

The National Social Security Fund

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 30 June 2026



We
believe



in you,



in us



and in
Uganda



Annual Report

	Page
Fund information	3–4
Report of the Directors	5–6
Statement of Directors' responsibilities	7
Report of the Auditor General on the financial statements of National Social Security Fund for the year ended 30 June 2026	8–12

Financial Statements

Statement of changes in net assets available for benefits	13
Statement of net assets available for benefits	14
Statement of changes in Fund reserves	15
Statement of cash flows	16
Notes	17–84



WE BELIEVE IN
YOU

Your aspirations
Your potential
Your future



WE BELIEVE IN
US

Our shared strength
Our shared progress
Our shared responsibility



WE BELIEVE IN
UGANDA

Our nation's potential
Our shared prosperity
A better tomorrow for all



YEARS OF BUILDING UGANDA's FUTURE

Fund information

Directors

Dr.	David Ogong	Chairman	
Dr.	Ramathan Ggoobi	Member	
Mr.	Richard Bigirwa	Member	
Mr.	Aggrey David Kibenge	Member	
Ms.	Peninnah Tukamwesiga	Member	
Dr.	Sam Lyomoki	Member	
Dr. Eng.	Silver Mugisha	Member	
Ms.	Annet Mulindwa Nakawunde	Member	
Ms.	Agnes Abwoli Kunihiro	Member	Appointed 01 June 2026
Ms.	Annet Birungi	Member	Resigned 12 May 2026
Mr.	Patrick M. Ayota	Managing Director	

Registered office

National Social Security Fund
14th Floor, Workers House
Plot No. 1, Pilkington Road
P. O. Box 7140
Kampala

Auditor

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

Delegated auditor

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2A & 4A, Nakasero Road
Kampala, Uganda

Advocates

S&L Advocates

S&L Chambers
Plot 14, Mackinnon Road
P. O. Box 2255
Kampala, Uganda

Kampala Associated Advocates

Plot 14, Nakasero Road
P. O. Box 9566
Kampala, Uganda

GP Advocates

Colline House, 3rd Floor
Plot 4, Pilkington Road
P. O. Box 6737
Kampala, Uganda

Nangwala Rezida & Co. Advocates

Plot 9, Yusuf Lule Road
P. O. Box 10304
Kampala, Uganda

MMAKS Advocates

4th Floor, Redstone House
Plot 7, Bandali Rise, Bugolobi
Kampala - Uganda

K & K Advocates

Plot 5A2, Acacia Avenue
P. O. Box 6061
Kampala, Uganda

Kasirye, Byaruhanga & Co. Advocates

Plot 33, Clement Avenue
P. O. Box 10946
Kampala, Uganda

Birungyi, Barata & Associates

Plot 14 Archer Road Kololo
P. O. Box 21086
Kampala, Uganda

Fund information continued

BANKERS

Standard Chartered Bank Uganda Limited

Speke Road
P. O. Box 7111
Kampala, Uganda

Stanbic Bank Uganda Limited

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

Housing Finance Bank

Plot 25 Kampala Road
P. O. Box 1539
Kampala, Uganda

Tropical Bank Limited

Plot 27 Kampala Road
P. O. Box 9485
Kampala, Uganda

Bank of Africa

Lugogo One Building 23 Lugogo Bypass
P. O. Box 2750
Kampala, Uganda

United Bank for Africa (Uganda) Limited

Plot 2, Jinja Road
P. O. Box 7396
Kampala, Uganda

Ecobank Uganda Limited

Plot 4 Parliament Avenue
P. O. Box 7368
Kampala, Uganda

Finance Trust Bank Limited

Plot 121 & 115, Block 6, Katwe
P. O. Box 6972
Kampala, Uganda

Exim Bank Uganda Limited

Plot 6, Hannington Road
P. O. Box 36206
Kampala, Uganda

I&M Bank (Uganda) Limited (formerly Orient Bank Uganda Limited)

P. O. Box 3072
Kampala, Uganda

Pearl Bank Uganda Limited

Plot 15-17 Roscoe Road
P. O. Box 7189
Kampala, Uganda

Citibank Uganda Limited

Plot 4, Ternan Avenue Nakasero
P. O. Box 7505
Kampala, Uganda

Bank of Baroda Uganda Limited

Plot 18 Kampala Road
P. O. Box 7197
Kampala, Uganda

Absa Bank Uganda Limited

Plot 2A & 4A, Nakasero Road
P. O. Box 7101
Kampala, Uganda

dfcu Bank Limited

Plot 26, Kyadondo Road
P. O. Box 70
Kampala, Uganda

Centenary Rural Development Bank

Plot 44-46 Kampala Road
P. O. Box 1892
Kampala, Uganda

Diamond Trust Bank Uganda Limited

Plot 17/19, Kampala Road
P. O. Box 7155
Kampala, Uganda

Equity Bank Uganda Limited

Plot 34, Church House Kampala Road
P. O. Box 10184
Kampala, Uganda

Guaranty Trust Bank Uganda Limited

Plot 56 Kiira Road
P. O. Box 7323
Kampala, Uganda

KCB Bank Uganda Limited

Plot 7 Kampala Road
P. O. Box 7399
Kampala, Uganda

NCBA Bank Uganda Limited

Rwenzori Towers
P. O. Box 28707
Kampala, Uganda

Cairo Bank Uganda

Plot no. 16, Mackinnon Road Nakasero
P. O. Box 7052,
Kampala – Uganda

Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 30 June 2026 which discloses the state of affairs of the National Social Security Fund ('the Fund' or "NSSF"), in accordance with Section 32 of the National Social Security Fund Act, Cap 230 Laws of Uganda (the NSSF Act).

1. Incorporation

The Fund is a corporate body established in Uganda by an Act of Parliament with dual supervision from the Ministry of Finance and Economic Development and the Ministry of Gender Labour and Social Development.

2. Principal activity

The Fund was established by an Act of Parliament to provide social security protection to its members through the collection, management and investment of contributions and the payment of benefits in accordance with the National Social Security Fund Act, Cap. 230. The Fund operates two principal savings portfolios: mandatory savings and voluntary savings.

- **Mandatory savings**

The mandatory scheme applies to eligible employees in Uganda, including employees in the private sector, Non-Governmental Organizations (NGOs), public corporations and public sector entities whose employees are not covered under the Government's statutory pension scheme. Contributions are made at 15% of an employee's gross salary, comprising 5% contributed by the employee and 10% contributed by the employer. The Fund operates as a provident fund, with members' accumulated contributions and accrued interest paid as benefits in accordance with the provisions of the NSSF Act.

- **Voluntary savings**

Section 13 of the National Social Security Fund Act, Cap. 230 provides for the collection of voluntary contributions, allowing individuals to make additional savings with the Fund outside the mandatory contribution arrangement. The Fund currently provides voluntary savings through Smartlife, a dedicated voluntary savings product launched in November 2024, through which members may make additional contributions towards their long-term savings objectives.

3. Significant activities

The Fund launched the 2035 vision with ambitious targets for the next decade. For 2035, we envision a 50% coverage of Uganda's working population, growth to Ushs 80 trillion and a customer/staff satisfaction rate of 95%. The Fund is seamlessly integrating ESG principles into its operations, solidifying its dedication to environmental, social, and governance responsibility. The Directors understand that sustainability is crucial for the long-term success of the Fund and the society.

4. Benefits Paid

During the year ended 30 June 2026, the Fund paid benefits to 50,971 mandatory beneficiaries (2025: 43,501 beneficiaries) and 16,680 voluntary beneficiaries (2025: 15 beneficiaries).

5. Results from operations

The results of the Fund are set out on page 13.

6. Interest to members

Interest on the mandatory portfolio is computed based on the opening balances of the members' funds less benefits paid during the year. The interest rate used to allocate interest for the year ended 30 June 2026 was **22.53%** (2025: 13.50%).

Interest on the voluntary portfolio is computed based on the after-tax return earned on investments less management fees. The weighted average interest rate credited to members' savings during the year ended 30 June 2026 was 14.10% (2025: 13.33%).

7. Fund reserves

The reserves of the Fund are set out on page 15.

Report of the Directors continued

8. Unallocated members' funds

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

9. Directors

The Directors who held office during the year and up to the date of this report are set out on page 3.

10. Auditors

In accordance with Section 32 (2) of the NSSF Act, the financial statements are required to be audited every year by the Auditor General of Uganda or an auditor appointed by him to act on his behalf. For the year ended 30 June 2026, KPMG Certified Public Accountants was appointed to act on behalf of the Auditor General.

11. Restatement of comparative financial statements

During the year, the Fund reviewed the presentation of its financial statements to provide users with clearer and more relevant information on the Fund's mandatory and voluntary member portfolios.

Following the amendment of the National Social Security Fund Act, Cap 230, the Fund's mandate was expanded to permit the collection of voluntary contributions. The voluntary portfolio has continued to grow significantly and amounted to Ushs 135 billion as at 30 June 2026 (30 June 2025: Ushs 17.7 billion).

In light of the growth and distinct operating features of the voluntary portfolio, the Fund has restated comparative information to separately present the mandatory and voluntary portfolios in the financial statements and supporting notes. The revised presentation is intended to enhance transparency, comparability and users' understanding of the nature, performance and obligations of each portfolio. This change in presentation has no effect on the financial position, financial performance and or cashflows of the Fund as reported in the prior year.

12. Disclosure consideration on IFRS S1 and S2

The International Sustainability Standards Board issued IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2, Climate-related Disclosures, establishing a global baseline for reporting material sustainability- and climate-related risks and opportunities. In Uganda, the Standards are being implemented under a phased adoption roadmap, with mandatory application for retirement benefit schemes, including the Fund, for accounting periods beginning on or after 1 January 2029.

In preparation for mandatory adoption, the Fund has commenced a phased implementation model focused on strengthening governance and oversight, enhancing sustainability and climate-related risk identification, improving data collection and internal controls, and building internal capacity. These initiatives are intended to progressively align the Fund's reporting with the governance, strategy, risk management, metrics and targets disclosure requirements of IFRS S1 and IFRS S2 ahead of the mandatory adoption date.

13. Approval of the financial statements

The financial statements were approved at the meeting of the Directors held on 15 September 2026.

By Order of the Board,

Ms Agnes Tibayeita Isharaza

Corporation Secretary

18 September 2026

Statement of Directors' responsibilities

The National Social Security Fund Act requires the Directors to make available to the Fund's members and other parties, audited financial statements for each financial year which show a true and fair view of the state of affairs of the Fund as at the end of the financial year.

It also requires the Directors to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund and safeguard the assets of the Fund.

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the National Social Security Fund Act, Cap 230 Laws of Uganda (the NSSF Act) and, for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors confirm that, during the year under review, in the execution of their duties they have complied with the requirements imposed by the NSSF Act. The Directors also confirm that:

- Adequate accounting records were kept inclusive of proper minutes of all resolutions passed by the Board of Directors;
- They took such steps as were reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities;
- Proper internal control systems were employed by or on behalf of the Fund;
- Adequate and appropriate information was communicated to the members including their rights, benefits and duties in terms of the rules of the Fund;
- Reasonable steps to ensure that contributions, where applicable, were paid timely to the Fund;
- Expert advice was obtained on matters where they lacked sufficient expertise;
- The rules, operation and administration of the Fund complied with all applicable legislation; and,
- Funds were invested and maintained in accordance with the Fund's investment policy statement.

Approval of the annual financial statements

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards and the NSSF Act. The Directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the Fund and its operating results.

The Directors ascertain that the auditor was given unrestricted access to all financial information and all representations made to them during their audit were valid and appropriate.

These financial statements:

- were approved by the Board of Directors on 15 September 2026;
- are, to the best of the Directors' knowledge and belief, confirmed to be complete and correct; and,
- fairly represent the net assets of the Fund as at 30 June 2026 as well as the results of its activities for the year then ended in accordance with IFRS Accounting Standards and the NSSF Act.

The financial statements of the National Social Security Fund for the year ended 30 June 2026 were prepared by CPA Stevens Mwanje FM4133 on behalf of the Board of Directors.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. The Directors hereby report that nothing has come to their attention to indicate that the Fund will not remain a going concern for at least twelve months from the date of this statement.

The Directors confirm that for the year ended 30 June 2026, the National Social Security Fund has submitted all regulatory and other returns and any other information by all applicable regulations.

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

Dr. David Ogong
Chairman

Mr. Patrick M. Ayota
Managing Director

Dr. Eng. Silver Mugisha
Director

Date: 18 September 2026

Report of the Auditor General on the financial statements of National Social Security Fund for the year ended 30 June 2026

THE RT. HON. SPEAKER OF PARLIAMENT

In accordance with Section 23 of the National Audit Act, Cap 170, I appointed KPMG, Certified Public Accountants, to audit the financial statements of National Social Security Fund ("the Fund"), on my behalf, to enable me to report to Parliament in accordance with Article 163 (4) of the 1995 Constitution of the Republic of Uganda.

Opinion

I have audited the financial statements of National Social Security Fund (NSSF) set out on pages 13 to 84, which comprise the Statement of Net Assets Available for Benefits as at 30th June 2026, the Statement of Changes in Net Assets Available for Benefits, Statement of Changes in Fund Reserves and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policies.

In my opinion, the accompanying financial statements present a true and fair view of the financial position of the Fund as at 30th June 2026, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the NSSF Act, Cap 230 of the Laws of Uganda.

Basis of Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Fund in accordance with the 1995 Constitution of the Republic of Uganda (as amended), the National Audit Act, Cap 170, the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other ethical requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Audit Matter	How the matter was addressed in my audit
Valuation of Investment Properties The disclosures associated with valuation of investment properties are set out in the financial statements in the following notes; - Note 3(h): Summary of material accounting policies (Investment Properties); - Note 4(a): Determination of fair value; - Note 25: Investment Properties. The Fund has significant investment properties whose estimated fair values require significant judgement. Significant judgement is applied in determining the valuation techniques such as direct sales comparison method, comparable transactions method, and income capitalization method used by the external valuers and evaluation of the assumptions applied in the estimation of rental value, rental expenditure, vacancy factors, discount rates, price per acre in determination of unobservable inputs relevant in estimating the fair value of investment properties. I assessed this as a key audit matter due to the significant judgment exercised by the directors of the Fund and the complexity involved in the determination of the fair value of investment properties.	I undertook the following procedures; - Obtained an understanding of the Fund's approach and process to the valuation of the investment properties by performing walkthroughs of the valuation process, including the identification of key controls and significant judgments applied in determining fair value. - Tested controls over managements' review of the fair valuation models and inputs in the models thereon including assessing the design and implementation of the related controls. - Evaluated the appropriateness of the methods used for fair valuation by inspecting the valuation reports to assess whether they were consistent with the requirements of IFRS 13. - Challenged the assumptions made by management in the valuation, including; - Selecting significant unobservable inputs in the fair valuation methods such as estimated rental value, estimated rental expenditure, vacancy factor, discount rate, price per acre and performed a sensitivity analysis to assess how the changes in key assumptions affect the fair valuation of the investment properties. - Assessing assumptions such as future vacancy factor to industry information published by property managers for reasonableness.

Report of the Auditor General continued

Audit Matter	How the matter was addressed in my audit
	(v) Performed a retrospective review for a sample of transactions to ascertain managements' history in estimating fair values. (vi) Assessed the competence and objectivity of the external valuers selected by the Fund to carry out independent valuations of its investment properties by reviewing profiles of lead valuers, confirming their registration and licensing by relevant professional body and reviewing their contracts with the Fund as well as their valuation reports for evidence that their conclusions and findings are supported by data, reasonable assumptions appropriate methodologies. (vii) By use of valuation specialists, I reviewed the valuation methods used by the Fund and also challenged the assumptions used in estimating the fair values. (viii) Reviewed the financial statements disclosures to ensure that the requirements of IAS 40 are appropriately and adequately addressed. (ix) Based on my audit procedures, I noted no significant issues in relation to the Valuation of Investment Properties on the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Fund Information, the Directors' Report and the Statement of Directors' Responsibilities, but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and in the manner required by the National Social Security Act, Cap 230 of the Laws of Uganda and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Report of the Auditor General continued

Auditor's Responsibilities for the audit of the Financial Statements

My responsibility as required by Article 163 of the 1995 Constitution of the Republic of Uganda (as amended) and Sections 13 and 19 of the National Audit Act, Cap 170 is to audit and express an opinion on these statements based on my audit. My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also;

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

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

Other Reporting Responsibilities

In accordance with Section 18 (1) of the National Audit Act (NAA), Cap. 170, I report to you, based on my work described on the audit of Financial Statements that except for the matters raised below, and whose effect has been considered in forming my opinion on the financial statements, the activities, financial transactions and information reflected in the financial statements that have come to my notice during the audit, are in all material respects, in compliance with the authorities which govern them.

1. Land encumbrances and encroachments

during the audit, I noted that the Fund holds land as part of investment property which is measured at fair value. However, some land titles had caveats, ownership claims, special certificates, boundary overlaps, public access road reservations, encroachments and occupation by squatters or neighboring users.

The above anomaly was attributed to the lengthy legal due process undertaken to resolve land title defects, encumbrances and third-party claims across the land investment property portfolio.

