provide their best towards our success. Our recruitment and selection process is done in a way that promotes professionalism and equality and all our appointments are based on merit.

Gender diversity is of importance to us. Of the 420 staff compliment during the reporting period, 55% were male and 45% were female.



Employees are sourced from all over the country with each region being represented by not less than 5% of the total number of staff. Discrimination on the basis of religion is not tolerated and all religious based holidays are observed at the Fund.

Listening to our employees.

The Fund recognizes the importance of information flow and open communication among all employees to enhance teamwork and to help the employees identify with the mission, vision, values, corporate objectives and strategy of the business.

Employees are therefore encouraged to express themselves without fear of recrimination or reprisal. Avenues in place to emphasize management's commitment to hearing from our employees include:

Annual Employee Opinion Survey

Our employee opinion survey achieved a response rate of 71.8% which was lower by 21.2 percentage points from the 2014 survey and achieved an excellent rating of 84% up from the previous 77%. There was an overall increase of 3 percentage points in all the areas surveyed. Overall; staff motivation received an increase in favorable scores by 14 percentage points moving it to 71% favorable. We also saw a shift in the factors that motivate staff from "team rewards" and "inter branch/inter section competition rewards to "performance related salary increments and bonuses". This further justified the job evaluation exercise that had been completed during the year which aligned staff's pay to industry.

Employee Satisfaction

Our employee satisfaction improved to 84% from 77% in 2014.

Staff Development

Our E–learning uptake level was 70% far above the global benchmark of 30%

Staff TurnOver

Staff average turn over is at 6 years. i.e the average NSSF staff stays under our employment for 6 years

Some of our staff at the NSSF end of year party

Whistleblowing policy.

The Fund is committed to developing and maintaining a culture of integrity, transparency and trust by providing effective procedures that will offer confidence to employees to raise and or disclose malpractices and to ensure that no action will be taken against the employees who disclose malpractices.

In May 2015, a new whistle blowers policy was launched by management during the annual staff conference. This was intended to educate the employees about their responsibilities towards reporting actual or suspected wrongdoing as long as they had the necessary evidence or grounds for suspicion.

The values of the Fund as being an ethical employer were emphasized and this culture has been inculcated into the way employees conduct themselves.

Keeping staff informed.

Our communication to our staff is through online, printed and face to face communication. We mostly employ the use of the intranet to make daily updates on our day to day activities across the head office and the entire branch network. The "Sharepoint" website; housed on the intranet is where staff find and share information, ideas and best practice.

Regular teleconferences are held across the board where staff are kept abreast of new developments and initiatives being undertaken. The first face to face annual staff conference was held in May 2015 to further sensitize staff on the company's 10 year strategy. The annual strategic retreat is also another avenue where senior management and the members of the board impress on junior management and supervisors the roles they are expected to play in realizing the set out strategy.

Building the team.

The Fund believes that a cohesive team produces synergies that enable it to work seamlessly in innovating and delivering ideal customer solutions. Team activities, designed to enhance teamwork and promote good working relationships are therefore budgeted for. Such activities include;

- An annual staff party which is held in a centralized location allowing all staff to converge in a laid back atmosphere and freely mingle.
- Departmental/ sectional team building activities which usually last for a day or two and members get to interact with their colleagues away from the hustle and Bustle of day to day office activity.
- The annual sports day event which allows all staff to meet, take part in fan activities and also get to know their colleagues that work in far off regions of the country.
- The annual employee connect week which is designed to help management to interact with employees and create rapport that is necessary to move the Fund forward and also achieve the set out targets.
- The annual staff conference which is an opportunity for staff from across all departments to build their team spirit, share experiences and give direct feedback to management on ways to collectively grow the Fund's staff engagement index.

Developing highly skilled people.

Our Corporate training plan is designed to strengthen the capacity of our staff to deliver on their jobs more effectively.
During the financial year; an extensive collection of training needs was received from all heads of departments and their teams and this formed the basis of the UShs. 1.2 Billion training budget. The major areas of training were put under the following categories.

Basket A: Departmental Competencies and Knowledge Improvement Interventions
Basket B: Industry Related Conferences, Leadership and Management Skills Improvement Interventions
Basket C: Statutory, Regulatory and Change Interventions
Basket D: Organizational Culture and Values Improvement Interventions
Basket E: Security & Safety Improvement Interventions

Developing talent.

We develop youth capacity through a vibrant and competitive internship program. This helps us to tap into talent emerging from tertiary institutions.
Our intake for the reporting year was maintained at 60 interns as the previous year and was complemented with 3 legal clerks who also benefitted from our student training program. Our aim was to boost their employability by giving them real life experience of the workplace. Our internship policy ensures that all the functional units of the Fund are covered and thereby catering to the depth and breadth of the knowledge of the interns as they stay with us. The interns are also given tasks and assignments that enhance their future career development.

Learning and knowledge

The Fund believes that a continuous pursuit of knowledge by its employees is a must if it is to deliver on its promise to its customers. It is with this in mind that the learning and development policy has been designed in order to allow staff to get the necessary skills without disrupting their productivity. A number of training needs are identified across the Fund at the start of each financial year and a tailor made program is designed to address these needs. These needs usually range from departmental competences and knowledge improvement interventions to organizational culture and values improvement interventions.

Several training opportunities were pursued during the year. Some of these are mentioned below highlighting the impact they have had on the Fund so far.

- **The Balanced Scorecard Professional and Master Class** trainings have built up a pool of staff that appreciate the Balanced Scorecard tool of strategy much better and meaningfully add value to the quality of the strategy development and implementation.
- **The emotional intelligence course** has built up the resilience and team building capacity of Managers that

The Fund scooped the award for "Best New Comer" at the International e–Learning Awards ceremony have attended it.

- **The professional certifications and continuous professional development** of staff in Finance, Audit and other departments have ensured that there is ongoing improvement in levels of professional competency at the Fund. This is self–evident through the fact that the Fund has had unqualified accounts for the
- **The Occupational Safety and Health Training** has put the Human Resource Committee in good stead to not only write but champion the Occupational Safety and Health Policy and Program at the Fund.
- **The Fire Marshals course**, accompanied by fire drills has prepared all staff at the Fund to be fire alert and respond very swiftly in evacuation buildings during a fire alarm. The last fire drill in December, Workers House was evacuated completely in just 7 minutes.