The encumbrances on the properties reduce the investment property's fair value and these legal claims may restrict the Fund's ability to sell or fully utilize the properties.

The Accounting Officer explained that, the Fund management had initiated complementary legal and cadastral work streams, including litigation where necessary and a Land Title Rectification and Encroachment Resolution exercise by external Valuers and Surveyors.

Recommendations

The Accounting Officer should continue the legal and cadastral work streams to conclusion, with clear milestones for boundary opening, occupation audits, stakeholder engagement and resolution of encroachments.

I advise Parliament to institute a multi-stakeholder engagement aimed at resolving systemic land-title, encroachment and cadastral bottlenecks that affect the protection of land owned by Government institutions such as the Fund.

Report of the Auditor General continued

2. Reconciliation of title deed acreage to actual land size

The audit noted differences between acreage recorded on land titles and actual surveyed acreage for selected investment properties, with total title acreage of 820.96 acres compared to actual surveyed acreage of 814.83 acres, resulting in a net variance of 6.12 acres. As shown in the table below;

Table 1: Showing Variances between Title deed acreage and actual land size

Area	Land Size as per title (Acres)	Actual land Size (Acres)	Difference
Temangalo Land	490.474	493.692	(3.218)
Bukerere- Mukono Land	50.717	45.531	5.186
Tororo	0.719	0.682	0.037
Mbarara	0.457	0.326	0.131
Lubowa	278.590	274.603	3.987
Total	820.957	814.834	6.123

Source: Review of land Titles and Land Inspection and Survey

This was attributed to reliance on historical or title-document measurements without sufficient verification and timely remediation of current on-ground boundaries and acreage.

As a result of the variances in the land measurements, the Fund could lose property and also face severe legal exposure and lengthy boundary disputes with neighboring communities or private developers.

The Accounting Officer explained that, the Fund had commissioned a comprehensive cadastral investigation to establish the authoritative position for each property before the necessary title amendments are processed.

Recommendations

- The Accounting Officer should complete the cadastral investigations and process the required title amendments with the Ministry of Lands, Housing and Urban Development.
- In addition, the Fund should maintain a property-by-property roadmap identifying the responsible internal teams, external surveyors, Ministry offices and expected approval timelines, and should periodically report progress to those charged with governance.

3. Collateral cover for the restructured Uganda Clays Limited loan

I noted that the Fund restructured the loan to Uganda Clays Limited with a new principal amount of UGX.20.6Bn effective 2nd January 2025, secured by a legal mortgage over the properties of Uganda Clays Limited.

Review of the valuation reports by the management of Uganda Clays Limited (UCL) conducted in 2021, revealed that the pledged collateral had a market value of UGX.15.36Bn, equivalent to 75% of the principal outstanding. In addition, it was noted that the legal mortgage registered on the properties to secure the Fund's rights for the loan was only UGX.11Bn, leaving an unsecured exposure of UGX.9.6Bn.

As a result of delayed revaluation, currently, the Fund is exposed to credit risk to the extent of the unsecured restructured loan amount of UGX.9.6Bn in the event of default by Uganda Clays Limited.

The Accounting Officer explained that, the collateral was not revalued prior to the restructuring; however, they had since initiated a revaluation process and would engage Uganda Clays Limited to obtain an updated valuation. This exercise would provide a current assessment of the collateral value and support ongoing monitoring of the Fund's security position.

Recommendations

The Accounting Officer should;

- Fast track the engagement with Management of Uganda Clays Limited regarding the need for an updated valuation report.
- Obtain and review the updated valuation, secure additional collateral or alternative credit enhancements where necessary, and continue monitoring Uganda Clays Limited's performance under the restructuring terms.

Report of the Auditor General continued

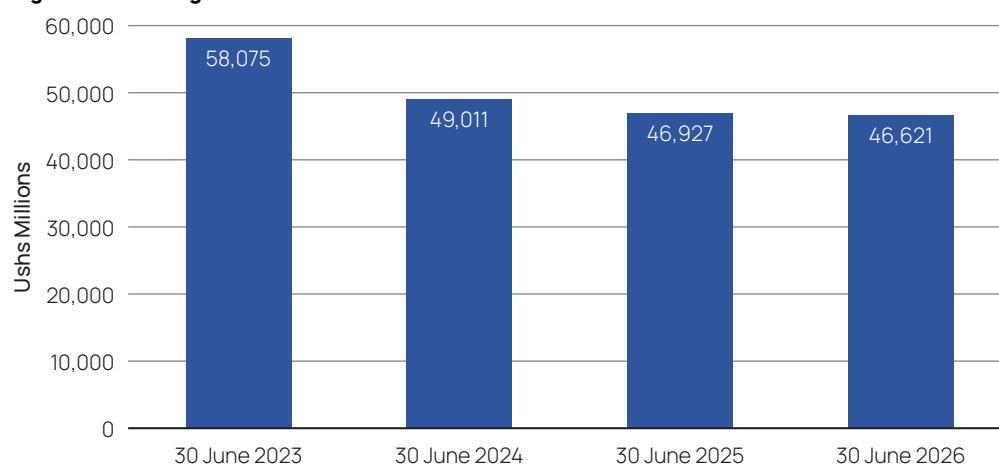
4. Identification and allocation of unallocated member contributions

Section 34 (1) of the NSSF Act Cap 230, states that there shall be opened and maintained for each member of the fund an account in the fund to which shall be credited all standard, voluntary and supplementary contributions and interest on the contributions and from which there shall be paid any benefits and refunds to or in respect of the member and all prescribed fees chargeable for issuing evidence of membership and registration.

In addition, section 36 (1) (b) requires any contribution which cannot be allocated to the account of any member of the fund to be deposited into the reserve account.

During the year, I noted that the Fund maintained the unallocated contributions pending completion of member identification and allocation processes and as at year end, unallocated contributions amounted to UGX.46.62Bn, representing only 0.16% of total member balances. The table below shows the unallocated benefits over a period of four years.

Figure 1: Showing trend of unallocated contributions from 2023 to 2026



Source: Analysis of unallocated contributions

The balances primarily arise from incomplete member information submitted by employers and arrears recovered from non-compliant employers where employee details were not immediately available.

The existence of unreconciled member funds could affect the Fund's operational efficiency in terms of serving the members in situations in which the employers provide incomplete member information.

The Accounting Officer reported that the balance had reduced to Ushs 43.17Bn by 31st July 2026 and noted that an Unallocated Contributions Policy is pending Board approval. In addition, unallocated contributions are monitored through the Balanced Scorecard, while system automation requires employers to submit complete member details before remittance, strengthening the allocation process going forward.

Recommendations

The Fund should;

- Continue implementing automated validation controls, approve and operationalize the Unallocated Contributions Policy, and maintain strict monitoring of the unallocated members' account.
- The Fund should also expand collaboration with agencies holding member- identification data, including Uganda Revenue Authority and other relevant public bodies, and where common data-sharing constraints affect public entities, collaborate with other parastatals to seek coordinated policy support from the relevant Cabinet committees.

Edward Akol

Auditor General

KAMPALA

21st September 2026

Statement of changes in net assets available for benefits

	Note	2026 Ushs 000	Restated* 2025 Ushs 000
Revenue			
Interest income	5	3,498,060,044	2,878,445,196
Real estate income	6	16,001,152	16,640,971
Dividend income	7	369,093,375	238,136,365
Total revenue		3,883,154,571	3,133,222,532
Other income/ (losses) - net			
Fair value gains on investments	8(a)	2,448,530,359	649,125,282
Foreign exchange gains/ (losses)	8(b)	173,398,159	(273,734,689)
Other income	8(c)	1,370,820	6,195,067
Total other income - net		2,623,299,338	381,585,660
Expenditure			
Administrative expenses	9	(197,505,000)	(164,967,300)
Impairment provisions on financial assets	10	(15,335,316)	(9,299,765)
Other operating expenses	11	(45,849,969)	(39,074,764)
Amortisation of intangible assets	26	(3,845,585)	(4,192,921)
Depreciation on property and equipment and right of use assets	27,28	(12,486,495)	(10,843,033)
Total expenditure		(275,022,365)	(228,377,783)
Finance costs	12	(2,007,436)	(2,055,766)
Interest to members	32(a)	(5,443,862,300)	(2,796,865,226)
Surplus before income tax		785,561,808	487,509,417
Income tax expense	14(a)	(337,871,972)	(242,397,121)
Surplus after tax		447,689,836	245,112,296
Dealings with members			
Contributions received – mandatory*	32(a)	2,280,541,771	2,110,568,084
Benefits paid – mandatory*	32(a)	(1,514,417,223)	(1,322,054,193)
Contributions received – voluntary*	32(b)	137,995,110	17,208,624
Benefits paid – voluntary*	32(b)	(34,712,734)	(573,517)
Net dealings with members		869,406,924	805,148,998
Net increase in the fund for the year		1,317,096,760	1,050,261,294

The notes on pages 17 to 84 are an integral part of these financial statements.

* The comparative information has been restated to revise the presentation of dealings with members, with mandatory and voluntary transactions presented separately, as disclosed in Note 41.

Statement of net assets available for benefits

	Note	2026 Ushs 000	Restated* 2025 Ushs 000
Assets			
Cash and bank balances	15	204,930,908	105,938,710
Deposits with commercial banks	16	76,050,528	45,279,644
Trade and other receivables	17	196,018,968	217,823,301
Financial asset receivable	18	102,916,928	102,971,984
Debt instruments at amortised cost	19	24,624,337,094	20,472,000,581
Equity investments	20	5,491,544,548	3,170,099,158
Loans and advances	21	2,617,587	5,787,602
Investment in associates at fair value	22	434,370,420	231,851,071
Inventories	23	384,869,000	383,341,404
Tax claimable	29	105,617,416	79,636,108
Capital work-in-progress	24	383,028,793	367,750,100
Right of use assets	28	2,281,560	2,341,622
Intangible assets	26	19,106,989	24,649,376
Property and equipment	27	49,916,743	50,009,890
Investment properties	25	789,203,225	750,052,401
Total assets		32,866,810,707	26,009,532,952
Liabilities			
Other liabilities			
Other payables	30	87,212,279	75,716,431
Contract liabilities	31	55,499,195	27,008,688
Deferred tax liability	14(b)	36,327,544	–
Total other liabilities		179,039,018	102,725,119
Member liabilities			
Mandatory members' funds*	32(a)	31,710,646,613	25,529,251,194
Mandatory members' reserve account	33	127,660,912	104,187,474
Voluntary members' funds*	32(b)	135,459,653	17,680,092
Accumulated surplus	32(c)	567,301,401	119,611,565
Total member liabilities		32,541,068,579	25,770,730,325
Net assets		146,703,110	136,077,508
Represented by:			
Fund reserves	32 (d)	146,703,110	136,077,508

The notes on pages 17 to 84 are an integral part of these financial statements.

* The comparative information has been restated to revise the presentation of dealings with members, with mandatory and voluntary transactions presented separately, as disclosed in Note 41.

These financial statements were approved for issue by the Board of Directors on 15 September 2026 and signed on its behalf by:

Dr. David Ogong
Chairman

Mr. Patrick M. Ayota
Managing Director

Dr. Eng. Silver Mugisha
Director

Date: 18 September 2026

Statement of changes in Fund reserves

	Fund Reserves Ushs 000
Year ended 30 June 2025	
At start of the year	123,344,821
Special contributions and fines and penalties received	12,732,687
At end of the year	136,077,508
Year ended 30 June 2026	
At start of the year	136,077,508
Special contributions and fines and penalties received	10,625,602
At end of the year	146,703,110

In accordance with NSSF Act section 37, the Fund Reserves contain;

- a) any fines and penalties required by the NSSF Act to be paid into the Fund; and
- b) any special contributions and any contribution which cannot be allocated to the account of any member of the Fund.

Special contributions in accordance with section 12 of the NSSF Act relates to contributions made by an employer for the following class of people;

- c) A non-resident employee who is not an eligible employee; and
- d) An employee of or above the age of fifty-five years in respect of whom the Minister has specifically applied Section 12 by notice.

The notes on pages 17 to 84 are an integral part of these financial statements.

Statement of cash flows

	Note	2026 Ushs 000	Restated* 2025 Ushs 000
Net cash flows used in operating activities	34	(53,592,798)	(231,011,066)
Investing activities			
Purchase of software	26	(255,453)	(2,071,992)
Additions to property, plant and equipment	27	(11,157,787)	(10,230,259)
Proceeds from disposal of property, plant and equipment		403,091	161,821
Additions to investment properties	25	(778,090)	(655,310)
Additions to capital work-in-progress	24	(15,278,693)	(31,005,263)
Purchase of equity investments	20	(215,878,848)	(18,039,783)
Additions to the financial asset receivable	18	-	(3,755,335)
Purchase of equity investments externally managed	-	-	(618,800)
Proceeds from disposal of equity investments	20	323,085,860	-
Purchase of debt instruments at amortised cost	19	(4,121,241,681)	(4,215,942,085)
Maturities of debt instruments at amortised cost	19	409,177,461	791,708,153
Placement of deposits with commercial banks	16	(2,027,801,203)	(561,137,704)
Maturities of deposits with commercial banks maturing after 3 months	16	1,969,793,876	639,864,310
Maturities of loans and advances	21	1,666,667	1,666,667
Redemption of investments in associates	22	683,620	2,325,681
Interest received from debt instruments at amortised cost	19	2,992,955,779	2,526,101,369
Interest received from loans and advances	21	535,423	706,129
Interest received from commercial bank deposits	16	11,666,157	21,686,771
Increase in investment in associate	22	(188,350,000)	(7,592,289)
Dividends received		99,302,220	119,866,001
Net cash flows used in investing activities		(771,471,601)	(746,961,918)
Financing activities			
Repayment of principal amount lease liabilities	30	(842,933)	(935,205)
Benefits paid out to mandatory members*	32(a)	(1,514,417,223)	(1,322,054,193)
Benefits paid out to voluntary members*	32(b)	(34,712,734)	(573,517)
Mandatory contributions*	32(a)	2,280,541,771	2,110,568,084
Voluntary contributions*	32(b)	137,995,110	17,208,624
Interest recovered on arrears	32(a)	9,381,319	7,323,112
Special contributions received	32(d)	10,625,602	12,732,687
Net cash flows generated from financing activities		888,570,912	824,269,592
Increase/(Decrease) in cash and cash equivalents		63,506,513	(153,703,392)
Cash and cash equivalents at the start of year	15	141,424,395	295,127,787
Effect of movement of exchange rates on cash held		-	-
Cash and cash equivalents at end of year	15	204,930,908	141,424,395

*The comparative information has been restated to revise the presentation of dealings with members, with mandatory and voluntary transactions presented separately, as disclosed in Note 41.

1. Fund information and significant activities

a) Fund information

National Social Security Fund ("the Fund") is a parastatal organisation established by the National Social Security Fund Act, Cap 230 Laws of Uganda (NSSF Act), 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 pay benefits its members as stipulated under the NSSF Act. The address of the Fund's registered office is:

National Social Security Fund
14th Floor, Workers House
Plot No. 1, Pilkington Road
P. O. Box 7140
Kampala, Uganda.

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

According to the NSSF Act, the benefits paid out of the Fund include:

- **Age benefits** – payable to a member who has reached the retirement age of 55 years;
- **Withdrawal benefits** – payable to a member who has attained the age of 50 years, and is out of regular employment for one year;
- **Invalidity benefits** – payable to a member who because of illness or any occurrence develops incapacity to engage in gainful employment;
- **Survivor's benefits** – payable to the dependant survivor(s) in the unfortunate event of member's death;
- **Emigration grants** – payable to a member (Ugandan or Expatriate) who is leaving the country for good.
- **Exempted employment benefits** – payable to a contributing member who joins employment categories that are exempted i.e. have their social protection schemes that are recognised under the existing law and are exempted from contributing to NSSF e.g. the army, police, prison, civil service and government teaching service employees or members of any scheme who have received exemption from the Minister responsible for Social Security in writing.
- **Mid-term Benefits** – payable to a member who has attained the age of 45 years and has saved for a period of 10 years.

On January 02, 2022, The President assented to the NSSF (Amendment) Act, 2022 which presented a number of reforms including the introduction of Midterm Access, voluntary saving over and above the mandatory 15% contributions and expansion of social security coverage to all workers.

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.

1. Fund information and significant activities continued

b) Significant activities

Significant activities of the Fund have been disclosed on Page 5.

No changes with financial impact were made to the scheme's membership entitlements or terms and conditions within the financial year.

c) Investment policy

Mandatory investment policy

Section 30 of the NSSF Act prescribes that, all monies in the fund, including the reserve account, which are not for the time being required to be applied for the purpose of the fund shall be invested in such investments as may be determined by the Board in consultation with the Minister responsible for finance. The Board may use in-house expertise or fund managers to manage the investments.

The overall goal of the Fund's investment program is to generate returns at an appropriate level of risk to provide members and beneficiaries with benefits as required by law.

The Fund's investment approach is based on the "prudent person investment portfolio approach" to ensure the prudent investment and administration of the assets of the Fund, within the parameters set out in applicable legislation. The policy also greatly considers the preservation of members' funds, a positive return on investment, long-term growth of members' funds, prudent risk management and liquidity management.

The Fund seeks to achieve the following objectives:

- To earn a total return of at least 2% above the preceding ten-year average inflation of 3.87% (2025:4.20%).
- To minimize the risk of large losses within any one asset class, investment type, industry or sector distributions, maturity date, or geographic location, which could seriously impair the Fund's ability to achieve its funding and long-term objectives.
- To preserve the actuarial soundness of the Fund in order to meet benefit obligations.
- To provide sufficient liquidity to ensure payment to eligible members when due.
- To ensure long-term solvency.
- To prudently manage the inherent investment risks that are related to the achievement of investment goals.
- To invest efficiently, bearing in mind the impact of management and transaction costs on the return of the assets.

The Fund has adopted the following long-term/strategic asset allocation policy range taking into consideration the Fund's liability structure, target return and risk objectives:

Asset Class	Strategic Asset Allocation	Actual Asset Allocation 2026 Ushs 000	Actual Percentage Allocation 2026	Actual Asset Allocation 2025 Ushs 000	Actual Percentage Allocation 2025
Fixed Income	70.00% to 94.00%	24,703,005,209	76.5%	20,523,067,827	80.5%
Equities	5.00% to 20.00%	5,925,914,968	18.4%	3,401,950,229	13.3%
Real Estate	1.00% to 10.00%	1,654,973,021	5.1%	1,602,291,847	6.3%

The Fund was within the required strategic asset allocation as approved by the Directors.

1. Fund information and significant activities continued

c) Investment policy continued

Voluntary investment policy

Section 13(1) of the NSSF Act allows a member to make voluntary contributions to the Fund over and above his or her standard contributions. The Fund developed a voluntary product called Smart Life which is a goal-based savings product. The primary objective of the Smart Life product is "to help existing or new members who want to accumulate money to meet their cash flow needs, pre-set targets or capital requirements". The Fund recognizes members have varied attitudes, goals, time horizons, and risk tolerances. Therefore, it offers a broad array of investment options to allow members to build portfolios that best fit their needs. The objectives are categorized as follows:

Goal	Objective	Return Objective
Short-Term Goals (0-3 years)	Capital preservation with a focus on maintaining liquidity	3-year average core inflation plus 200 basis points
Medium-Term Goals (3-5 years)	Income fund aimed at generating regular income with a low to moderate level of risk	Tax adjusted weighted average yield of the 2-year and 5-year treasury bond over the past 5-year rolling period
Long-Term Goals (5+ years)	Balanced growth (capital appreciation) and income with a moderate to high level of risk	Tax adjusted weighted average yield of the 5-year and 10-year treasury bond over the past 10-year rolling period

The asset allocation is inclusive of diversified assets that are understandable to participants and cover a broad range of risk and return characteristics. Below is the asset class distribution per goal bucket.

Goal	Short-Term Goals (0-3 years)	Medium-Term Goals (3-5 years)	Long-Term Goals (5+ years)
Fixed Income	100.00%	95.00% to 100.00%	85.00% to 100.00%
Equities	0.00%	0.00% to 5.00%	0.00% to 10.00%
Alternative Investments	0.00%	0.00%	0.00% to 5.00%

2. Basis of preparation

The financial statements of the Fund have been prepared in accordance and compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the National Social Security Fund Act, Cap 230 Laws of Uganda (NSSF Act).

The financial statements have been prepared on a historical cost basis except as otherwise indicated below. 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. Material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented.

a) Investment in associates

Associates are entities over which the Fund has significant influence, but neither control nor joint control. Significant influence is the power to participate in the financial and operating policy decisions of an investee without having control or joint control over those policies. Significant influence is generally presumed to exist where the Fund holds, directly or indirectly, 20% or more of the voting power of an investee, unless it can be clearly demonstrated otherwise. In assessing significant influence, the Fund also considers other relevant factors, including representation on the board of directors or equivalent governing body, participation in policy-making processes, material transactions with the investee and other contractual arrangements that provide the Fund with the ability to participate in the financial and operating decisions of the investee.

3. Material accounting policies continued

a) Investment in associates continued

Investments in associates are initially recognised at cost and subsequently measured at fair value, in accordance with IAS 26.32. The Fund's interest is valued using the most recent available audited financial statements of the associate or, where these are not available, reliable management or interim financial information. Changes in fair value are recognised in the statement of changes in net assets available for benefits.

b) Foreign currencies

The Fund's financial statements are presented in Uganda Shillings, which is also the Fund's functional currency. 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 rates ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. 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 settlement or translation of monetary items are recognised in other income / (losses) within the statement of changes in net assets available for benefits.

c) Revenue recognition

Revenue from contracts with customers

Revenue is measured based on the consideration specified in the contract with the customer and excludes variable consideration and amounts collected on behalf of third parties. The Fund recognises revenue when it transfers control over a product or service (or bundle) to a customer.

Rental Income

Rental income relates to income earned from investment properties. Tenants are charged rental fees based on the square metres occupied at agreed rental charges as specified in the tenancy agreements. Rental income is recognised over time. Rental income from investment properties is recognized in the statement of changes in net assets available for benefits on the straight-line basis over the term of the lease.

Sale of properties

The Fund develops and sells residential properties. Revenue is recognised at a point in time when legal title has passed to the buyer.

The Fund has arrangements for full or partial prepayment of consideration under its standard property sale contracts. A contract liability for the advance payment is recognised at the time of cash receipt. Revenue is recognised when the property sale is concluded as described above.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Fund performs by transferring properties to a customer before payment is due, a contract asset is recognised for the earned portion of the consideration.

Trade receivables

A trade receivable represents the Fund's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 3 (d) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Fund has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Fund transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Fund performs under the contract.

3. Material accounting policies *continued*

c) Revenue recognition *continued*

Interest income/expense

Interest income and expense on all interest-bearing instruments are recognised using the effective interest method in statement of changes in net assets available for benefits.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts financial instruments estimated future cash payments or receipts through its expected life or, where appropriate, a shorter period to the net carrying amount. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in interest income/ expense calculated using the effective interest method.

Dividends

Dividends on equity investments are recognised as income in the statement of changes in net assets available for benefits when the right of payment has been established, which is generally after declaration of dividends and approval by the shareholders of investee companies.

Other income

Other income relates to fair value gains and losses related to equity instruments and investment in associates. It also includes gains from disposal of the Fund's assets.

d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when the Fund becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the Fund commits to purchase or sell the asset.

At initial recognition, the Fund measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset, such as fees and commissions. Transaction costs of financial assets carried at fair value are expensed in statement of changes in net assets available for benefits. After initial recognition subject to increase in credit risk, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost.

3. Material accounting policies *continued*

d) Financial instruments *Financial instruments continued*

Classification

The Fund classifies its financial assets in the following measurement categories:

Category	Example
Fair value through profit or loss (FVPL)	Equity instruments (Note 20)
Amortised cost	Loans and advances (Note 21) Deposits with commercial banks (Note 16) Trade and other receivables (Note 17) Debt instruments at amortised cost (Note 19) Cash and cash equivalent (Note 15)

Financial assets are not reclassified subsequent to their initial recognition.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in statement of changes in net assets.

The above business model is applicable to debt instruments, loans and advances, Deposits with commercial banks, trade and other receivables and cash and cash equivalents.

Financial Assets at FVTPL are assets that are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of changes in net assets.

Financial Assets Business Model Assessment

The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from sale of assets.

If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL.

Factors considered by the Fund in determining the business model for assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported by key management personnel and how risks are assessed.

The business models of the Fund are as follows.

Held to collect

There is one portfolio of financial assets that have a held-to-collect business model. The Fund holds a portfolio of debt securities for the purposes of earning fixed coupons throughout the life of the instrument, as well as maintaining a largely fixed interest rate profile to manage its interest rate risk exposure

Held for Trading

The Fund holds a portfolio of listed equity securities for the purposes of trading. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the "other" business model and measured at FVPL. Assessment whether contractual cash flows are solely payments of principal and interest. In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features).

The Fund had no financial assets held outside trading business models that failed the SPPI assessment.

3. Material accounting policies *continued*

d) Financial instruments *continued*

Financial asset receivable

The Fund recognises a financial asset arising from a service concession arrangement to the extent that it has an unconditional right to receive cash or another financial asset from or at the direction of the grantor, for construction, upgrade or operation services. The Fund has an unconditional right to receive cash if the grantor contractually guarantees the operator's cash flows. The financial asset recognised as a result of the service concession arrangement is measured at fair value upon initial recognition. Subsequent to initial recognition, the financial asset is accounted for in accordance with IFRS 9 – Financial instruments.

Subsequent measurement

The financial assets are subsequently measured at fair value with the exception of government securities and fixed bank deposits which are subsequently measured at amortised cost. This treatment reflects the fact that these instruments are used to match the obligations of the Fund. The amortised cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The Fund's financial assets comprise of the following:

- Cash and cash equivalent (Note 15)
- Debt instruments at amortised cost (Note 19)
- Equity instruments (Note 20)
- Loans and advances (Note 21)
- Trade and other receivables (Note 17)
- Deposits with commercial banks (Note 16)

Derecognition

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

- The rights to receive contractual cash flows from the asset have expired; or
- The Fund has transferred its rights to receive contractual 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 contractual cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (Note 37)
- Debt instruments at amortised cost (Note 19)
- Loans and advances (Note 21)
- Trade and other receivables (Note 17)
- Deposits with commercial banks (Note 16)

The Fund recognises an allowance for expected credit losses (ECLs) for all financial assets that are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. Material accounting policies *continued*

d) Financial instruments *continued*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Fund is applying a single loss-rate approach to receivables or groups of receivables as might be appropriate based on its average historical loss rate.

Depending on the data, the Fund applies either of two ways of computing the loss rate per period. A loss rate is computed as the ratio of outstanding invoice beyond the default period and invoices raised at the beginning of each period. Currently invoices raised majorly relate to rental space occupied by the tenants on the Fund's lettable properties.

In case of payments on the outstanding invoices, the recovery rate is computed as a ratio of payments made on bills raised per time period before the default date. The loss rate is then obtained as $1 - \text{recovery rate}$. A common approximation is to cap recovery rates at 100% where payments exceed invoice amounts. The single loss rate is adjusted for forward-looking factors specific to the debtors and the economic environment. The single loss rate estimates are applied to each category of gross receivables.

The Fund considers whether ECLs should be estimated individually for any period-end receivables, e.g. because specific information is available about those debtors.

The Fund has applied the single loss rate approach to all other financial assets recognised as other receivables e.g dividends receivable.

For all other financial instruments, the Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Fund considers that there has not been a significant increase in credit risk when there is no significant change in the default rating category by external credit rating agencies in accordance with the globally understood definition since initial recognition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts over a 30 day period.

Financial assets are written off either partially or in their entirety only when the Fund has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement of changes in net assets available for benefits.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value are recognised immediately in the statement of changes in net assets available for benefits.

Subsequent measurement

The Fund's payables majorly relate to amounts due to contractors for works done on property developments and amounts due to other suppliers of goods and services consumed in day to day operations of the Fund.

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

3. Material accounting policies *continued*

d) Financial instruments *continued*

Derecognition

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Changes in Net Assets Available for Benefits.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of net assets available for benefits when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Information about the Fund's accounting policies relating to offsetting of financial assets and financial liabilities is provided in Note 3(n) and Note 15.

e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is usually accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Where the market price of a financial asset is not observable the Fund applies a valuation model to estimate the fair value at the reporting date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Fund's management investment committee determines the policies and procedures for recurring fair value measurement of investment properties. The management investment committee delegates the role of selection/ determination of involvement of the external valuers to a valuation committee which is comprised of the real estate manager, finance manager, procurement manager and legal officer.

External valuers are involved for valuation of significant assets, such as investment properties. Selection of external valuers is determined every two years by the valuation committee and after discussion with and approval by the contracts committee and the accounting officer. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The valuation committee decides, after discussions with the Fund's external valuers, which valuation techniques and inputs to use for each case.

3. Material accounting policies continued

e) Fair value measurement continued

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 and 37;
- Quantitative disclosures of fair value measurement hierarchy – Note 39;
- Financial instruments (including those carried at amortised cost) – Notes 15,16, 17, 18, 19, 20 and 21;
- Investment property – Note 25;
- Capital work in progress – Note 24 and
- Inventories – Note 23

f) Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. 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 assets to a working condition for their 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 capitalized as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Repairs and maintenance are charged to the statement of changes in net assets during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing asset will flow to the Fund and the renovation replaces an identifiable part of the asset. Major renovations are depreciated over the remaining useful life of the related asset.

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the reducing balance method over their estimated useful lives and is generally recognised in surplus or deficit.

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

	Percentage
Machinery	20%
Motor vehicles	20%
Furniture and equipment	12.5%
Computer equipment and other electronic gadgets	25%-33%

Depreciation commences once the asset is capitalized and is ready for use as intended by management and ceases on the day of derecognition.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal, when the fund loses control of the asset or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in other operating income in the statement of changes in net assets available for benefits when the asset is derecognised.

Land and buildings, which represent that portion of mixed-use properties that is owner occupied, are subsequently measured at fair value with changes in fair value recognised in the statement of changes in net assets available for benefits and depreciation measured to write down the post valuation amount over the remaining useful life of the property.

3. Material accounting policies *continued*

g) 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 changes in net assets available for benefits 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% p.a.

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 changes in net assets available for benefits when the asset is derecognised.

h) 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. All of the Fund's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. 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, including the corresponding tax effect.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their 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. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

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.

Right-of-use assets that meet the definition of investment property are presented as investment property.

i) Inventories

The Fund's inventories comprise of completed housing units for sale and housing units for sale that are under development. Inventories are initially recognised at cost and remeasured to fair value at each reporting date.

j) 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 of disposal 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

3. Material accounting policies *continued*

j) Impairment of non-financial assets *continued*

Impairment losses are recognised in the statement of changes in net assets available for benefits in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Fund estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of changes in net assets available for benefits.

k) 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 reporting 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 with contributions being made by the employees and a portion by the fund on behalf of each employee. The contributions payable to the plan are in proportion to the services rendered to the Fund by the employees and are recorded as an expense under 'staff costs' in the statement of changes in net assets available for benefits. Unpaid contributions are recorded as a liability.

l) 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 resources embodying 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.

m) Income tax

Income tax expense comprises current tax and change in deferred tax. Income tax expense is recognised in surplus or deficit.

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 tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of reporting date. 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 surplus or deficit, 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 deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred tax asset to 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 surplus will allow the deferred tax asset to be recovered.

3. Material accounting policies *continued*

m) Income tax *continued*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of accounts receivable or accounts payable in the statement of net assets available for benefits.

n) Cash and cash equivalents

Cash and cash equivalents in the statement of net assets available for benefits comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances and short-term highly liquid deposits in form of mobile money balances (as disclosed in Note 15 that are available on demand as at the reporting date).

Bank overdrafts

The Fund utilizes a bank overdraft to manage working capital for investment purposes only. The Bank overdraft is repayable on demand and is for a maximum period of 30 days. The Fund analyses each overdraft agreement for any netting clauses and the Fund's intention to settle the overdraft in net terms to determine its presentation in the financial statements. Overdraft facilities with netting clauses are offset with cash and bank balances in the statement of changes in net assets if the Fund intends to offset, while others are presented as a separate liability.

o) Capital work-in-progress

Capital work in progress (CWIP) relates to ongoing capital projects of investment or operational nature. Additions to capital work in progress are initially recognised at cost and subsequently measured at fair value.

p) Members' funds

(i) *Mandatory members' funds*

The Fund is funded through contributions from members and investment income. Members' funds (contributions and interest accrued) qualify as a financial liability as the Fund has a contractual obligation to pay cash benefits as claimed by members upon qualifying.

- The Fund recognises a liability to pay benefits to members composed of contributions declared on the account of each member and interest accumulated on each account in accordance with the obligations laid out in the NSSF Act.
- Interest is allocated to each members' account at the rate declared by the Minister for each member in consultation with the Board of Directors each year and is recognised in the statement of net assets available for benefits.
- 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 NSSF Act and is treated as an expense.
- The recognition of the expense and respective interest provision is based on the requirement under the NSSF Act to recognise member balances as a debt obligation.
- *Benefit payments to members:* Benefits payments to members are made upon meeting criteria for payment as set out in the NSSF Act. Such payments recognised as a charge in the statement of changes in net assets available for benefits, and as a reduction from members' funds when paid.
- *Contributions from members:* Member contributions remitted by their employers are recognized in the statement of changes in net assets available for benefits when received.

3. Material accounting policies *continued*

p) Members' funds *continued*

(ii) *Voluntary members' funds*

The Fund also receives contributions from voluntary members. Members' funds (contributions and interest accrued) qualify as a financial liability as the Fund has a contractual obligation to pay cash benefits as claimed by members upon request.