New online learning tool.

We introduced a new online learning platform called Desire2Learn to enhance the skillset at the Fund. A number of courses were availed including some that were tailored around the Fund's values and strategic objectives; however most were from an external internet site whose content is designed by Harvard Business School.

The providers of the Desire2Learn system gave NSSF some benchmark statistics showing that in the 1st year of implementation, the uptake levels of eLearning are usually in the range of 30%. However, at NSSF, the first 6 months following the launch registered an uptake level of 70%, far above the global benchmark. This convenient tool has ensured that 100% of the staff acquire necessary skills to enable better delivery on their jobs and also made them more appealing to would be employers.

Performance Management

Performance management is implemented in two approaches; the vertical integration which links or aligns team and individual objectives with the overall business objectives and horizontal integration which links different aspects of human resource management and reward so as to achieve a coherent approach to management and development of people.

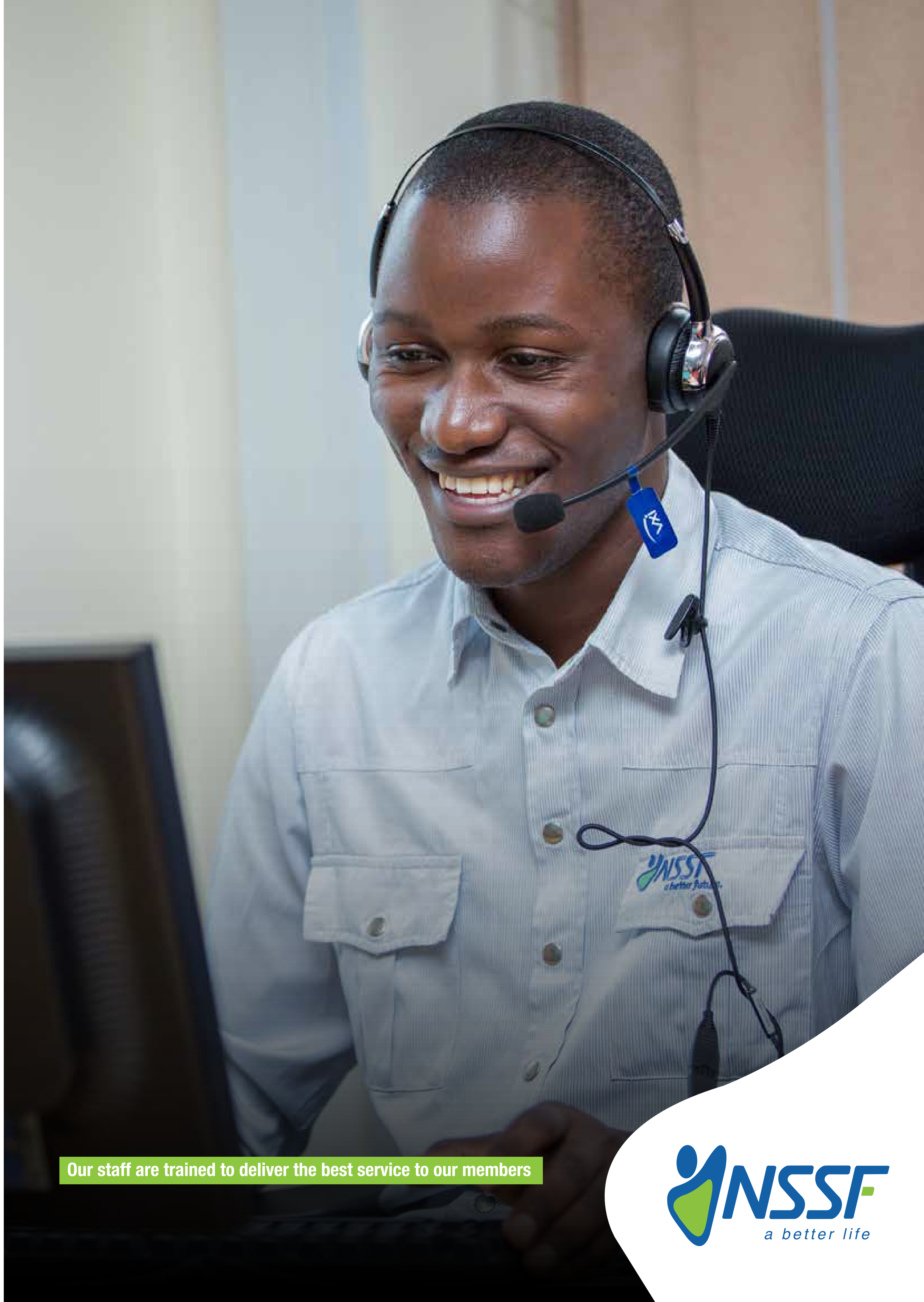
We aim to ensure that all employees know what they have to do, how they need to do it, what development and support they will get and how they will be rewarded and recognized for their achievements.

In 2014 the performance system was modified to better serve the needs of the organization in performance management. The guides and support documents and training were revised to make it easier to use and to be accessed by all staff. All managers and supervisors were trained in how to use the enhanced performance tool and were mandated to ensure that their teams understood how to use this tool too.

Employee Succession Planning.

Our employees are given the necessary environment to attain growth in knowledge and skills. Emphasis is placed on employees having personal development plans that broaden their knowledge span. These are then harnessed to build up a pool of highly competent and professional individuals whose wealth of expertise can be drawn on whenever need arises.

During the year, we recruited 50 new staff members. Of which 3 were Executive Committee, 2 were Senior Managers and 45 were officers



Our staff are trained to deliver the best service to our members

H.E. President Yoweri Kaguta Museveni shaking hands with NSSF Board Chairman, Patrick Kaberenge and Managing Director, Richard Byarugaba with Minister of Finance, Mattia Kasaija looking on

2. Contributing to Sustainable Economic Growth

Supply Chain Management

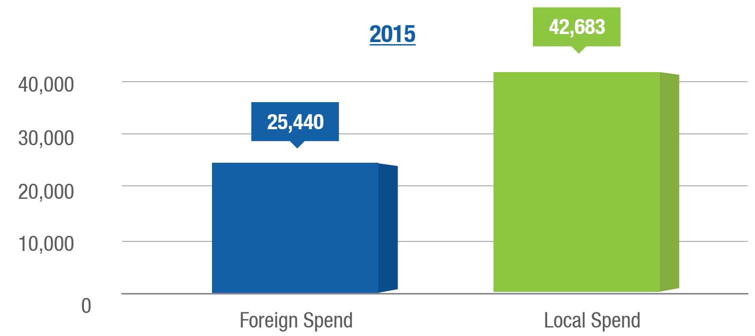
All NSSF suppliers must have a clear commitment to the principles of sustainability. Our requirements which include respect for the basic rights of employees, health and safety, environmental Protection and zero–tolerance on corruption and bribery are defined in the Code of Conduct for NSSF procurement policy.