- The Fund recognises a liability to pay benefits to members composed of contributions declared on the account of each member and interest accumulated on each account in accordance with the obligations laid out in the product terms and references.
- Interest is credited to each members' account at the end of each month after deduction of tax and a management fees.
- *Interest payments to members:* Interest payable on members' accumulated contributions is calculated based on the running balance of the member. Interest to members is treated as an expense and is a result of the investment income after deduction of management fees and related taxes.
- *Benefit payments to members:* Benefits payments to members are made upon initiation of a withdraw by a member. Such payments recognised as a charge in the statement of changes in net assets available for benefits, and as a reduction from members' funds when paid.
- *Contributions from members:* Member contributions are recognized in the statement of changes in net assets available for benefits when received.

q) Fund Reserves

The fund reserve account is credited with special contributions from members. Special contributions relate to contributions made by employers of non-eligible employees and amounts recovered in form of fines and penalties from employers that fail to remit members funds. Under Section 13 of the NSSF Act, a contributing employer may be required by the Minister to make contributions to the Fund in respect to employees who are non-resident or above the age of fifty-five years who would qualify as non-eligible employees at rate prescribed by the Minister.

The account is credited with special contributions by employers of non-eligible employees and amounts recovered in form of fines and penalties from employers that fail to remit members funds. The special contributions and fines and penalties are credited directly to the reserve account. Transfers from the reserve account require the approval of the Minister of Finance in accordance with the NSSF Act.

r) Leases

The Fund assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Fund as a lessee

The Fund applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Fund recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets (except those meeting the definition of investment property)

The Fund recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Fund considered tenancy arrangements for its branches with an estimated lease term of 3 to 6 years.

If ownership of the leased asset transfers to the Fund at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are presented within Note 28 and are subject to impairment in line with the Fund's policy as described in Note 3 (j) Impairment of non-financial assets.

Right-of-use assets (meeting the definition of investment property)

The Fund's accounting policy for investment properties is disclosed in Note 3 (h).

3. Material accounting policies *continued*

r) Leases *continued*

Lease liabilities

At the commencement date of the lease, the Fund recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Fund and payments of penalties for terminating the lease, if the lease term reflects the Fund exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Fund uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Fund's lease liabilities are presented within other payables in Note 30.

Short-term leases and leases of low-value assets

The Fund applies the short-term lease recognition exemption to its short-term leases of any rental payments (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The Fund as a lessor

Leases in which the Fund does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of changes in net assets due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

s) Current/non-current distinction

The Fund presents assets and liabilities in decreasing order of liquidity which provides information that is reliable and more relevant than a current/non-current presentation because the Fund does not supply goods or services within a clearly identifiable operating cycle.

The operating cycle of the Fund is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. When the Fund's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

Disclosures for the amounts expected to be recovered or settled in no more than twelve months after the reporting period and after more than twelve months for each asset and liability line item are in Note 38 (d).

The Fund classifies an asset as expected to be recovered in no more than twelve months after the reporting period when;

- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- it expects to realise the asset within twelve months after the reporting period;
- it holds the asset primarily for the purpose of trading; or,
- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle.

The Fund classifies a liability as expected to be settled in no more than twelve months after the reporting period when;

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

3. Material accounting policies *continued*

t) Changes in accounting policies and disclosures

(i) *New accounting standards, amendments and interpretations effective during the year ended 30 June 2026*

Effective date	New accounting standards or amendments
1 January 2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7.
1 January 2026	Annual Improvements to IFRS Accounting standards – Volume 11 (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)

All Standards and Interpretations will be adopted at their effective date (except for those Standards and interpretations that are not applicable to the entity). These amendments did not have a material impact on these financial statements and therefore the disclosures have not been made.

New standards and interpretations not yet effective and not yet adopted for the year ended 30 June 2026

Effective date	New accounting standards or amendments
01 January 2027	IFRS18 Presentation and Disclosure in Financial Statements
01 January 2027	IFRS 19 Subsidiaries without Public Accountability disclosures
Available for optional adoption/effective date deferred indefinitely.	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28
01 January 2027	IAS 21 The Effects of Changes in Foreign Exchange Rates

A number of new standards are effective for annual periods beginning after 1 January 2026 and earlier application is permitted; however, the Directors do not plan to apply the above standards or amendments, if assessed to have impact on the Fund, until they become effective. There are no other standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on near future transactions

The following standards are expected to have a material impact on the Fund's financial statements in the period of initial application.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit sub-total.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

Effect on the Financial Statements of the Fund

The Fund applies IAS 26 Accounting and Reporting by Retirement Benefit Plans, which prescribes the specialised presentation of the Statement of Net Assets Available for Benefits and Statement of Changes in Net Assets Available for Benefits. The Fund therefore expects to retain these primary statements on adoption of IFRS 18.

The Fund's assessment indicates that IFRS 18 is not expected to have a material impact on the recognition or measurement of assets, liabilities, income or expenses. The principal impacts are expected to relate to enhanced aggregation and disaggregation of information, assessment and disclosure of any management-defined performance measures; and consequential amendments to IAS 7 affecting the presentation of the statement of cash flows, including the starting point for the indirect method and the classification of interest and dividend cash flows.

As investment management constitutes a principal activity of the Fund, management is also assessing the implications of the specified-main-business-activity requirements for the classification of investment-related cash flows.

3. Material accounting policies continued

t) Changes in accounting policies and disclosures continued

Detailed assessment of the expected impact of IFRS 18 on the Fund

- **Statement of Changes in Net Assets Available for Benefits**

This statement will not be replaced with a conventional IFRS 18 Statement of Profit or Loss as the title and IAS 26 structure shall be retained. The main effect will be a review of the grouping, labelling and disaggregation of the income and expense lines rather than creation of a new commercial-company income statement.

The Fund will also retain "Interest to members" as a distinct material line item. It is quantitatively and qualitatively different from ordinary finance costs and combining the two would obscure material information. IFRS 18's disaggregation principles reinforce the current separate presentation.

- **Statement of Net Assets Available for Benefits**

IAS 26 specifically requires a Statement of Net Assets Available for Benefits with assets suitably classified and liabilities disclosed. IFRS 18 permits a liquidity-based presentation where it provides a more useful, structured summary than current/non-current classification.

No fundamental change is expected as the Fund will continue presenting assets and liabilities by liquidity. The wording of the accounting policy will be aligned to IFRS 18 terminology by stating that a liquidity presentation provides the most useful, structured summary for the Fund. The Recognition, measurement and valuation of investment assets are also unaffected.

- **Statement of Cash Flows**

The Fund uses the indirect method and currently starts with "Net increase in the Fund for the year" given that it has no "operating profit" subtotal since it applies the IAS 26 Statement of Changes in Net Assets. The Fund will need to determine the appropriate implementation of amended IAS 7 in the context of IAS 26 and adjust the starting point of the cashflow statement.

- **Statement of Changes in Fund Reserves**

The Fund separately reconciles Fund Reserves, showing opening reserves, special contributions/fines and closing reserves. No material impact is expected as the Fund prepares this statement to explain the movement in the Fund's residual net assets and amounts held under the NSSF Act Cap 230.

- **Management-defined performance measures (MPMs)**

The current financial statements do not contain a specific performance measures note. IFRS 18 requires a single note for management-defined performance measures subtotals of income and expenses used in public communications to convey management's view of overall financial performance.

Management will undertake a detailed review of the Fund's management-defined performance measures (MPMs) during the financial year to identify any subtotals of income and expenses used in public communications that meet the definition under IFRS 18. The assessment will consider the purpose of each measure, how it reflects management's view of the Fund's financial performance, the consistency of its calculation, its relevance to users of the financial statements, and whether it is specified or required by IFRS Accounting Standards. Where qualifying MPMs are identified, the Fund will establish an appropriate basis for their selection, calculation and reconciliation to the most directly comparable IFRS-defined subtotal, and will provide the disclosures required by IFRS 18.

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.

a) Investment properties

The Fund uses an external independent valuer with recognized professional qualification and experience to value the Fund's investment properties 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.

b) Capital work in progress

The Fund applies cost as a proxy to the fair value of capital work in progress in the absence of an active market for assets in a similar condition and in the absence of reliable inputs with which market or income based estimate of fair value can be made.

c) Investment in debt and equity instruments

The fair value of financial assets at fair value through profit or loss and debt instruments at amortised cost is determined by reference to their quoted bid prices at the reporting date, if available. The fair value of unquoted equity instruments has been estimated initially at cost and thereafter adjusted to recognise the fair value determined with reference to the net asset value of the investee. Changes in the fair value are recognised in the profit or loss.

5. Interest income

The interest income calculated using the effective interest method from financial assets carried at amortised cost:

	2026 Ushs 000	2025 Ushs 000
Interest income on short term deposits with banks	14,181,049	16,657,235
Interest income on government bonds	3,478,678,112	2,858,744,669
Interest income on loans and receivables	3,617,643	2,045,045
Interest income on bank balances	1,583,240	998,247
	3,498,060,044	2,878,445,196

6. Real estate income

a) Rental income

Workers House	7,491,062	6,820,832
Social Security House	2,340,834	2,740,463
Service charge	2,836,135	2,724,123
Solana – Lubowa	1,986,668	1,336,152
Others – Naguru, Mbarara, Mbale and Jinja	970,860	1,010,939
	15,625,559	14,632,509

b) House sales

Net gains on sale of property	375,593	2,008,462
Real estate income	16,001,152	16,640,971

Rental income relates to income earned from investment properties. Tenants are charged rental fees based on the square metres occupied at agreed rental charges as specified in the tenancy agreements. Rental income is recognised over time.

6. Real estate income continued

c) Contract balances

The following table provides information about contract liabilities from contracts with customers who have deposited funds on the various house properties.

	2026 Ushs 000	2025 Ushs 000
Contract liabilities, which are included in other liabilities (Note 31)	52,997,948	24,022,969

The contract liabilities relate to cash deposits made by customers on the Lubowa Solana residences. The movement in contract liabilities is disclosed under Note 31.

d) Performance obligations and revenue recognition policies

The revenue from house sales is measured based on the sale price per house in comparison to the fair value of the house at the point of the sale. Revenue is recognised at a point in time when control of the house transfers to the purchaser.

In determining when control has transferred, the Fund considers the terms of the sale agreement, completion of the purchaser's payment obligations, transfer of legal title, handover or physical possession of the property, transfer of the significant risks and rewards of ownership, and the purchaser's acceptance of the property. Under the Fund's standard sale arrangements, control is ordinarily considered to have transferred when the purchaser has completed payment, and the Fund has transferred title to the purchaser.

Where the Fund receives full payment before title and control of the property have transferred, the amount received is not recognised as revenue. It is recognised as a contract liability (customer advance) because the Fund retains an obligation to transfer the property to the purchaser. The contract liability is derecognised and revenue recognised when the Fund satisfies its performance obligation through the transfer of control of the property.

7. Dividend income

	2026 Ushs 000	2025 Ushs 000
Safaricom Limited	30,525,638	15,011,448
Stanbic Bank Uganda Limited	16,282,924	13,484,552
CRDB Tanzania Limited	27,045,091	18,612,913
Twiga Limited	4,101,150	7,792,470
National Microfinance Bank	20,545,337	13,718,972
Kenya Commercial Bank	46,467,627	15,705,001
MTN Uganda Limited	102,084,313	61,855,193
Equity Group Holdings Plc	32,846,403	21,548,897
East African Breweries Limited	7,411,893	6,797,456
Bank of Kigali	5,541,350	3,283,569
Tanzania Breweries	18,601,996	14,894,334
Airtel Uganda Limited	46,828,680	36,176,210
Bank of Baroda (Uganda) Limited	1,888,420	1,258,946
DFCU Limited	1,405,987	1,399,958
Vodacom Tanzania	789,358	466,821
Jubilee Insurance Limited	1,187,823	1,053,766
Kenya Re-Insurance	201,058	202,614
Centum Investments Limited	42,455	40,841
I&M Holdings Limited	28,303	23,375
Co-operative Bank of Kenya Limited	33,519	–
Cipla Quality Chemicals	4,471,399	3,636,379
Absa Bank Kenya Plc	744,389	648,220
Diamond Trust Bank (Kenya) Limited	9,585	7,596
NCBA Bank Kenya	8,677	–
Standard Chartered Bank Kenya	–	3,524
Dividends from externally managed funds	–	513,310
	369,093,375	238,136,365

8. Other income/(losses) - net

a) Fair value gains

	Note	2026 Ushs 000	2025 Ushs 000
Fair value gains on investment properties, inventories and owner-occupied property	25, 23, 27	36,884,643	18,680,000
Fair value gains on externally managed equity securities		–	1,347,204
Fair value gains on equity securities *	20	2,379,403,428	713,051,409
Fair value gains/(losses) on investments in associates	22	32,242,288	(83,953,331)
		2,448,530,359	649,125,282

* The Fund recognised fair value gains of Ushs 2.379 trillion, primarily driven by strong appreciation across the regional equity markets during the year. Between June 2025 and June 2026, the respective All Share Indices (ALSI) recorded significant gains, with the Uganda Securities Exchange (USE) ALSI increasing by 60.3%, the Nairobi Securities Exchange (NSE) ALSI by 46.1%, the Rwanda Stock Exchange (RSE) ALSI by 69.5%, and the Dar es Salaam Stock Exchange (DSE) DSEI by 72.0%. These market movements contributed materially to the increase in the fair value of the Fund's listed equity portfolio. Detailed counter-level prices and valuations are disclosed in Note 20.

b) Foreign exchange gains/(losses)

Foreign exchange gains/(losses) on debt instruments at amortised costs	19	120,825,353	(208,066,640)
Foreign exchange losses on externally managed equity securities		–	(74,904)
Foreign exchange gains/(losses) on equity securities	20	49,248,974	(56,285,399)
Foreign exchange gains/(losses) on dividends receivable		3,173,645	(2,723,123)
Other foreign exchange losses		150,187	(6,584,623)
Foreign exchange gains/(losses)		173,398,159	(273,734,689)

Foreign exchange gains in the current financial year arose from depreciation of foreign currencies against the Uganda Shilling, which affected foreign denominated assets and liabilities. The key driver was the depreciation of the Kenya Shilling to the Uganda Shilling.

c) Other income

Gain on disposal of property, plant and equipment	349,579	97,839
IFRS 16 modification gain and gain on disposal of assets	177,423	44,447
Notional income on staff loans	24,536	49,106
Miscellaneous income	819,282	6,003,675
	1,370,820	6,195,067

Miscellaneous income relates to any other income that is not directly related to the three investment asset classes like receipts from the purchase of bidding documents by potential suppliers and reversal of any long outstanding accruals.

Inclusive of the IFRS 16 disclosure is Ushs 177.423 million (2025: Ushs 44.447 million) relating to modifications and a disposal gain of Ushs 177.423 million as detailed below:

	Modification Ushs 000	Disposal Ushs 000	Total Ushs 000
2026			
Accumulated Depreciation	–	232,608	232,608
Lease Liability	198,569	–	198,569
ROU	–	(253,754)	(253,754)
	198,569	(21,146)	177,423
2025			
Accumulated Depreciation	–	167,046	167,046
Lease Liability	275	229,597	229,872
ROU	–	(352,471)	(352,471)
	275	44,172	44,447

9. Administrative expenses

	2026 Ushs 000	2025 Ushs 000
Employee benefits expenses – (Note 9 (a))	132,824,293	120,746,688
Staff medical insurance	3,370,948	3,058,822
General staff and training expenses	9,365,843	7,857,835
Advertising and promotion	18,946,813	6,968,944
Audit expenses**	242,025	306,055
Bank charges and commission	93,520	153,484
Board expenses	2,731,437	1,543,875
Cleaning expenses	772,277	1,485,769
IT connectivity and internet	1,232,233	1,641,132
Directors' allowances	1,927,498	1,693,013
Professional fees	7,889,858	5,700,844
Legal fees	833,635	947,992
Motor vehicle fuel costs, maintenance and repairs	2,665,801	2,929,682
Printing and stationery	311,239	302,006
Subscriptions	827,227	1,106,091
Telephone, fax, telex and post	1,230,582	1,370,711
Travel and subsistence costs	8,377,527	6,084,818
Commission and brokerage fees*	3,110,483*	410,392
Other administrative expenses	751,761	659,147
	197,505,000	164,967,300

*The increase in commission and brokerage fees from Ushs 410 million to Ushs 3.11 billion was primarily driven by significantly higher equity trading activity during the year as disclosed under Note 20. The Fund disposed of shares with a value of Ushs 323 billion and acquired new equity investments of approximately Ushs 215 billion, compared with purchases of only Ushs 18 billion in the prior year. The substantial increase in both disposals and acquisitions resulted in higher transaction volumes and, consequently, a significant rise in brokerage commissions and related trading fees incurred during the year.