We have over 500 suppliers and we only deal with those who act in an ethical and responsible way. The process for supplier selection and authorization includes checking the ongoing suitability of existing suppliers and we take into account their compliance with statutory regulations such as; paying Taxes and NSSF for their employees. We have clear guidelines for vetting the bids received from suppliers to prevent the engagement of any unsuitable suppliers.

Support of local suppliers

We endeavour to avail as much business to suppliers where their bids meet the relevant technical and financial criteria or requirements

During the year 2014–2015 we spent more on local suppliers than we did foreign suppliers as portrayed in the graph below;



Responsible Purchasing

We require all staff negotiating with suppliers to abide by our manual of conduct in supplier relationship which includes the need to be professional and unbiased in all dealings, to avoid conflict of interest and to maintain confidentiality of information. We endeavour to pay our suppliers in line with agreed payment terms and our standard terms are 30 days.

Engagement with Government and Regulators

NSSF is committed to full compliance with all applicable legal requirements enforced by governing authorities such as Uganda Retirement Benefits Regulatory Authority, Ministry of Finance, Public Procurement and Disposal Act (PPDA), Bank of Uganda, Capital Markets Authority, Ministry of Gender and Labour, the Parliament of Uganda, National environment and management Authority and Uganda Revenue Authority.

Governments and regulators are tasked with formulating and enforcing the rules and regulations that shape the environment in which we operate. We have the responsibility to share our knowledge and expertise to help government and regulators develop practical solutions to the challenges faced by our sector.

Our approach in 2014–2015

We aim to be open and to become trusted partners with policy makers to find solutions to past failures and current challenges; and develop future opportunities. We also hope to see the government and more importantly the workers as a whole unit to offer gainful contribution in the upcoming pension liberalization bill.

During the year we actively ensured that all our activities and operations complied with the existing legal and regulatory requirements through constant monitoring, evaluation, timely reporting and auditing.

Management had numerous interactions with stakeholders on issues concerning the Pension Liberalization bill that was being debated in Parliament.

Economic Contribution

As a custodian of public Funds, we are mandated to make prudent investments to generate profits which are sufficient to cover the interest cost owed to members on their savings. Being the biggest pension Fund in the region; we use our core competencies to support sustainable economic growth and to also play a role in the development of the region.

The biggest chunk of our investments is in government paper which is used to develop and improve infrastructure and also provide social services. Considering that there has been a significant reduction in donor Funding, our continued support of the government has helped to bridge the budget deficits and avail the necessary Funding for government's infrastructure and social development projects.

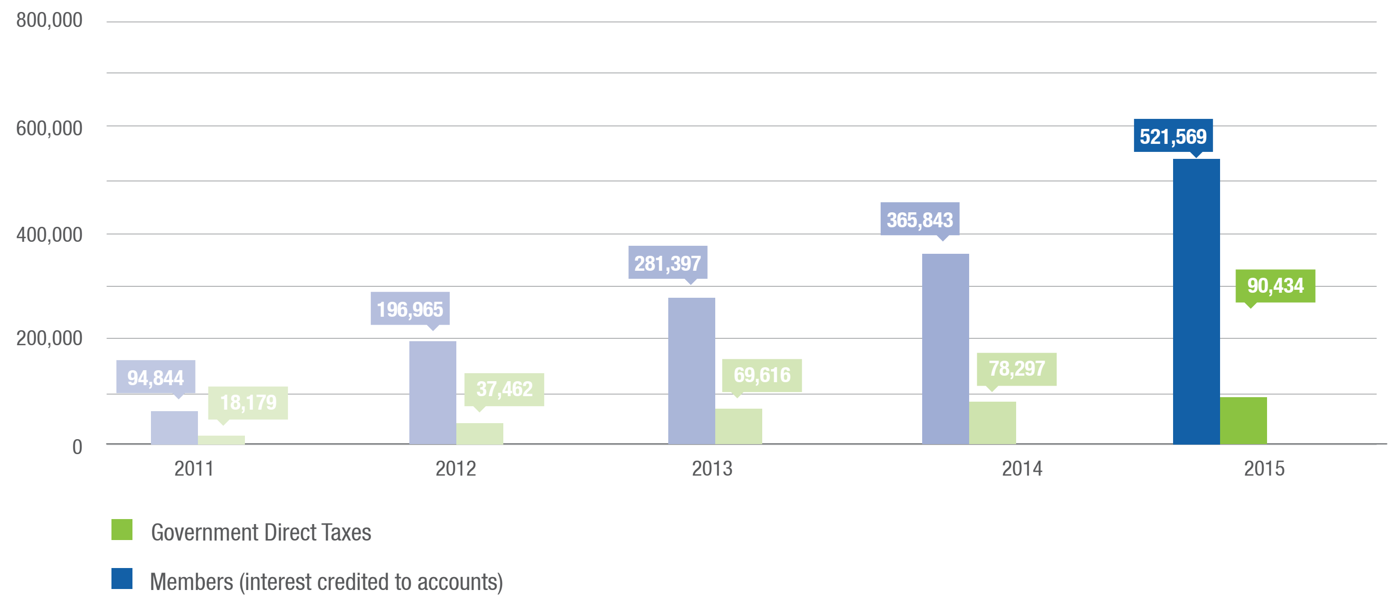
The Fund's continued improvement in performance has also meant that we contribute more in terms of taxes and that we are able to meet our obligations to our other stakeholders as and when they fall due.