** Audit fees represent the fees that have been charged for the financial statements audit for the current financial year. There are no other non-audit fees paid to the external auditor

a) Employee benefits expenses

	2026 Ushs 000	2025 Ushs 000
Salaries and wages	105,490,705	96,290,806
Social security contributions	11,040,613	9,750,487
Contributions to the staff provident fund	11,502,408	10,204,535
Gratuity	49,119	164,346
Leave pay	2,123,253	1,687,857
Mortgage Benefit	2,016,982	2,063,846
NSSF Staff Provident Fund expenditure	300,000	300,000
Overtime expenses	301,213	284,811
	132,824,293	120,746,688

The average number of employees were: 671 (2025: 614)

10. Impairment provisions on financial assets

	Note	2026 Ushs 000	2025 Ushs 000
Deposits due from banks	16	–	(3,071,573)
Trade and other receivables	17	(2,185,605)	1,481,357
Financial asset receivable	18	55,056	50,826
Debt instruments at amortised cost	19	12,850,012	10,839,155
Loans and advances	21	4,615,853	–
		15,335,316	9,299,765

The ECL for cash and bank balances was assessed and determined to be immaterial.

11. Other operating expenses

	2026 Ushs 000	2025 Ushs 000
Rent and rates*	794,162	909,044
Electricity and water	2,070,441	2,591,378
Repairs and maintenance	21,559,338	14,315,790
Insurance	3,957,080	3,500,522
Security expenses	2,639,987	3,024,008
Research and library expenses	8,053,487	7,506,162
Innovation and advisory	6,759,686	7,216,504
Transaction charges	15,788	11,356
	45,849,969	39,074,764

*Rent and rates relate to local council fees paid on all properties owned by the Fund and the hire of any space or machinery for less than 12 months.

12. Finance costs

	2026 Ushs 000	2025 Ushs 000
Interest expense on lease liabilities	321,460	294,373
Interest expense on bank overdraft	1,685,976	1,761,393
	2,007,436	2,055,766

The Fund utilises a bank overdraft facility from Stanbic Bank Uganda Limited to enable it to meet investments cashflow gaps when need arises.

13. Expenses by nature

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

	Note	2026 Ushs 000	2025 Ushs 000
Amortisation of intangible assets	26	3,845,585	4,192,921
Depreciation on property and equipment and right of use assets	27, 28	12,486,495	10,843,033
Auditors' remuneration	9	242,025	306,055
Directors' emoluments	9	1,927,498	1,693,013
Foreign exchange gains/ (losses)	8(b)	173,398,159	(273,734,689)
Fair value gains on equity securities	20	2,379,403,428	713,051,409
Fair value gains on externally managed equity securities		–	1,347,204
Fair value gains on investment properties, inventories and owner-occupied property	25, 23, 27	36,884,643	18,680,000

14. Tax

a) Income tax expense

Current income tax expense	301,544,428	242,397,121
Deferred income tax expense (Note 14(b))	36,327,544	-
	337,871,972	242,397,121

The income tax expense relates to rental income tax from rental income on commercial properties and withholding tax deducted at source from income earned from investments in treasury bills and bonds, fixed deposits and dividends in accordance with sections 127 and 128 of the Income Tax Act. The Fund recognised a deferred tax expense of Ushs 36 billion due to significant fair value gains during the financial year. The Fund also has accumulated trading losses amounting to Ushs 4,202 billion as at 30 June 2026 (2025: Ushs 2,420 billion). The tax charge on the Fund's surplus after the transfer of interest to members differs from the theoretical amount that would arise using the statutory rate of 30% as follows:

	2026 Ushs 000	Effective tax rate	2025 Ushs 000	Effective tax rate
Surplus before tax net of dealings with members	785,561,808		487,509,417	
Tax calculated at 30% (2025: 30%)	235,668,542	30%	146,252,825	30%
Tax effect of:				
Expenses relating to income taxed at source	32,770,480	4%	26,685,396	6%
Other non-deductible expenses	845,857,241	108%	463,361,203	95%
Effect of differential between the income tax statutory rate and the WHT rate on government securities	(413,516,271)	(53%)	(330,409,055)	(68%)
Prior year deferred tax (over)/under provision	(33,315,177)	(4%)	11,597,667	2%
Unrecognised deferred tax credit (Note 14(b))	(329,592,843)	(42%)	(75,090,915)	(15%)
Tax charge	337,871,972	43%	242,397,121	50%

b) Deferred income tax liability

Deferred income tax is calculated on all temporary differences using the liability method at the principal tax rate of 30% (2025: 30%).

	At start of year Ushs 000	Charge/(Credit) to changes in net assets available for benefits Ushs 000	At end of year Ushs 000
Year ended 30 June 2026			
Deferred income tax assets			
Unrealized foreign exchange losses	-	(4,602,678)	(4,602,678)
Impairment allowance on financial assets	-	(22,837,652)	(22,837,652)
Provision for litigation	-	244,357	244,357
Lease liability under IFRS 16	-	(702,442)	(702,442)
Fair value gain on investments on associate	-	31,262,901	31,262,901
Bonus provision	-	(8,750,291)	(8,750,291)
Tax losses carried forward	-	(1,260,486,403)	(1,260,486,403)
	-	(1,265,872,208)	(1,265,872,208)
Deferred income tax liabilities			
Unrealized foreign exchange gains	-	58,044,454	58,044,454
Fair value gains on investment properties	-	206,554,364	206,554,364
Fair value changes on equity instruments	-	1,035,797,687	1,035,797,687
Right of use Asset	-	684,468	684,468
Unrealised gains in investments with fund managers	-	(4,387,800)	(4,387,800)
Accelerated depreciation	-	5,506,579	5,506,579
	-	1,302,199,752	1,302,199,752
Net deferred income tax liability	-	36,327,544	36,327,544

14. Tax continued

Deferred income tax is calculated on temporary differences using the liability method at the principal tax rate of 30% (2025: 30%). Deferred tax assets are recognised only to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax assets and deferred tax liabilities are offset where the Fund has a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred tax balances relate to income taxes levied by the same taxation authority on the same taxable entity.

During the year, the Fund recognised a net deferred income tax liability of Ushs 36.3 billion as at 30 June 2026. The liability arose principally from taxable temporary differences associated with movements in the carrying amounts of the Fund's investments, particularly fair value gains on equity instruments.

In determining the deferred tax position, management considered the Fund's overall tax position, including accumulated tax losses of Ushs 4,202 billion as at 30 June 2026, which arose from the deductibility of interest declared to members in determining taxable income. Management also considered the relevant court ruling and consent judgement and concluded that the treatment of interest declared to members as a deductible expense remains appropriate.

b) Deferred income tax liability continued

In prior years, the Fund was in a net deferred tax asset position. As at 30 June 2025, the Fund had a net deferred tax asset of Ushs 293.3 billion. However, this deferred tax asset was not recognised in the statement of net assets available for benefits because management concluded that it was not probable that sufficient future taxable income would be available against which the deductible temporary differences and accumulated tax losses could be utilised. Accordingly, the deferred tax asset was recognised only to the extent that it was supported by taxable temporary differences, resulting in no net deferred tax asset being recognised as at 30 June 2025.

In the current year, taxable temporary differences increased significantly, mainly due to fair value gains on equity instruments. The recognised deferred tax liabilities exceeded the deductible temporary differences and tax losses recognised for deferred tax purposes, resulting in a net deferred income tax liability of Ushs 36.3 billion as at 30 June 2026.

After offsetting recognised deferred tax assets of Ushs 1,265.9 billion against recognised deferred tax liabilities of Ushs 1,302.2 billion, the Fund reported a net deferred income tax liability of Ushs 36.3 billion as at 30 June 2026.

The table below presents the components of the unrecognised net deferred tax asset as at 30 June 2025.

	At start of year Ushs 000	Movement Ushs 000	At end of year Ushs 000
Year ended 30 June 2025			
Deferred income tax assets			
Unrealized foreign exchange losses	(38,658,418)	(92,829,600)	(131,488,018)
Impairment allowance on financial assets	(15,450,378)	(2,786,679)	(18,237,057)
Provision for litigation	244,357	-	244,357
Lease liability under IFRS 16	(458,588)	(88,312)	(546,900)
Fair value gain on investments on associate	46,776,215	(25,186,000)	21,590,215
Bonus provision	(6,722,306)	(1,155,100)	(7,877,406)
Tax losses carried forward	(767,929,631)	41,876,378	(726,053,253)
	(782,198,749)	(80,169,313)	(862,368,062)
Deferred income tax liabilities			
Unrealized foreign exchange gains	115,036,481	(65,978,703)	49,057,778
Fair value gains on investment properties	189,884,971	5,604,000	195,488,971
Fair value changes on equity instruments	108,652,948	213,915,423	322,568,371
Right of use Asset	(18,165)	(302,409)	(320,574)
Unrealised gains in investments with fund managers	(4,791,961)	404,161	(4,387,800)
Accelerated depreciation	5,078,261	1,617,756	6,696,017
	413,842,535	155,260,228	569,102,763
Net deferred income tax asset	(368,356,214)	75,090,915	(293,265,299)

15. Cash and bank balances

	2026 Ushs 000	2025 Ushs 000
Cash at bank	204,680,266	105,662,932
Cash at hand	250,642	275,778
	204,930,908	105,938,710
Overdraft	–	–
Net cash and bank	204,930,908	105,938,710

The Fund utilises the services of several commercial banks to collect contributions from employers each month. Collecting banks are required to transfer amounts collected at the end of every week to the Fund's custodians, Stanbic Bank, ABSA Bank and Standard Chartered Bank. There are no transfer charges and the banks do not pay interest on amounts held except for Standard Chartered Bank, Citibank and Stanbic Bank which pay interest at the rates of 7%, 5% and 1% (2025: 7%, 5% and 1%) respectively.

The fair value of the cash and bank balances is equal to their carrying amount. For the purpose of the statement of cash flows, cash and cash equivalents comprise the cash and bank balances above. The Fund's cash and bank balances are not restricted for use. The resultant ECL on cash at bank are immaterial.

Overdraft

The Fund utilises an overdraft facility with a limit of Ushs 100 Billion from Stanbic Bank Uganda Limited to finance the settlement of investments in periods with intermittent cashflow. The Fund can drawdown as and when depending on the need, with a maximum period of 30 days. All draw down notices are backed up by a sufficient value of the Fund's maturing investments within the coming 30 day period. The facility is created on an account to which the specific investment will be maturing. In general, under the overdraft agreement with Stanbic Bank, the amounts owed by each counter party on a single day in respect of all transactions outstanding are aggregated into a single net amount that is payable to the other party. Interest on amounts drawn are charged at the Central Bank Rate (CBR) plus a margin as determined on the date of each specific drawdown. The Fund held no overdraft as at 30 June 2026 (Nil: 30 June 2025).

Net cash and bank	204,930,908	105,938,710
Deposits with commercial banks due within 3 months (Note 16)	–	35,485,685
Cash and cash equivalents	204,930,908	141,424,395

The Fund does not have the effect of movement of exchange rates on cash and cash equivalents held. Contributions collected are invested in short intervals to generate return for members in line with the Funds Investment Policy.

16. Deposits with commercial banks

	2026 % in class	2025 % in class	2026 Ushs 000	2025 Ushs 000
Housing Finance Bank Uganda Limited	0.00	55.80	–	25,613,205
Kenya Commercial Bank	100.00		76,670,569	
Absa Bank Uganda Ltd	0.00	0.02	–	9,357
Finance Trust Bank	0.00	44.18	–	20,277,123
Gross deposits	100	100	76,670,569	45,899,685
Expected credit loss			(620,041)	(620,041)
Net carrying amount			76,050,528	45,279,644

16. Deposits with commercial banks continued

The gross deposits with commercial banks are analysed as follows:

	2026 Ushs 000	2025 Ushs 000
Amounts due within three (3) months	–	35,485,685
Amounts due after three (3) months but less than 1 year	76,670,569	10,404,643
Amounts due after 1 year	–	9,357
Gross deposits	76,670,569	45,899,685

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

At the beginning of the year	45,279,644	274,103,373
New placements / deposits	2,027,801,203	561,137,704
Maturities	(2,005,279,561)	(786,143,565)
Interest accrued	14,181,049	16,657,235
Interest received	(11,666,157)	(21,686,771)
Foreign exchange losses	7,468,194	(1,628)
Allowance for credit losses	–	3,071,573
WHT deducted at source	(1,733,844)	(1,858,277)
At 30 June	76,050,528	45,279,644

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 interest rate on deposits with commercial banks as at 30 June 2026 was 14.00% (2025: 13.94%).

The allowance for expected credit losses is analysed as follows Refer to Note 38 (c) for details

At the start of year	620,041	3,691,614
(Reversal)/increase of impairment (Note 10)	–	(3,071,573)
At end of year	620,041	620,041

17. Trade and other receivables

Trade receivables	8,650,108	8,113,851
Dividends receivable	116,366,707	167,221,031
Other receivables	2,398,667	1,862,388
Provision for expected credit loss	(8,674,652)	(10,860,257)
Net receivable	118,740,830	166,337,013
Prepayments	9,939,562	8,547,048
Real estate advance payment*	64,987,998	36,254,423
VAT recoverable	2,224,747	6,534,450
Deferred staff expense	125,831	150,367
	196,018,968	217,823,301

*This relates to an advance payment made to Henan Gouji Industry Group Company Limited for the construction of Phase 1 of the Temangalo housing development and SMS Construction Ltd for construction at Yusuf Lule.

The movement in the provision for impairment loss is analysed as follows:

At start of year	10,860,257	9,378,900
Write off during the year	–	–
(Decrease)/Increase in expected credit loss (Note 10)	(2,185,605)	1,481,357
At end of year	8,674,652	10,860,257

The provision relates to the expected credit losses on trade receivables, dividends receivable and other receivable accounts. Refer to Note 38 (c) for details.

The carrying amount of trade and other receivables approximate fair value.

18. Financial asset receivable

	2026 Ushs 000	2025 Ushs 000
Bwebajja - Government Office Campus	103,022,810	103,022,810
Expected credit loss	(105,882)	(50,826)
	102,916,928	102,971,984

This relates to amounts recoverable by the Fund under a Project Development Agreement (PDA) for the development of a one-stop office campus under a build, own and transfer arrangement. The project has an estimated construction period of four years, after which the concession and rent-paying period will commence, with transfer of the completed development expected at the end of the 15-year concession period. The receivable represents costs incurred by the Fund in connection with the project, inclusive of the acquisition of land and engagement of consultants for the concept design, which are recoverable under the contractual terms of the PDA.

The contractual arrangement gives the Fund an enforceable right to receive cash flows in settlement of these amounts and, accordingly, the balance meets the definition of a financial asset.

The financial asset is measured at amortised cost because it is held within a business model whose objective is to recover the contractual cash flows rather than to realise gains through sale or changes in fair value. The amortised cost value approximates fair value.

Below is the change in the financial asset receivable during the year:

At start of year	102,971,984	99,267,475
Increase during the year	-	3,755,335
Increase in expected credit loss (Note 10)	(55,056)	(50,826)
At end of year	102,916,928	102,971,984

19. Debt instruments at amortised cost

Treasury bonds	24,653,687,734	20,488,441,539
Treasury bills	-	59,670
Impairment provision	(29,350,640)	(16,500,628)
Net investments	24,624,337,094	20,472,000,581

Treasury bonds are issued by Governments of Uganda, Kenya, Tanzania and Rwanda

The allowance for expected credit losses is analysed as follows:

At start of year	16,500,628	5,661,473
Increase during the year	12,850,012	10,839,155
At end of year	29,350,640	16,500,628

Further information about allowances for expected credit losses (ECL), is presented in Note 38 (c). The change in debt instruments at amortised cost investments during the year were as follows:

At start of year	20,472,000,581	17,012,664,250
Purchases	4,121,241,681	4,215,942,085
Maturities	(409,177,461)	(791,708,153)
Interest accrued	3,478,678,112	2,858,744,669
Accrued interest on purchase	134,279,628	123,273,919
Interest received	(2,992,955,779)	(2,526,101,369)
Foreign exchange gains/(losses)	120,825,353	(208,066,640)
Allowance for credit losses	(12,850,012)	(10,839,155)
Withholding tax deducted at source as a final tax	(287,705,009)	(201,909,025)
At end of year	24,624,337,094	20,472,000,581

The yield rates on the treasury bonds as at 30 June 2026 ranged between 13.73% and 19.53% (2025: 15.70% and 18.25%) and the treasury bonds have maturity periods of between 10 and 25 years.