Value Added Statement for the Year ended 30th June 2015

	2015 USh.'000'	2,014 UShs.'000'	2,013 UShs.'000'	2012 UShs.'000'	2011 UShs.'000'
Investment Income	583,156,291	494,328,407	393,224,896	276,396,119	147,117,983
Other Income (Loss)	169,776,564	42,027,939	57,219,215	5,942,111	(182,838)
Net Increase in Value of Investments	54,092,085	60,992,672	41,362,642	47,587,347	11,218,144
Less Expenses (Excluding staff costs & Depreciation)	(34,603,878)	(34,172,730)	(42,811,764)	(23,527,993)	(30,313,723)
Wealth Created	**772,421,062**	**563,176,288**	**448,994,989**	**306,397,584**	**127,839,566**
Distribution of wealth created to stakeholders (Amounts)					
Members (Interest credited to accounts)	521,769,156	365,842,850	281,397,243	196,964,777	94,843,924
Employee Salaries, Wages and Other benefits including	30,620,840	29,559,137	28,951,693	27,186,409	24,315,576
Government Direct Tax	90,433,851	78,297,276	69,616,573	37,462,230	18,179,113
Retained Earnings for Future growth	126,013,167	86,573,828	63,211,413	37,791,236	(13,410,622)
Distribution of wealth created to stakeholders (Percentage)					
Members (Interest credited to accounts)	68%	65%	63%	64%	74%
Employee Salaries, Wages and Other benefits including	4%	5%	6%	9%	19%
Government Direct Tax	12%	14%	16%	12%	14%
Retained Earnings for Future growth	16%	15%	14%	12%	–10%

Our value added statement shows, at a high level, the wealth created by the Fund and how it was distributed among the key stakeholders. The stakeholders include the members, government, and NSSF employees. The Fund retains some Funds to re–invest for the future growth and operation;

Distribution of wealth Among stakeholders



UShs. 521 Billion was distributed to our members as a return on their savings in 2015 compared to UShs. 365 Billion in 2014

UShs. 90 Billion was paid to government as tax in 2015 compared to UShs. 78 Billion in 2014

NSSF staff planting a tree during last year's Customer Connect Week

3. Environmental Management

Our environmental objective for 2015 was to identify and evaluate environmental and social risks and their impact of our projects. We identify and implement environmentally responsible management practices and operational procedures in order to reduce the overall negative impact of the business on the environment.

The Fund is commited to the improvement of our environment, as set forth in the management policy. Like all businesses, we are reliant on a range of natural resources to carry out our operations. We recognize that there are limits to these resources and that as a sustainable business we need to operate within those limits. Our approach involves promoting the efficient use of these resources.

Our approach

Our environmental management policy is administered by our Maintenance manager assisted by all staff members. Employees and contractors are responsible for performing their jobs in accordance with this policy and all other applicable NSSF policies.

Our Environmental management system is in agreement with international standard ISO 14001:04 which reqires the Fund to be aware of the environmental impact of its activities. Thus reducing risks and identifying environnment enhancing opportunities by using technology to assist in the prevention, and mitigation of any issues.

Environmental Support Services

Through these services we ensure that grievances from affected communities and feedback from other stakeholders were responded to and managed appropriately.

During 2014–2015 NSSF has not faced any penalties for non–compliance with applicable laws and regulations concerning the impact of its operations on the communities and environment.

Energy Audit

During the year the Fund had an energy Audit which was conducted by the ministry of Energy with an objective of Promoting Renewable energy and energy efficiency programme. The Audit recommended that the Fund Implements the Energy Monitoring System which is In line with ISO 50006 to get a good overview of the energy flows, and an energy monitoring system is needed.

Our major areas of energy consumption include lighting and office equipment, lift drives and chiller system. Activities currently carried out by NSSF regarding energy efficiency can be categorized as follows:

Air Conditioning/ Chiller system:

- Regular maintenance of the chiller system.
- Use of thermostats to control system temperatures.
- Turning off the system every evening and turning it on in the mornings; to avoid energy wastage when offices are unoccupied.
- Lift System:
- Turning off most of the lifts during after–work hours and operating only a few for emergency purposes.
- Regular monitoring and maintenance of lifts in operation.
- Lighting:
- Use of energy efficient fluorescent tubes and Compact Fluorescent Lamps (CFLs).
- De–lamping in many offices and corridors.
- Use of reflectors in lighting fixtures to distribute light.
- Use of natural light in some offices.
- Painting walls and ceilings with bright colours to improve reflection.
- Use of presence detectors and photo sensors.

Energy Resources Management

NSSF recognizes Energy Management as one of the highest corporate priorities and as a key determinant to sustainable development.

The Fund is committed to continued improvement in the Energy management performance through prevention of energy wastage and compliance to local and national energy legislative and regulatory requirements.

Electricity is the major source of energy supply to buildings owned by the Fund. This electrical power is supplied directly to the buildings by an 11kV UMEME distribution feeder. The feeder then distributes the power through three transformers each rated 1MVA, that step down 11kV/433V.
Energy conservation is achieved through adopting low cost facility adjustments, such as modifying HVAC settings or changing the types of bulbs used in light fixtures. Replacing the halogen lamps with energy saver lamps, Upgrading to LED lighting system, installing motion sensors, Alternating switching on/off of Air conditioning plants as a way of minimizing energy and Sensitizing staff to switch off lights after work