20. Equity investments

		2026 % in Class	2025 % in Class	2026 % Held	2025 % Held	2026 Ushs 000	2025 Ushs 000
MTN Uganda Limited	USE	21.3	22.6	12.24	12.24	1,170,749,490	715,439,751
Airtel Uganda Limited	USE	12.3	10.7	10.55	10.55	675,008,000	337,504,000
Bank of Baroda (Uganda) Limited	USE	0.3	0.3	2.10	2.10	17,625,251	10,701,045
DFCU Limited	USE	0.4	0.5	8.95	8.95	22,439,520	16,946,861
Centum Investments Limited	USE	0.0	0.0	0.66	0.66	1,775,048	1,425,292
Stanbic Bank Uganda Limited	USE	3.3	3.5	4.52	4.52	180,591,936	109,929,553
New Vision Printing and Publishing Company Limited	USE	0.0	0.1	22.47	22.47	2,474,763	2,612,250
CIPLA QC	USE	0.8	0.8	7.38	7.38	41,481,653	23,973,163
Safaricom Limited	NSE	9.2	9.7	1.31	1.14	506,147,848	307,412,041
Equity Bank Holdings Plc	NSE	8.4	7.7	5.40	4.92	461,612,295	243,566,678
Jubilee Insurance Limited	NSE	0.5	0.5	3.80	3.80	28,117,831	17,236,200
East African Breweries Limited	NSE	3.9	4.5	3.53	3.53	212,929,720	143,537,014
British American Invest (Britam)	NSE	0.3	0.3	1.56	1.56	13,984,808	8,827,370
Kenya Re-Insurance	NSE	0.1	0.1	0.86	0.86	4,526,429	2,631,851
Kenya Commercial Bank	NSE	11.0	8.0	8.45	6.66	605,655,700	254,636,797
Absa Bank Kenya Plc	NSE	0.2	0.2	0.24	0.24	11,811,065	6,954,178
Diamond Trust Bank Limited	NSE	0.0	0.0	0.00	0.01	-	82,004
I & M Holdings Limited	NSE	0.0	0.0	0.00	0.92	-	272,841
Co-operative Bank of Kenya Limited	NSE	0.0	0.0	0.01	0.01	450,277	242,675
Standard Chartered Bank Kenya	NSE	0.0	0.0	0.00	0.00	-	33,113
NCBA Bank Kenya	NSE	0.0	0.0	0.00	0.01	-	73,339
Cooperative Rural Development Bank	DSE	13.8	7.1	7.90	7.90	757,988,939	225,501,566
Vodacom TZ shares	DSE	0.5	0.7	1.24	1.24	30,708,322	18,628,485
Tanzania Portland Cement	DSE	1.6	2.0	5.28	5.28	86,023,944	64,918,250
Tanzania Breweries Limited	DSE	3.3	6.0	4.52	4.52	178,859,345	190,766,445
National Microfinance Bank (NMB)	DSE	7.6	6.8	3.68	4.68	416,794,114	216,829,688
Bank of Kigali	RSE	1.2	1.1	4.70	4.70	63,788,250	35,191,530
Trade and Development Bank	PE	0.0	6.8	0.00	2.86	-	214,225,178
		100	100			5,491,544,548	3,170,099,158

The Fund invests in both listed and unlisted equities across the East African region, with listed equity holdings on the Uganda Securities Exchange (USE)· Nairobi Securities Exchange (NSE)· Dar es Salaam Stock Exchange (DSE)· and Rwanda Stock Exchange (RSE).

20. Equity investments continued

The trading prices at the last date of trading for the years ended 30 June 2026 and 2025 were as follows:

	2026					2025				
	Ushs	Kshs	Tshs	Rwf	USD	Ushs	Kshs	Tshs	Rwf	USD
MTN Uganda Limited	427.20					261.06				
Airtel Uganda Limited	160.00	-	-	-	-	80.00	-	-	-	-
Bank of Baroda (Uganda) Limited	56.00	-	-	-	-	34.00	-	-	-	-
DFCU Limited	335.00	-	-	-	-	253.00	-	-	-	-
Centum Investments Limited	403.42	-	-	-	-	323.93	-	-	-	-
Stanbic Bank Uganda Limited	78.00	-	-	-	-	47.48	-	-	-	-
New Vision Printing and Publishing Company Limited	144.00	-	-	-	-	152.00	-	-	-	-
Cipla Quality Chemicals	154.00	-	-	-	-	89.00	-	-	-	-
Safaricom Limited	-	34.05	-	-	-	-	25.00	-	-	-
Equity Bank Holdings Plc	-	80.00	-	-	-	-	48.90	-	-	-
Jubilee Insurance Limited	-	360.75	-	-	-	-	225.00	-	-	-
East African Breweries Limited	-	269.00	-	-	-	-	184.50	-	-	-
British-American Invest (Britam)	-	12.55	-	-	-	-	8.06	-	-	-
Kenya Re-Insurance	-	3.33	-	-	-	-	1.97	-	-	-
Kenya Commercial Bank	-	78.75	-	-	-	-	46.60	-	-	-
Absa Bank Kenya Plc	-	32.05	-	-	-	-	19.20	-	-	-
Diamond Trust Bank (Kenya) Limited	-	-	-	-	-	-	77.25	-	-	-
I & M Holdings Limited	-	-	-	-	-	-	35.75	-	-	-
Co-operative Bank of Kenya Limited	-	34.30	-	-	-	-	17.90	-	-	-
Standard Chartered Bank Kenya	-	-	-	-	-	-	299.75	-	-	-
NCBA Bank Kenya	-	-	-	-	-	-	59.50	-	-	-
Cooperative Development Bank	-	-	2,630.00	-	-	-	-	800.00	-	-
Vodacom	-	-	790.00	-	-	-	-	490.00	-	-
Tanzania Portland Cement Limited	-	-	6,480.00	-	-	-	-	5,000.00	-	-
Tanzania Breweries Limited	-	-	9,610.00	-	-	-	-	10,480.00	-	-
National Microfinance Bank (NMB)	-	-	16,210.00	-	-	-	-	6,780.00	-	-
Bank of Kigali	-	-	-	600.00	-	-	-	-	330.00	-
Trade Development Bank (PTA)*	-	-	-	-	-	-	-	-	-	16,905.00

*The shares are not quoted in an active market and the price used to determine the carrying amount has been determined through techniques as described in Note 37. The Fund disposed of its shares in Trade Development Bank during the year.

20. Equity investments continued

During the year, the Fund purchased the following shares:

	Currency	Shares	Average Price	Average Rate	Cost Ushs 000
Year ended 30 June 2026					
Safaricom Limited	Kes	83,114,870	27.71	28.06	64,615,952
Equity Bank Holdings Plc	Kes	24,799,460	51.56	28.14	35,980,716
Kenya Commercial Bank	Kes	75,256,863	52.77	29.03	115,282,180
					215,878,848
Year ended 30 June 2025					
Kenya Commercial Bank	Kes	6,811,400	36.84	29.48	7,398,026
Kenya Commercial Bank	Kes	9,522,100	39.48	28.31	10,641,757
					18,039,783

During the year, the Fund sold the following shares:

	Currency	Shares	Average Price	Average Rate	Cost Ushs 000
Year ended 30 June 2026					
Trade Development Bank	USD	3,443	17,296.91	3,594.99	214,093,358
Standard Chartered Bank Kenya	Kes	3,969	306.43	27.79	33,804
National Microfinance Bank (NMB)	Tzs	72,742	15,981.63	1.44	1,674,749
National Microfinance Bank (NMB)	Tzs	4,927,258	15,000.00	1.44	106,473,118
Diamond Trust Bank (Kenya)	Kes	38,140	141.22	29.14	156,941
I & M Holdings Ltd	Kes	274,200	64.00	29.14	511,354
NCBA Bank Kenya	Kes	44,286	92.00	29.14	118,717
Co-operative Bank of Kenya	Kes	23,530	34.74	29.14	23,819
					323,085,860

The shares above were disposed of at their prevailing market values on the respective disposal dates. The Fund received total proceeds of Ushs 323,085,860 from the disposals and recognised a gain on disposal of Ushs 78 billion. There were no disposals of shares in the prior year.

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

	2026 Ushs 000	2025 Ushs 000
At start of year	3,170,099,158	2,488,034,950
Acquisition of new shares	215,878,848	18,039,783
Disposal of shares	(323,085,860)	–
Fair value gains	2,379,403,428	713,051,409
Foreign exchange losses	49,248,974	(56,285,399)
Transfer from externally managed equities	–	7,258,415
At end of year	5,491,544,548	3,170,099,158

21. Loans and advances

	2026 Ushs 000	2025 Ushs 000
Uganda Clays Limited	25,213,730	22,022,590
Housing Finance Bank	2,500,000	4,166,667
Staff loans	323,515	426,686
	28,037,245	26,615,943
Fair value adjustment on staff loans	(125,831)	(150,367)
	27,911,414	26,465,576
Allowance for credit losses	(25,293,827)	(20,677,974)
	2,617,587	5,787,602

The allowance for credit losses is analysed as follows:

At start of year	20,677,974	20,677,974
Increase in impairment allowance during the year	4,615,853	-
At end of year	25,293,827	20,677,974

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

At start of year	5,787,602	6,059,266
Principal repayments	(1,666,667)	(1,666,667)
Interest accrued	3,617,643	2,045,045
Loan management fees	5,749	6,981
Interest received	(535,423)	(706,129)
Fair value adjustment on staff loans	24,536	49,106
Allowance for credit losses	(4,615,853)	-
At end of year	2,617,587	5,787,602

The loan to Uganda Clays Limited (UCL) which was granted on 29 December 2010 was unsecured and was repayable within 96 months in equal monthly instalments commencing after a grace period of two years (effective 27 December 2013). The loan had a fixed interest rate of 15%. During the financial year ended June 2023, the Fund signed a restructuring agreement with Uganda Clays Limited commencing 2 January 2025 at a rate of 14% per annum. The restructuring agreement includes a legal mortgage over Plots 491 and 1550 Budaka District, Plot 395 Pallisa District and Plots 388 Bulambuli District.

Housing Finance Bank (the Bank) has two loan facilities with the Fund of Ushs 25 billion at a rate of 11.5% (2025: 11.5%) and Ushs 20 billion at a rate of 13.5% (2025: 13.5%), respectively. These rates are fixed. 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 20 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.

Staff loans were loans issued by the Fund to its employees at a discounted interest rate of 6.5% (2025: 6.5%). The loans are issued to employees to acquire/construct houses. The loans are secured by the related property and are repayable over periods of between 15 to 20 years. The staff loan fair valuation is the effect on the values if this was issued at a market rate of 16.25% (2025: 16.25%).

22. Investments in associates at fair value

	Housing Finance Bank Ushs 000	Uganda Clays Limited Ushs 000	TPS Uganda Limited Ushs 000	Umeme Limited Ushs 000	Yield Fund Ushs 000	CS Hospitality Limited Ushs 000	Total Ushs 000
Year ended 30 June 2025							
At start of year	173,618,233	9,297,389	8,714,409	231,050,300	6,475,496	-	429,155,827
Fair value changes resulting from:							
Operations	36,219,893	(1,765,467)	(10,805)	(117,264,100)	(1,132,852)	-	(83,953,331)
Additional investment	-	-	-	7,514,698	77,591	-	7,592,289
Transfer from external equity	-	-	-	867,318	-	-	867,318
Redemption	-	-	-	-	(2,325,681)	-	(2,325,681)
Foreign exchange loss	-	-	-	-	380,650	-	380,650
Dividends	(17,783,341)	-	-	(101,388,442)	(694,218)	-	(119,866,001)
At end of year	192,054,785	7,531,922	8,703,604	20,779,774	2,780,986	-	231,851,071
Year ended 30 June 2026							
At start of year	192,054,785	7,531,922	8,703,604	20,779,774	2,780,986	-	231,851,071
Fair value changes resulting from:							
Operations	51,404,275	1,484,790	(449,260)	(20,779,774)	582,257	-	32,242,288
Additional investment	-	-	-	-	-	188,350,000	188,350,000
Redemption	-	-	-	-	(683,620)	-	(683,620)
Foreign exchange loss	-	-	-	-	(53,879)	-	(53,879)
Dividends	(17,087,416)	-	(248,024)	-	-	-	(17,335,440)
At end of year	226,371,644	9,016,712	8,006,320	-	2,625,744	188,350,000	434,370,420

As at 30 June 2026, the Fund had shareholding of 50%, 32.52%, 13.99%, 25.27%, 9.8% and 30% (2025: 50%, 32.52%, 13.99%, 23.11% and 9.8%) in the issued share capital of Housing Finance Bank, Uganda Clays Limited, TPS Uganda Limited, Umeme Limited, Yield Fund and CS Hospitality Limited respectively.

22. Investments in associates at fair value continued

The Fund is involved in the activities of TPS Uganda Limited with Board representation. Key investment and finance decisions are made in consultation with the Fund because of its holding in the company. This is therefore classified as an investment in associate even though the percentage holding is less than the presumptive 20%. The Fund increased its involvement in the activities of Yield Fund in 2018 getting representation on the Board. Investment decisions and key decisions at Yield Fund have to be done in consultation with NSSF hence being recognised as an associate even though the percentage holding is less than the presumptive 20%. The Fund's 50% holding in Housing Finance Bank does not give it a controlling interest nor does it give it joint control. The Government of Uganda owns 49.2% but has controlling interest in the entity. This is exhibited in key entity decisions requiring approval from the key bodies of government and appointment of key management personnel by the Government. As such, the investment continues to be accounted for as an associate.

Nature of activities of associates

Company	Nature of activities
Housing Finance Bank	Commercial banking and the provision of related services and is licensed under the Financial Institutions Act Cap. 57, Laws of Uganda.
Uganda Clays Limited	Production and sale of a wide range of clay building products.
TPS (Uganda) Limited	Operating and running hotel facilities in Uganda.
Umeme Limited*	Through a concession with the Government of Uganda, Umeme operates as the primary electricity distribution company in Uganda, responsible for distributing electricity to Ugandan residents, commercial and government entities.
Yield Fund	Yield Uganda Investment Fund specializes in investments in small and medium agri-businesses in the form of equity and debt. The Fund targets agriculture-related businesses across all value chains, with clear competitive advantage and ambitious local management.
CS Hospitality Limited**	Operating and running hotel and apartment facilities in Uganda.

The fair values for unquoted investment in associates has been estimated based on the Fund's respective shares of the net assets of each associate. Where the reporting periods differ by more than 3 months, the Fund has used the half-year unaudited financial statements/ management accounts for the period to 30 June 2026.

**Umeme Limited entered a concession arrangement effective from 1 March 2005 in which, among other terms, it signed a Lease and Assignment Agreement (LAA) with Uganda Electricity Distribution Company Limited ("UEDCL") for the Power Distribution Network for a period of 20 years which commenced on 1 March 2005 and came to a natural end on 28 February 2025 plus a 30-day transition period to 30 March 2025. The investments not yet recovered through the tariff methodology at the time of transfer of the Distribution Network to UEDCL are to be paid to UMEME as a buy-out amount. Which is computed as the gross accumulated capital investments less cumulative capital recovery charges at the time of transfer. During the year ended 30 June 2025, Umeme Limited received USD 118 million in relation to the buy-out amount from which the Fund received its share of Ushs 91 billion. Umeme Limited continues to be listed with the Uganda Securities Exchange as at 30 June 2026 with a list price of Ushs 72 per share.*

The Fund continues to measure its investment in Umeme Limited with reference to its share of net assets of the investee as a proxy for fair value.

The Fund also performed a review of trading activities in the shares of Uganda Clays Limited and concluded that the patterns do not fulfil the characteristics of an active market, and as a result, the quoted prices for these shares do not reflect previously available information that market participants consider in making decisions about the value of these companies. Accordingly, the Fund has applied a fair valuation approach that is based on the recoverable amount of the holding in investees.

In accordance with the Fund's policy, once the Fund's share of losses equals or exceeds its interest in the associate, the Fund discontinues recognition of further losses. Consequently, losses arising from UMEME after the investment was reduced to nil have not been recognised in the Fund's financial statements.

The reduction of the investment to nil does not represent a disposal or cessation of the Fund's interest in UMEME. The Fund continues to hold its ownership interest and exercise significant influence over the investee. Any subsequent share of profits will only be recognised after the Fund's share of those profits equals the cumulative share of losses that had previously not been recognised.

22. Investments in associates at fair value continued

As at 30 June 2026, the carrying value of the investment in UMEME was therefore Ushs nil, reflecting the exhaustion of the Fund's recognised interest following the accumulated losses and negative net asset position

***During the financial year ended 30 June 2026, the Fund acquired a 30% equity interest in CS Hospitality Limited, thereby obtaining significant influence over the entity. CS Hospitality Limited operates in the hospitality sector and trades as Kampala Marriott Hotel and Apartments.*

	Housing Finance Bank	Uganda Clays Limited	TPS (Uganda) Limited	Umeme Limited	Yield Fund	CS Hospitality Limited
Principal 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	Rwenzori House, Plot 1 Lumumba Avenue, P.O. Box 23841, Kampala	Plot M697 Equata Building UMA Showground, Lugogo, Kampala	Plot 2 Duster Street, Kampala P.O Box 124387 Kampala, Uganda
Market price	Not Listed	Ushs 6.5 per share	Not Listed	Ushs 72 per share	Not Listed	Not Listed

Security	Listed/ unlisted	Number of Shares Held		Price per Share		Market Value	
		2026	2025	2026 Ushs	2025 Ushs	2026 Ushs 000	2025 Ushs 000
Umeme Limited	Listed	410,436,337	410,436,337	72	415	29,551,416	170,331,080
Uganda Clays Limited	Listed	292,640,000	292,640,000	6.5	6.5	1,902,160	1,902,160
Housing Finance Bank*	Unlisted	7,930,000	7,930,000	-	-	-	-
TPS (Uganda) Limited	Unlisted	19,500	19,500	-	-	-	-
Yield Fund**	Unlisted	898,520	1,777,939	-	-	-	-
CS Hospitality Limited	Unlisted	60,000	-	-	-	-	-
						31,453,576	172,233,240

In applying the methodology for all associates except Yield Fund, the Fund has used the audited financial statements for the year ended 31 December 2025 in deriving the fair value changes for the 6 months to 31 December 2025. The Fund has used unaudited results for the 6 months to 30 June 2026 in deriving the fair value changes for the 6 months differential period between the associates' reporting date and the fund's reporting date. In respect of the Yield Fund the fair value was based on the unaudited financial information as at 30 June 2026.