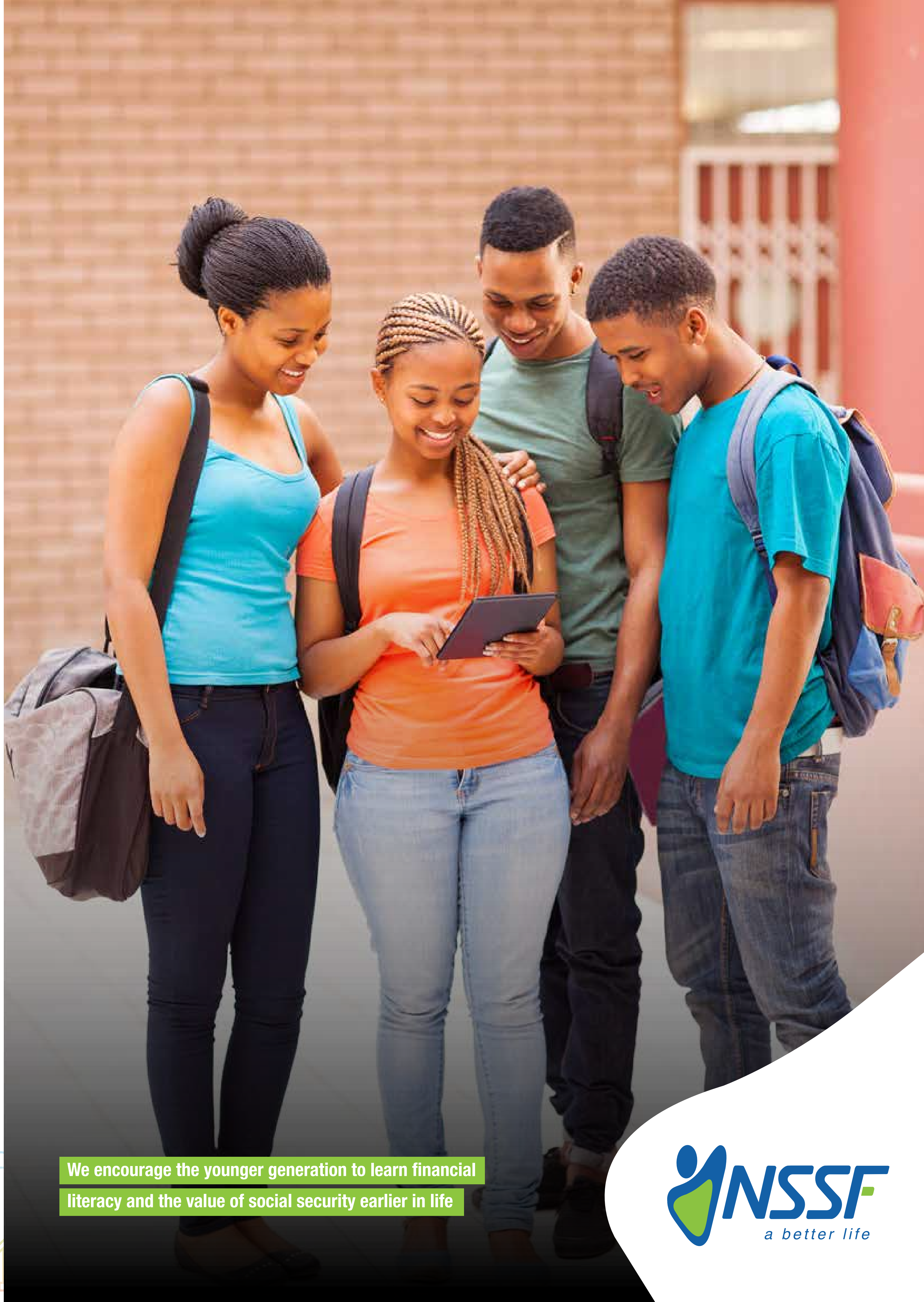
NSSF uses the water cooled chiller system for air conditioning. In this type of systems, chilled water is typically distributed to Heat exchangers, or coils, in Air Handling Units or other types of terminal devices which cool the air in their respective space(s), and then the water is re–circulated back to the chiller to be cooled again. These cooling coils transfer sensible heat and latent heat from the air to the chilled water, thus cooling and usually dehumidifying the air stream.

This system is more energy efficient

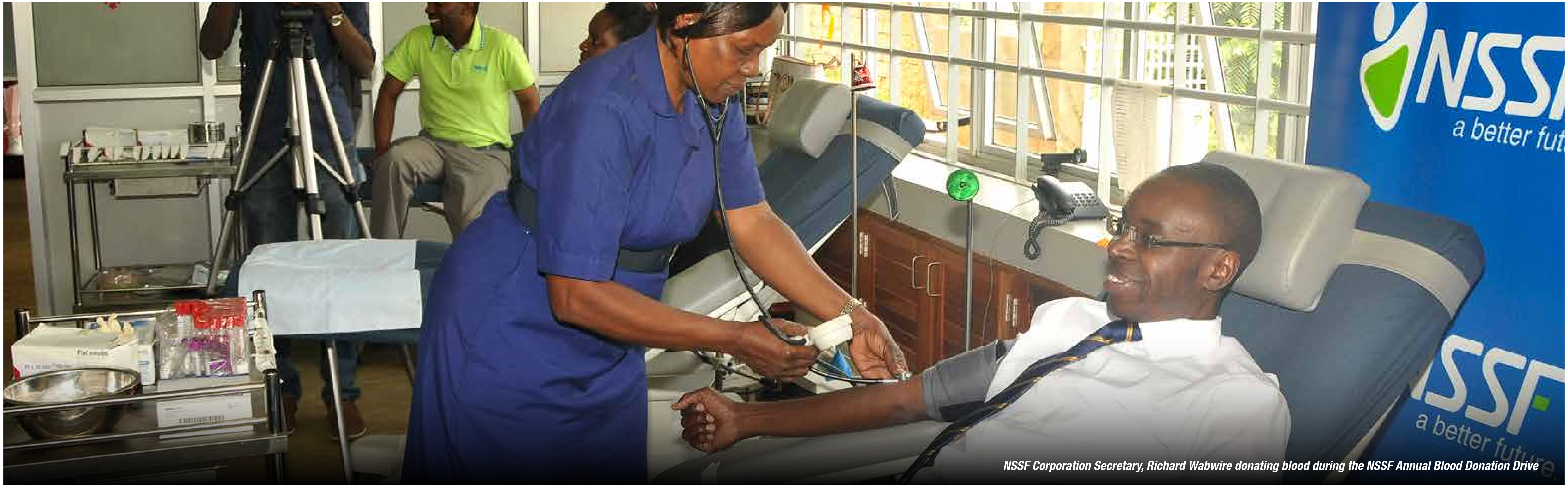
Water Resources Management

Water and wastewater handling, treatment, and disposal are conducted in accordance with regulations, as identified in Section 4.2, Regulatory Compliance through Global Environmental Health and Safety.

" Our Environmental management system was in agreement with international standard ISO 14001:04 which allows the Fund to be aware of the impact of its activities "



NSSF
a better life



NSSF Corporation Secretary, Richard Wabwire donating blood during the NSSF Annual Blood Donation Drive

Corporate Social Responsibility

The Fund aspires to 'give back' in a structured and sustainable manner that ensures the greatest positive impact to our beneficiaries and the wider society. Several philanthropic initiatives were conducted during the year. These focused on youth, senior citizens, poverty alleviation (TORCH Awards), youth, financial literacy, sports as outlined below

Health Initiatives

Blood Drive

During the year we held our fourth annual blood donation drive in partnership with Uganda Blood Transfusion Service under the Ministry of health with a theme of "Save a Life. Donate Blood. Be A Hero". Our objective was to collect over 1000 units of blood.