23. Inventories

	2026 Ushs 000	2025 Ushs 000
Completed housing units for sale (Note 23 (a))	242,203,840	249,538,243
Housing units under development (Note 23 (b))	142,665,160	133,803,161
	384,869,000	383,341,404

23. Inventories continued

a) Completed housing units

These relate to the Mbuya housing project and Solana Lifestyle and Apartments (Lubowa housing project). Construction was completed in 2019 and 2023 respectively; the sales process is underway. The Fund is confident in the quality of the Solana Lifestyle Apartments product and has deployed an extensive marketing strategy which has garnered positive feedback from several interested buyers across the globe. The Fund advertises on several media outlets including prime television channels, social digital channels and radio outlets. These avenues will continue being used throughout the selling phase of the project.

	2026 Ushs 000	2025 Ushs 000
At start of year	249,538,243	250,847,037
Transfers from investment property	–	1,797,404
Fair value gains	(1,797,403)	–
Sales	(5,537,000)	(3,106,198)
At end of year	242,203,840	249,538,243

Housing units under development

These relate to the Lubowa, Temangalo and Kyanja housing projects. The movement in these balances was as follows:

	Lubowa Ushs 000	Temangalo Ushs 000	Kyanja Ushs 000	Total Ushs 000
Year ended 30 June 2025				
At start of year	70,865,540	36,716,748	10,013,294	117,595,582
Additions	146,271	15,598,885	462,423	16,207,579
At end of year	71,011,811	52,315,633	10,475,717	133,803,161
Year ended 30 June 2026				
At start of year	71,011,811	52,315,633	10,475,717	133,803,161
Additions	125,669	8,692,335	43,995	8,861,999
At end of year	71,137,480	61,007,968	10,519,712	142,665,160

Inventories for sale are measured at fair value and inventories under development are measured at cost as an approximation of fair value reflecting the current stage of development and/or conditions of the properties.

24. Capital work-in-progress (CWIP)

	CAPEX Ushs 000	Commercial Properties Ushs 000	Total Ushs 000
Year ended 30 June 2025			
At start of year	1,543,023	335,201,814	336,744,837
Additions	281,019	30,724,244	31,005,263
At end of year	1,824,042	365,926,058	367,750,100
Year ended 30 June 2026			
At start of year	1,824,042	365,926,058	367,750,100
Additions	3,220,883	12,057,810	15,278,693
At end of year	5,044,925	377,983,868	383,028,793

CAPEX relates to the various capital expenditure with the significant amount relating to the internally generated Dolphin Project that will replace the OCTOPAS system.

Commercial properties include on-going projects at Yusuf Lule and Lumumba Avenue (Pension Towers).

25. Investment properties

	Valuation at start of year Ushs 000	Reclass between categories Ushs 000	Additions Ushs 000	Disposal Ushs 000	Fair value gains Ushs 000	Transfer to inventories Ushs 000	Valuation at end of year Ushs 000
Year ended 30 June 2026							
Commercial properties	116,765,263	-	778,090	-	(2,609,556)	-	114,933,797
Undeveloped land	633,287,138	-	-	-	40,982,290	-	674,269,428
Total	750,052,401	-	778,090	-	38,372,734	-	789,203,225
Year ended 30 June 2025							
Commercial properties	109,305,108	-	651,180	-	8,606,379	(1,797,404)	116,765,263
Undeveloped land	623,874,575	-	4,130	-	9,408,433	-	633,287,138
Total	733,179,683	-	655,310	-	18,014,812	(1,797,404)	750,052,401

Undeveloped land includes the entire Nsimbe estate and the parts of Temangalo and Lubowa yet to be developed.

Investment properties comprise land and buildings held to earn rental income and/or capital appreciation. The fair values of investment properties were assessed by independent professional valuers including Stanfield Property Partners Limited, Ridgeline Uganda Limited and Reitis Limited as at 30 June 2026.

The valuations were carried out in accordance with the International Valuation Standards, with regard to relevant local statutes, customs, and market practice. In determining the fair values of investment properties especially in the case of undeveloped land, 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. The valuers also utilised the income capitalisation approach by reference to the net cashflows/annual incomes from commercial property (majorly buildings) where the buildings were set up primarily for rental purposes unless the approach did not reflect reasonable estimates based on current market conditions.

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 in surplus or deficit and included in 'other operating income'.

The impact of revaluing investment properties on surplus for the year is Ushs 38.3 billion (2025: Ushs 18 billion) 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.

25. Investment properties continued

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	<i>A combination of approaches was adopted to obtain reasonable estimations of the market values of buildings.</i> Income capitalisation approach The valuers used this approach to estimate the value of buildings under rental arrangements. It is based on the expectation of future benefits. This method of valuation relates value to the market rent that a property can be expected to earn and to the resale value. Cost approach Some of the buildings, structures and services were valued at current replacement costs taking into account their depreciation. This was applied for property that was constructed in the form of residential property or single use property. Market approach Some buildings were valued by the sales comparison method given that they were vacant at year end or by the nature of the buildings not necessarily being high rental value earners but are located in prime locations. Other factors such as location, services, accessibility, and proximity to prime locations were taken into account. Attention was paid to the concept of 'Highest and Best use' of property.

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 techniques used.

Key underlying assumptions in valuation of investment properties included:

- Properties and their values are unaffected by any statutory notice or condition of title where title deeds were not inspected, and that neither the property nor its condition, nor its use, nor its intended use, is or will be unlawful.
- No onerous easements, rights of way or encroachments exist by or on the subject properties other than those in favour of statutory bodies, applicable to all such properties, or which could be regarded as customary.
- The market value and any other values referred to in the valuation report exclude Value Added Tax and transfer costs.
- Property is unaffected by environmental issues.
- Property is assumed to be free from any structural fault, rot, infestation or defects of any other nature whether exposed or unexposed, including inherent weaknesses due to the use in construction of deleterious materials. There is also an assumption that there are no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of each property are sufficient to support the building constructed or to be constructed thereon.

Valuation inputs and relationships to fair value

Significant unobservable input	Range	
Office properties	Estimated rental value	Ushs 970 million – Ushs 7,491 million (Ushs 3,125 million)
	Estimated rental expenditure	Ushs 675 million-Ushs 3,624 million (Ushs. 2,545 million)
	Vacancy factor	10.30%
	Discount rate	8.67%
Land	Price per acre	Ushs 111 million -Ushs 780 million

See note 39 for the sensitivity analysis of property values to key inputs and assumptions.

25. Investment properties continued

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

	2026 Ushs 000	2025 Ushs 000
Workers House	7,491,062	6,820,832
Social Security House	2,340,834	2,740,463
Service Charge	2,836,135	2,724,123
Solana - Lubowa	1,986,668	1,336,152
Others – Naguru, Mbarara, Mbale and Jinja	970,860	1,010,939
	15,625,559	14,632,509

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

	Workers House Ushs 000	Social Security House Ushs 000	Others – Naguru, Bwebajja Mbarara, Mbale and Jinja Ushs 000	Lubowa Ushs 000	Total Ushs 000
Year ended 30 June 2026					
Maintenance and repairs	874,716	144,673	1,407,513	1,879,094	4,305,996
Ground and property rent	295,065	95,264	290,274	–	680,603
Cleaning services	310,783	48,253	269,171	144,070	772,277
Security services	606,003	133,560	1,230,446	386,356	2,356,365
Electricity	772,299	205,022	367,103	93,876	1,438,300
Water	291,171	48,841	60,003	226,503	626,518
	3,150,037	675,613	3,624,510	2,729,899	10,180,059
Year ended 30 June 2025					
Maintenance and repairs	1,031,252	190,262	1,559,586	385,525	3,166,625
Ground and property rent	217,665	95,264	596,115	–	909,044
Cleaning services	306,087	50,208	506,925	622,549	1,485,769
Security services	480,168	152,028	2,052,991	338,821	3,024,008
Electricity	1,246,885	128,472	376,322	79,128	1,830,807
Water	365,398	77,240	100,191	217,742	760,571
	3,647,455	693,474	5,192,130	1,643,765	11,176,824

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):

	Land in Lubowa Ushs 000	Land in Temangalo Ushs 000	Land in Nsimbe Ushs 000	Land in Bukerere Ushs 000	Total Ushs 000
Year ended 30 June 2026					
Security expenses	122,883	159,088	255,677	30,302	567,950
Year ended 30 June 2025					
Security expenses	189,741	87,751	248,008	–	525,500

25. Investment properties continued

As at 30 June 2026, there was no restrictions to 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.

The Fund has several tenants on its properties including Workers House and Social Security House with tenancy agreements averaging three years in duration. The Fund maintains the properties and only charges a service fee to the tenants for auxiliary services and has, therefore, included these as investment properties in its financial statements.

Future minimum rentals receivable:

	Up to 1 year Ushs 000	1 to 5 years Ushs 000	Over 5 years Ushs 000
As at 30 June 2026			
Property rentals	9,831,896	49,159,480	–
As at 30 June 2025			
Property rentals	9,561,295	47,806,476	–

26. Intangible assets

	2026 Ushs 000	2025 Ushs 000
Cost		
At start of year	45,563,233	43,491,241
Additions	255,453	2,071,992
Disposals	(4,581,573)	–
At end of year	41,237,113	45,563,233
Amortisation		
At start of year	(20,913,857)	(16,720,936)
Charge for the year	(3,845,585)	(4,192,921)
Disposals	2,629,318	–
At end of year	(22,130,124)	(20,913,857)
Net carrying amount	19,106,989	24,649,376

27. Property and equipment

	Land and Buildings Ushs 000	Office equipment Ushs 000	Motor Vehicles Ushs 000	Furniture and Fittings Ushs 000	Computers Equipment Ushs 000	Total Ushs 000
Cost						
At 30 Jun 2024	27,380,022	7,888,107	12,445,685	16,602,774	32,238,422	96,555,010
Additions	–	548,552	608,799	724,854	8,348,054	10,230,259
Disposals	–	(11,523)	–	(145,834)	(397,218)	(554,575)
Revaluation gains	665,188	–	–	–	–	665,188
At 30 Jun 2025	28,045,210	8,425,136	13,054,484	17,181,794	40,189,258	106,895,882
Additions	–	419,844	6,122,161	1,248,463	3,367,319	11,157,787
Disposals	–	(27,375)	(2,208,152)	(746,628)	(178,217)	(3,160,372)
Revaluation gains	309,311	–	–	–	–	309,311
At 30 Jun 2026	28,354,521	8,817,605	16,968,493	17,683,629	43,378,360	115,202,608
Depreciation						
At 30 June 2024	992,185	5,682,842	7,105,782	11,110,410	22,646,236	47,537,455
Charge for the year	368,316	697,418	2,037,588	1,750,777	4,985,033	9,839,132
Disposals	–	(11,223)	–	(145,834)	(333,538)	(490,595)
At 30 June 2025	1,360,501	6,369,037	9,143,370	12,715,353	27,297,731	56,885,992
Charge for the year	377,282	713,018	2,924,264	1,535,038	5,957,131	11,506,733
Disposals	–	(26,725)	(2,208,151)	(734,904)	(137,080)	(3,106,860)
At 30 June 2026	1,737,783	7,055,330	9,859,483	13,515,487	33,117,782	65,285,865
Net carrying amount						
At 30 June 2026	26,616,738	1,762,275	7,109,010	4,168,142	10,260,578	49,916,743
At 30 June 2025	26,684,709	2,056,099	3,911,114	4,466,441	12,891,527	50,009,890

27. Property and equipment continued

The Fund occupies space on some of its commercial properties including Workers' House, Jinja City House and Mbarara City House. The owner-occupied portion of these properties is accounted for using the revaluation model. The revaluation is done annually by an independent valuer as disclosed under Note 25. Below is the disclosure value if these spaces were measured using the cost model.

	Land and Buildings Ushs 000
Cost	
At 30 Jun 2024	25,405,478
Additions	–
At 30 Jun 2025	25,405,478
Additions	–
At 30 Jun 2026	25,405,478
Depreciation	
At 30 June 2024	992,185
Charge for the year	368,316
At 30 June 2025	1,360,501
Charge for the year	377,282
At 30 June 2026	1,737,783
Net carrying amount	
At 30 June 2026	23,667,695
At 30 June 2025	24,044,977

28. Right of use assets

	2026 Ushs 000	2025 Ushs 000
Cost		
At start of year	6,005,116	5,246,202
Additions	936,717	1,111,386
Modifications	–	–
Disposal	(253,754)	(352,472)
At end of year	6,688,079	6,005,116
Depreciation		
At start of year	3,663,494	2,822,509
Modifications	(4,129)	4,130
Charge for the year	979,762	1,003,901
Disposal	(232,608)	(167,046)
At end of year	4,406,519	3,663,494
Net carrying amount	2,281,560	2,341,622

All right of use assets relate to office space lease arrangements for NSSF branches.

29. Tax claimable

	2026 Ushs 000	2025 Ushs 000
At start of year	79,636,108	60,295,694
Tax withheld at source during the year	25,981,308	19,340,414
At end of year	105,617,416	79,636,108

This relates to WHT tax withheld on divided incomes earned in Uganda. This is deductible against the income tax payable to Uganda Revenue Authority.

30. Other payables

	2026 Ushs 000	2025 Ushs 000
Accounts payable	81,615,787	70,303,711
Accrual for legal costs	2,763,190	2,721,942
Lease liabilities	2,341,473	2,469,882
WHT payable	491,829	220,896
	87,212,279	75,716,431

Accounts payable relate to general provisions and accruals for expenses incurred or committed to by the Fund as at 30 June.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2026 Ushs 000	2025 Ushs 000
At 1 July	2,469,882	2,549,918
Additions	936,717	1,111,385
Modifications	(198,868)	(275)
Disposal	(24,161)	(229,597)
Accretion of interest	321,460	294,373
Repayments of interest	(320,624)	(320,717)
Repayments of principal	(842,933)	(935,205)
At 30 June	2,341,473	2,469,882

Leases

The Fund has entered into commercial leases for branch premises. The leases have an average life of between three and six years. The Fund is restricted from assigning and subleasing the leased assets.

The maturity analysis of lease liabilities is disclosed below:

	2026 Ushs 000	2025 Ushs 000
Maturity period		
Due within 1 year	977,172	658,958
Due with 1 to 5 years	1,876,166	1,870,926
Due over 5 years	13,200	171,744
Total liability	2,866,538	2,701,628

30. Other payables continued

The maturity analysis of the lease liabilities for purposes of IFRS 7 is disclosed in Note 38(b) as part of other payables.

The following are the amounts recognised in respect of leases in the statement of changes in net assets available for benefits:

	2026 Ushs 000	2025 Ushs 000
Interest expense on lease liabilities	321,460	294,373
Depreciation expense of right-of-use assets	979,762	1,003,901
	1,301,222	1,298,274

31. Contract liabilities

Advance payments for housing	(a)	52,997,948	24,022,969
Advance payments for activities	(b)	1,114,222	712,864
Deferred rental income and security deposits	(c)	1,005,611	1,232,203
Mastercard Advance	(d)	381,414	1,040,652
		55,499,195	27,008,688

a) Advance payments for housing

These relate to advance payments on the Lubowa housing project. Below is the movement in payments for housing.

	Lubowa Ushs 000	Mbuya Ushs 000	Total Ushs 000
30 June 2024	5,753,727	2,612,430	8,366,157
Cash received	19,524,935	1,246,537	20,771,472
Commission paid	-	-	-
Houses sold	(1,864,660)	(3,250,000)	(5,114,660)
30 June 2025	23,414,002	608,967	24,022,969
Cash received	35,397,519	-	35,397,519
Commission paid	(667,926)	-	(667,926)
Houses sold	(5,912,593)	-	(5,912,593)
Foreign exchange revaluations	157,979	-	157,979
30 June 2026	52,388,981	608,967	52,997,948

b) Advance payments for activities

This relates to sponsorships for Corporate Social Responsibility programs like the NSSF Career Expo, Friends with Benefits, 7 Hills Hash Run and financial literacy programs.

c) Deferred rental income and security deposits

The Fund bills and receives rental payments from some of its tenants in advance. These amounts are not recognized as revenue during the financial year in which they are billed/received since they relate to the subsequent period.

The Fund collects an equivalent of one month's rent from its tenants which acts as a security deposit against possible damages to the rented property. When a tenant leaves and the Fund deems that all is well with the property, the security deposit is then refunded to the tenant. Otherwise, the deposit is used to repair any damages.

d) Mastercard Advance

The Fund, in partnership with the MasterCard Foundation, committed to support growing businesses with a 5-year investment of USD 5 Million from each partner. The Fund is charged with implementation through a program dubbed Hi-innovator. Hi-Innovator Programme has successfully generated over 12,000 jobs and led to new contributions of Ushs 530 million in savings. By supporting entrepreneurs and focusing on long-term investments, not only does it help solve societal issues, but also stimulates economic growth, and environmental sustainability. It also has specialized, and female focussed entrepreneurial programs that promote gender parity.