This was held in the Workers House Lobby, Constitunoional square. 1000 people donated blood and over 1,400 units of blood were collected. Given that one unit of blood can save 3 lives, potentially, over 4,000 lives were saved as a result of this drive

NSSF Rotary Dental Camp

The Fund partnered with Rotary Club Kampala North to provide two free dental health services at Mulago Dental school. Our aim was to help under privilrdged communities in Kampala suburbs.

Over 3,000 under–priveledged people benefited from Kamwokya, Kyebando, Bwaise, Kawaala, Mulago, Kivulu, Katanda, Kaleerwe and surrounding areas benefitted from this drive. Services provided included screening, filling, tooth decay extraction and oral education.

We sponsor the Rotary Annual Dental Camp in Mulago as part of our CSR Initiative

Making Life Better for the Elderly

As part of our Customer Connect Weelk initiative, we purposed to improved the lives of senior citizens.

The Fund distributed items worth UShs. 230 million to the elderly during this week. The items included solar power units, mattresses, beddings, insecticide treated mosquitos nets and repair of water sources such as boreholes.

Torch Awards

NSSF held its fourth annual Torch Awards as an initiative to recognize individuals and institutions that are transforming lives and communities in the areas of Education, Youth, Health and disadvantaged groups in our communities.

Winners included:

- **40 Days Over 40 Smiles Foundation (40–40)** who emerged as the National Winner, and was awarded with financial support of Shs 20m.
- **Kyamaleera Women Handicraft Association from Hoima**

“ I appreciate the NSSF Torch Awards Initiatiive because it compliments Government efforts in creating wealth for all and transforming society ”

Hon. Janet Kataha Museveni
Then Minister for Karamoja Affairs

First Lady Hon. Janet Museveni hands over a dummy cheque to last year’s Torch Awards winners.

NSSF staff registering students during the annual NSSF Career Expo at Makerere University

(Western Region)

- **Rachele Comprehensive (Northern Region)**
- **Pearl Foundation for Children & Widows (Eastern Region)**
- **and Child Care & Rescue Programme (Central Region).**

All regional winners were awarded with financial support of UShs 15 million to implement their community projects aimed at poverty alleviation

Career Expo (Equiping the Youth)

The Fund undertook its 4th students outreach drive in 4 major universities in Uganda, with a message to students to embrace the savings culture at an early age. This drive dubbed the Career Expo is designed to enable students streamline their study focus according to the existing job opportunities. The theme for the Career Expo 2015 was, “Build your Brand profile”.

A series of soft skills and professional development workshops were held during the Expo week, preparing students for the work environment and also giving them an opportunity to know about the existing companies. The Expo gave an overview about the offers on the labour market as well as the possibilities and ways of amplifying student personal development.

Financial Education and Literacy

During the year the Fund partnered with Bank of Uganda to offer free financial literacy to members who received benefits. The programme was intended to bridge the knowledge gap so that members can invest their savings better. Financial literacy is recognized as a critical factor in improving the quality of life and enhancing financial inclusion in Uganda.

We also offer financial literacy classes to our members

Sports

Netball

The Fund donated shs 10 million to the Uganda National Netball team (she cranes) towards their preparation for the 2015 Netball World Cup that was held in Sydney.

The She Cranes in action against New Zealand at the 2015 Netball World Cup

Volley Ball

During the year the Amateur Volleyball Club (KAVC) hosted the 19th NSSF KAVC INTERNATIONAL Volleyball Championship at Lugogo Indoor Stadium as well as Namboole and Makerere University Business School (MUBS) Nakawa. This annual event sponsored by NSSF is a convergence for the great lakes teams pursuing higher stakes to vie better at the continental and world scene.

The Women's final at the 2015 NSSF KAVC Volleyball tournament

Reporting in accordance with the GRI Guidelines

This Report is aligned with the Global Reporting Initiative's (GRI) G3.1 Sustainability Reporting Guidelines (see for further details). The index below gives full details of reporting against GRI disclosure profiles.

Key

- ● Full reporting
- ◉ Partial reporting
- ⊗ Don't report, not considered to be of material importance
- × Don't report, confidential information
- ○ Don't report, will consider

Profile Disclosure	Description	Level of Reporting	Cross–reference/Direct answer	Page Reference
1. Strategy and Analysis				
1.1	Statement from the most senior decision–maker of the organisation.	●	Managing Director's overview	*32*
1.2	Description of key impacts, risks, and opportunities.	●	Managing sustainability National Social Security Fund Annual Report 2015	*75*
2. Organisational Profile				
2.2	products, and/or services.	●	About us National Social Security Fund Annual Report 2015	*2–16*
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	●	About us National Social Security Fund Annual Report 2015	*88*
2.4	Location of organisation's headquarters.		Registered Office: Workers House	*3, 4*
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	National Social Security Fund operates solely in the Uganda	*4*
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	About us Customers National Social Security Fund Annual Report 2015	*2 – 16*
2.8	Significant changes during the reporting period regarding size, structure, or ownership.	●	Scope of this Report Business Strategy	*37 – 41*
2.9	Awards received in the reporting period.	●	Awards received (as well as other instances of recognition) are included throughout the Report in the relevant Report sections in 'Performance recognition' boxes	*182*
3. Report Parameters				
3.2	Date of most recent previous report.	●	National Social Security Fund's Sustainability Report was last published in June 2014	
3.3	State any specific limitations on the scope or boundary of the report.	●	Scope of this Report	*172*
3.4	Indicate whether the Chair of the highest governance body is also an executive officer.	●	The Chair of the Fund's Board, the highest governance body, is a non–executive officer. National Social Security Fund Annual Report 2015	*19, 88*
3.5	State the number and gender of members of the highest governance body that are independent and/or non–executive members.	●	National Social Security Fund Annual Report 2015	*19 – 24*
3.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	National Social Security Fund Annual Report 2015	*92*

Profile Disclosure	Description	Level of Reporting	Cross–reference/Direct answer	Page Reference
3.7	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	National Social Security Fund Annual Report 2015	*92*
3.8	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	●	Members National Social Security Fund Annual Report 2015	*89–90*
3.9	Basis for identification and selection of stakeholders with whom to engage.	●	Managing sustainability Stakeholder engagement is also described in the 'Our approach' paragraphs at the beginning of each section throughout the Report.	*95, 170*
3.10	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	Engagement is conducted at various levels throughout the Fund. Key examples for relevant stakeholders identified in disclosure include: The structure of the Fund provides a regular engagement framework to Members Customer engagement is varied across the Fund due to the diverse nature of the business. There are different mechanisms for engaging with customers and gathering their feedback, including regular customer panels and surveys. Customers Employee engagement is conducted through a confidential annual engagement survey, through management feedback and reviews and via regular issue surveys conducted predominantly through the intranet. Approaches taken reflect the diverse nature of suppliers across the Fund. Engagement can take place via regular review meetings; through the development of Joint Business Plans to engage in more open dialogue; the introduction of dedicated farming groups to develop long–term relationships; supplier capacity building which provides a forum for engagement and feedback on specific issues such as labour standards and approaches.	*173 –192*
4. Market Presence				
4.1	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	●	NSSF only operates in Uganda and complies with Uganda legislation. As such this indicator is not considered material.	*178 – 183*
4.2	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	NSSF only operates and recruits in the Uganda, as such this indicator is not considered material	*178 – 183*
5. Indirect Economic Impacts				
5.1	Understanding and describing significant indirect economic impacts, including the extent of impacts.	◉	A number of significant indirect economic impacts are reported on, however not all of these are specifically measured. Uganda communities (programmes and investments) International communities (Fair–trade and overseas community involvement) NSSF (advice and training, development and support) Employees (reward, training)	*187 – 188*
5.2	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	NSSF only operates and recruits in the Uganda, as such this indicator is not considered material	*178 – 183*
5.3	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, and other community investments, and payments to members	●	Economic Contribution	*187*

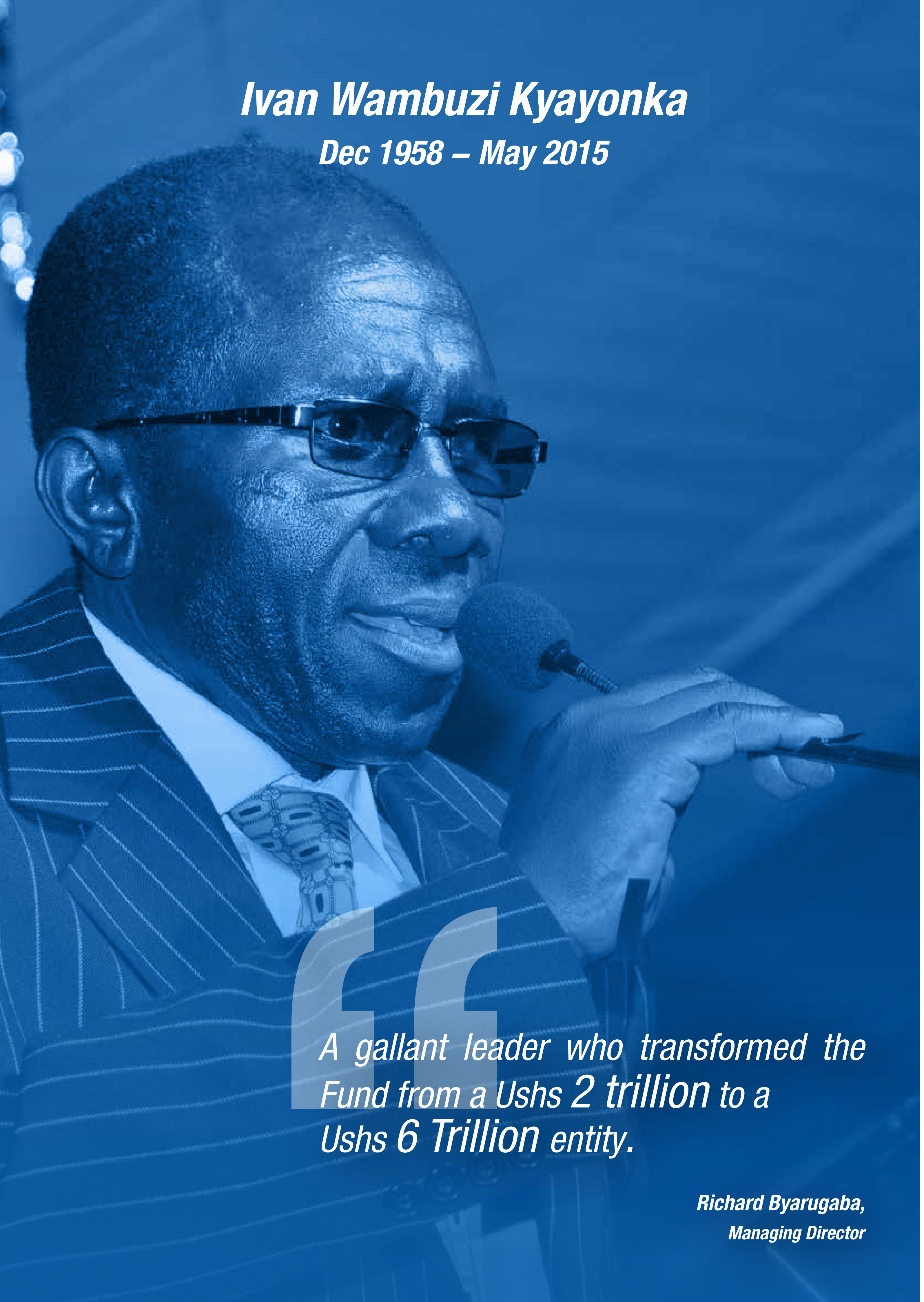
Profile Disclosure	Description	Level of Reporting	Cross–reference/Direct answer	Page Reference
6. Water				
6.1	Water sources significantly affected by withdrawal of water	⊗	This indicator considers the scale of the impacts associated with the organization's water use. NSSF is not a major user of water, and while it is developing its reporting in relation to water, this indicator is not currently considered material to the business.	*189 – 191*
6.2	Percentage and total volume of water recycled and reused.	⊗	NSSF is not a major user of water, and while it is developing its reporting in relation to water, this indicator is not currently considered material to the business	*189 – 191*
7. BioDiversity and Environment				
7.1	Total water discharge by quality and destination.	⊗	This indicator considers the scale of impacts associated with the organization's discharge. NSSF is not a major user of water, and while it is developing its reporting in relation to water, this indication is not currently considered material to the business	*189 – 191*
7.2	Initiatives to provide energy–efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	●	Environment Management	*189*
7.3	Energy saved due to conservation and efficiency improvements	◉	Environment Management	*189*
8. Compliance				
8.1	Monetary value of significant fines and total number of non–monetary sanctions for non–compliance with environmental laws and regulations.	◉	A complete set of data for this disclosure was not available for 2015. However, the data that was available suggested there were no significant fines or non–monetary sanctions for non–compliance with environmental laws and regulations. We will look to report on this in the short to mid–term when a new process is in place for monitoring data	*186*
9. Employment				
9.1	Total workforce by employment type, employment contract, and region, broken down by gender	◉	Employees Promoting equality	*178 – 183*
9.2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	◉	Employees	*178 – 183*
9.3	Return to work and retention rates after parental leave, by gender	◉	The NSSF only employs people in Uganda and complies with all Uganda labour laws, including those relating to maternity and paternity leave. All employees are encouraged to take their entitlements to parental leave and to return to work following this. NSSF works with employees as far as possible to remove barriers to their return to work, for example by offering a comprehensive flexible working policy. Employees taking parental leave are entitled to return to work in the same position and with the same contractual benefits as they held prior to their leave. As such, return to work and retention rates by gender are not collated.	*178 – 183*
9.4	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	⊗	National Social Security Fund only operates and recruits in the Uganda, as such this indicator is not considered material	*178 – 183*
9.5	Education, training, counselling, prevention, and risk–control programmes in place to assist workforce members, their families.	●	Employees	*178 – 183*
9.6	Total workforce by employment type, employment contract, and region, broken down by gender.	○	Employees Promoting equality	*178 – 183*
9.7	Total number and rate of new employee hires and employee turnover by age group, gender, and region	◉	Employees	*178 – 183*
9.8	Labour/management relations Occupational health and safety	●	Employees Employees	*178 – 183*

Profile Disclosure	Description	Level of Reporting	Cross–reference/Direct answer	Page Reference
9.9	Return to work and retention rates after parental leave, by gender.	●	National Social Security Fund complies with all labour laws, including those relating to maternity and paternity leave. All employees are encouraged to take their entitlements to parental leave and to return to work following this. The Fund works with employees as far as possible to remove barriers to their return to work, for example by offering a comprehensive flexible working policy. Employees taking parental leave are entitled to return to work in the same position and with the same contractual benefits as they held prior to their leave. As such, return to work and retention rates, by gender, are not collated.	*178 – 183*
9.10	Percentage of employees receiving regular performance and career development reviews, by gender.	◉	Employees receive regular performance and career development reviews and the process is managed by the strategy and performance department.	*178 – 183*
9.11	Total number of incidents of discrimination and corrective actions taken	●	National Social Security Fund has a Diversity Policy in place which states, among other things, that the organisation will not tolerate bullying or harassment in any form; people are valued for their contribution and diversity is encouraged in all aspects of the business. No incidents during the year	*178 – 183*
10. Labour/ Management				
10.1	Percentage of employees covered by collective bargaining agreements.	●	Although we do not report on the percentage of employees covered by collective bargaining agreements–as this data is difficult to collate accurately–we encourage employees to become members of one of the trade unions recognized by the group. The right of employees not to join a trades union is also respected. Employees	*178 – 183*
10.2	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	○	Although we do not report on the minimum notice period, through consultation, trades unions help us to support staff affected by organizational changes, and to ensure that change programmes are managed fairly and consistently Employees	*178 – 183*
11. Occupational Health and Safety				
11.1	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advice on occupational health and safety programmes.	×	NSSF engages with workers on health and safety programmes, however this is not presented as a percentage of total work force, health and safety meetings are conducted to review, consult, discuss and make recommendations on matters relating to colleagues' wee–being and health and safety. Group Risk Services, Human Resources, Facilities Management, Operations and Trade Unions are represented on the committee	*178 – 183*
11.2	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work–related fatalities by region and by gender.	◉	Employees	*178 – 183*
11.3	Health and safety topics covered in formal agreements with trade unions.	●	Health and safety forum meets to review, consult, discuss and make recommendations on matters relating to colleagues' wellbeing and health and safety. Group Risk Services, Human Resources, Facilities Management, Operations and Trades Unions are represented on these. Specific health and safety topics are covered, but we do not report details of these as they are part of ongoing discussions.	*178 – 183*
11.4	Security practices	×	The Fund has a security manager who is fully incharge of all security issues. It also employs a full–time security firm and anti–terrorism police to ensure safety of staff, assets and clients	*178 – 183*
12. Corruption				
12.1	Actions taken in response to incidents of corruption.	×	NSSF only operates in Uganda and aligns practices to Uganda law. Incidences of corruption are dealt with as specified in the code of business conduct. such information is considered business confidential	*178 – 183*

The Future of NSSF

The Fund is on an upward trajectory , growing on average by 20% every year, and is poised to become an indespensible part of Uganda's journey towards a middle income economy

Having made it to 30 years, the Fund now looks to the future. The Fund looks to diversify its investment portfolio by tapping into regional markets and to widen its services. NSSF will continue to put the customer first by developing products that offer real value to their members and cover areas like medical and housing and cutting processing time for benefits to less than 24 hours.



Ivan Wambuzi Kyayonka

Dec 1958 – May 2015

A gallant leader who transformed the Fund from a Ushs 2 trillion to a Ushs 6 Trillion entity.

Richard Byarugaba,
Managing Director

In Loving Memory

From the national cricket team to the boardroom, this captain's leadership skills inspired his teams to the very end. Appointed chairman of the Board on 01 June 2012, his message was clear: *"The Fund must make money for its members"* and indeed his term resulted in tremendous growth for the fund.

His vision *"To transform the Fund into the best pension fund in Africa"* is a challenge he left us with, and we commit to see that it comes to fulfilment.

He reached out as a friend and father to the NSSF fraternity and we will greatly miss him.

Go SMS Balance
Send NSSF to 6773

Go e–Statement
www.nssfug.org

Go Call Center
0800286773 TOLL– FREE LINE

Go Voice
Dial 0312314605

Go Mail
statement@nssfug.org

Go Mobile App
Available for mobile devices

Conveniently track your **savings** round the **clock** with our **e–channel** platforms

NSSF a better life

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