32. Member liabilities*

Member balances are shown as member liabilities because the Fund has an obligation to pay benefits to its members

		2026 Ushs 000	2025 Ushs 000
Mandatory members' funds*	32(a)	31,710,646,613	25,529,251,194
Voluntary members' funds*	32(b)	135,459,653	17,680,092
		31,846,106,266	25,546,931,286

* The comparative information has been restated to revise the presentation of dealings with members, with mandatory and voluntary transactions presented separately, as disclosed in Note 41.

a) Mandatory members' funds

At start of year		25,529,251,194	21,949,985,103
Contributions received during the year*		2,280,541,771	2,110,568,084
Interest on arrears		9,381,319	7,323,112
Interest allocation for the year		5,410,542,093	2,783,893,588
Transfer to voluntary		(4,652,541)	(464,500)
Members' fund liability before benefit payments		33,225,063,836	26,851,305,387
Benefits paid during the year			
Age benefits		(786,312,442)	(696,525,137)
Withdrawal benefits		(146,768,878)	(114,536,400)
Exempted employee benefits		(159,561,300)	(78,017,082)
Invalidity benefits		(85,524,588)	(68,503,379)
Survivors' benefits		(28,123,799)	(36,788,182)
Emigration grant benefits		(104,829,686)	(135,014,914)
Mid-term age benefits		(202,235,168)	(191,253,622)
Mid-term disability benefit		(1,061,362)	(1,415,477)
Total benefits payments		(1,514,417,223)	(1,322,054,193)
At end of year		31,710,646,613	25,529,251,194
Interest allocated to members:			
Prior year over provision of interest to members		(2,125)	(19,655)
Interest for the year payable to members		5,443,862,300	2,796,865,226
Total interest available to members		5,443,860,175	2,796,845,571
Allocated as follows:			
To members funds			
Opening provision balance		(2,125)	(19,655)
Interest payable to members for the year		5,410,544,218	2,783,913,243
		5,410,542,093	2,783,893,588
Interest payable to reserve for the year		23,473,438	12,392,343
Interest paid to voluntary members for the year		9,844,644	559,640
Total provision		5,443,860,175	2,796,845,571

The accumulated members' funds are made up of members' accounts which comprise all standard and supplementary contributions and interest on the contributions less benefits paid in accordance with Section 34 (1) of the National Social Security Fund Act, (Cap 230).

Interest payable to members is declared by the Minister for Finance in accordance with section 35 (2) of the National Social Security Fund Act, (Cap 230). For the year ended 30 June 2026, the Minister for Finance, Planning & Economic Development approved an interest rate of 22.53% (2025: 13.50%) to be calculated and added to the members' funds.

32. Member liabilities continued

b) Voluntary members' funds

Section 13 of the National Social Security Fund Act, (Cap 230) introduced a mandate for the Fund to collect voluntary contributions. This culminated into a new product called Smart Life which was launched in November 2024.

	2026 Ushs 000	2025 Ushs 000
SmartLife Membership		
At the beginning of the year	17,680,092	20,845
Contributions received during the year	137,995,110	17,208,624
Interest allocation	9,844,644	559,640
Transfer from mandatory	4,652,541	464,500
Members' fund liability before benefit payments	170,172,387	18,253,609
Benefits paid	(34,712,734)	(573,517)
At end of year	135,459,653	17,680,092

Interest on the voluntary portfolio is computed based on the after-tax return earned on investments less management fees. The weighted average interest rate credited to members' savings during the year ended 30 June 2026 was 14.10% (2025: 13.33%)

c) Accumulated surplus

The Fund performance for the year resulted in an accumulated surplus position of Ushs 567.3 billion. (2025: Ushs 119 billion surplus)

At start of year	119,611,565	(125,500,731)
Net increase in the Fund	1,317,096,760	1,050,261,294
Net dealings with members	(869,406,924)	(805,148,998)
At end of year	567,301,401	119,611,565

d) Fund reserves

	Fund Reserves* Ushs 000
Year ended 30 June 2025	
At start of the year	123,344,821
Special contributions and fines and penalties received	12,732,687
At end of the year	136,077,508
Year ended 30 June 2026	
At start of the year	136,077,508
Special contributions and fines and penalties received	10,625,602
At end of the year	146,703,110

In accordance with NSSF Act section 37, the Fund reserves contain; any fines and penalties required by the NSSF Act to be paid into the Fund; and any special contributions and any contribution which cannot be allocated to the account of any member of the Fund.

Special contributions in accordance with section 12 of the NSSF Act relates to contributions made by an employer for the following class of people; a non-resident employee who is not an eligible for employee; and an employee of or above the age of fifty-five years in respect of whom the Minister has specifically applied Section 12 by notice.

33. Mandatory members' reserve account

Included in the member liabilities is Ushs 127.6 billion (2025: Ushs 104 billion), which relate to collections received from employers that have not yet been allocated to individual member accounts due to incomplete details of the members. Whereas this is a reserve account, it is not equity but rather amounts due to members.

	2026 Ushs 000	2025 Ushs 000
Unallocated members' contributions		
At start of year	104,187,474	91,795,131
Provision for interest on unallocated members' contributions	23,473,438	12,392,343
At end of year	127,660,912	104,187,474
The movement in the provision for interest on unallocated members' contributions was as follows:		
At start of year	79,594,973	67,202,630
Charged to surplus or deficit	23,473,438	12,392,343
At 30 June	103,068,411	79,594,973

As at 30 June 2026, the reserve account included unallocated members' contributions and interest thereon amounting to Ushs 127 billion (2025: Ushs 104 billion), comprising contributions amounting to Ushs 24.4 billion (2025: Ushs 24.4 billion) and interest thereon amounting to Ushs 103 billion (2025: Ushs 79.6 billion).

The unallocated members' contributions amounted to Ushs 360 billion as at 30 June 2007. This prompted management to undertake measures to identify the respective members to whom the amounts belonged and as a result, the unallocated amounts gradually reduced over the years to Ushs 24.4 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 whom these amounts belonged to and accordingly resolved to transfer the unallocated contributions balance of Ushs 24.4 billion from the accumulated members' funds 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 proving that these contributions should be credited to their individual members 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. During the year, there was no transfer of funds from the accumulated members' funds to the reserve account and vice versa (2025: Nil). However, as stated in note 32 above, interest was accrued on these balances and credited in the reserve account accordingly.

34. Net cash used in operating activities

	Note	2026 Ushs 000	2025 Ushs 000
Net increase in the fund for the year		1,317,096,760	1,050,261,294
Income tax expense	14(a)	337,871,972	242,397,121
Net dealings with members		(869,406,924)	(805,148,998)
Tax on fixed income investments	19	298,967,206	203,767,302
Interest to mandatory members	32(a)	5,410,542,093	2,783,893,588
Interest to voluntary members	32(b)	9,844,644	559,640
Depreciation on property and equipment and right of use assets	27, 28	12,486,495	10,843,033
Gain on disposal of property and equipment	8	(349,579)	(97,839)
Increase in allowance for expected credit losses	10	15,335,316	9,299,765
Amortisation of intangible assets	26	3,845,585	4,192,921
Fair value loss/(gain) on associates	22	(32,242,288)	83,953,331
Staff loans fair value adjustment	21	(24,536)	(49,106)
Unrealised foreign exchange losses on equity investments	20	(49,248,974)	56,285,399
Unrealised foreign exchange losses/(gain) on debt instruments at amortised cost	19	(120,825,353)	208,066,640
Unrealised foreign exchange losses/(gains) on externally managed investments		-	74,904
Unrealised foreign exchange losses on other assets	8	(3,323,832)	9,307,746
Fair value gains on inventories and owner-occupied property and equipment	23,27	1,488,092	(665,188)
Fair value gains on investment properties	25	(38,372,734)	(18,014,812)
Fair value gains on equity investments externally managed		-	(1,347,204)
Fair value gains on equity investments	20	(2,379,403,428)	(713,051,409)
Finance costs charged to lease Liabilities	30	321,460	294,373
Interest income on loans and advances	21	(3,617,643)	(2,052,026)
Interest income on debt instruments at amortised cost	19	(3,612,957,740)	(2,982,018,588)
Interest income on commercial bank deposits	16	(14,181,049)	(16,657,235)
IFRS 16 modifications and loss on disposal of leases	8(c)	(177,423)	(44,447)
Interest on unallocated contributions	33	23,473,438	12,392,343
Changes in working capital			
Inventories		(3,325,000)	(13,101,381)
Trade and other receivables		(69,677,760)	(101,768,791)
Other payables and contract liabilities		14,133,456	9,474,810
Cash generated from operating activities		248,272,254	31,047,186
Taxes paid		(301,544,428)	(261,737,535)
Interest paid on leases	30	(320,624)	(320,717)
Net cash used in operating activities		(53,592,798)	(231,011,066)

35. Related party disclosures

The Fund is controlled by Government of Uganda pursuant to powers conferred upon it in the NSSF Act, including the power to appoint members of the Board of Directors, to approve investments of the Fund and to approve its annual budget. There are other companies that are related to the Fund through common shareholdings and/or directorships. Entities where the Fund has directors are disclosed under Note 22, Associates.

The following transactions were carried out with related parties with which the Fund shares common ownership and/or directorships:

a) Interest income

	2026 Ushs 000	2025 Ushs 000
(i) Housing Finance Bank Uganda Limited		
Interest income on loans and advances	426,567	622,772
Interest income on term deposits	2,622,066	4,890,559
	3,048,633	5,513,331
(ii) Government of Uganda		
Interest income on treasury bonds	2,504,624,409	1,891,698,438
	2,507,673,042	1,897,211,769

b) Income tax expense

Government of Uganda		
Income tax expense for the year	301,544,428	242,397,121

c) Key management compensation

Salaries and short-term benefits	8,803,283	7,922,978
Directors' remuneration (Note 9)	1,927,498	1,693,013
Post-employment benefits	49,119	164,346
	10,779,900	9,780,337

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

d) Directors' remuneration and Board expenses

Directors' remuneration (included in key management compensation above)	1,927,498	1,693,013
Board expenses	2,731,437	1,543,875
	4,658,935	3,236,888

Board expenses include costs for Board meetings, consultancies, travel costs and trainings. The Board ascertains to continuously avail value to the Fund through offering strategic direction. The costs disclosed above provide the input required to ensure the Board meets its mandate within the approved budget thresholds and legal frameworks.

e) Bank balances with related parties

Housing Finance Bank Uganda Limited	927,902	69,380
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35. Related party disclosures continued

f) Loans and advances due from related parties

	2026 Ushs 000	2025 Ushs 000
Housing Finance Bank Uganda Limited	2,500,000	4,166,667
Uganda Clays Limited	25,213,730	22,022,590
Staff loans to key management staff	197,590	120,438
Allowance for credit losses	(25,293,827)	(20,677,974)
	2,617,493	5,631,721

g) Fixed deposits with related party

Housing Finance Bank Uganda Limited	–	25,613,205
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h) Dividends due from related parties

Housing Finance Bank Uganda Limited	17,087,416	17,783,341
Uganda Clays Limited	–	–
Umeme Limited	–	101,388,442
	17,087,416	119,171,783

i) Debt instruments with related parties

Government of Uganda	17,803,599,614	10,772,744,004
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j) Financial Asset Receivable

Government of Uganda	102,916,928	102,971,984
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The Government has 100% control of the Fund. The Fund invests in treasury bonds issued by the Government. Other significant related party transactions with the Government of Uganda include utility costs and rental income earned from government ministries that occupy the Fund's properties. Rental income for the year amounted to Ushs 9.4 billion (2025: Ushs 9.4 billion).

36. Contingent liabilities

The Fund is a litigant in various cases arising in the normal course of business. The Directors are of the opinion based on independent legal advice that the outcome of these cases will not give rise to any significant loss beyond the amounts provided.

The Directors have identified the following outstanding legal cases for additional disclosure:

The Fund objected to a tax assessment by Uganda Revenue Authority (URA) on 15 April 2013 on the grounds that URA's tax computations wrongly disallowed expenses that are 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 the same way.

The Fund filed a suit with the High Court (Commercial Division) to challenge the assessment. During the mediation process, a consent was reached on some items and the taxes in dispute reduced from Ushs.84.4 billion to Ushs.42.2 billion. In March 2020, the Tax Appeals Tribunal delivered its ruling in favour of the URA. The Fund appealed against the Ruling of the Tribunal and on 2nd November 2020, the High Court delivered judgment in favour of the Fund. Court ruled that the interest paid by the Fund to its members is a deductible expense for income tax purposes and that the Fund was not liable to pay the tax assessed.

URA was dissatisfied with the decision of the High Court decision and subsequently filed an application for leave to appeal vide HCMA No. 11 of 2021 and an application for stay of execution vide HCMA No. 509 of 2021 which were both dismissed.

36. Contingent liabilities continued

On 16th August 2022, Court dismissed the application for leave to appeal with costs citing that it was filed outside the statutory period envisioned under Rule 40(1) of the Judicature Court of Appeal Rules. The Court further ruled that a delay of 92 days was unreasonable and there was no proper reason for the delay. URA has since filed an application in the Court of Appeal for leave to appeal which is pending hearing.

The Fund decided to initiate garnishee proceedings against URA for the refund of Ushs. 25.3 billion, with interest. URA agreed to a partial settlement and refunded the Ushs 25.3 billion to the Fund in four (4) instalments. The question of interest and costs was deferred to be determined by the Court of appeal, that is, if URA is granted leave to appeal the ruling of the High Court.

Therefore, the Directors have not recognised any provisions in respect to this matter.

Land Disputes

The Fund is also a defendant on various legal actions arising from its investment property.

The Fund recognises encroachments as an inherent risk for investing in real estate. The Fund has deployed security personnel to all its properties in an effort to avert encroachment.

We have also instituted legal action against all parties who have encroached or issued encumbrances on Fund properties. We are confident that the Fund will be successful in all land related legal suits. The Directors have considered the cases below to be of significance hence the relevant disclosures.

Temangalo Tea Estates Limited

The Fund was jointly sued alongside other parties by Temangalo Tea Estates Limited in respect to approximately 363 acres of land owned by the Fund at Temangalo. The High Court dismissed the suit on ground that it was barred by limitation. Temangalo Tea Estates Limited has since lodged an appeal with the Court of Appeal which is pending hearing.

Whereas the matter has not yet been fixed for hearing, the Directors are of the opinion that the outcome of this matter will not give rise to significant cash outflows to the Fund and as such no provision has been made in respect of the matter.

Leo Kimalempaka Vs NSSF & Others

On 8 June 2017, Leo Lule Kimalempaka filed Civil Suit No. 93 of 2017 in the High Court of Mpigi against the Attorney General, The Commissioner Land Registration, NSSF, Mugoya Estates Limited and James Abiam Mugoya Isabirye seeking to have NSSF's certificates of title cancelled. He also filed Miscellaneous Application No. 129 of 2017 seeking an injunction to stop NSSF from utilizing and developing the said land. The Court heard the application for the injunction and held that NSSF was the registered proprietor and was in physical possession in advanced stages of developing the land into a housing estate and an injunction could not be issued. This matter has been partially heard and is coming up for further hearing on 21st October 2026.

The Directors are of the opinion based on professional legal advice that the outcome of these cases will not give rise to any significant loss beyond the amounts provided.

37. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting 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 assumptions are based on historical experiences, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates. 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:

Provision for expected credit losses of financial assets – The Fund annually assesses all financial assets for impairment i.e. Cash and cash equivalents, debt instruments and receivables. The Fund uses the simplified approach to impair receivables or groups of receivables as might be appropriate based on its average historical loss rate. Depending on the data, the Fund applies either of two ways of computing the loss rate per period. A loss rate may be computed as the ratio of outstanding invoice amounts beyond the default period and raised invoices at the beginning of each period. In the case where payments are available, the recovery rate may be computed as a ratio of payments made on bills raised per time period before the default date. The loss rate is then obtained as $1 - \text{recovery rate}$. A common approximation is to cap recovery rates at 100% where payments exceed invoice amounts. The single loss rate is adjusted for forward-looking factors specific to the debtors and the economic environment using movements and forecasts for inflation rates, GDP and foreign exchange.

The single loss rate estimates are applied to each category of gross receivables. The Fund considers whether ECLs should be estimated individually for any period-end receivables, e.g because specific information is available about those debtors.

The Fund has applied the simplified approach to all other financial assets recognised as other receivables e.g dividends receivable, an approach that does not include an explicit probability of default as an input per se. The information about the ECLs on the Fund's trade and other receivables is disclosed in Note 17. Further information on impairment is disclosed in Notes 38(c).

Estimation of expected credit loss on government treasury bills and bonds, corporate bonds, deposits with commercial banks is determined by getting a predefined default rate relating to the issuer of the bills and bonds and the bank where the cash is held, respectively. These default rates are then used to estimate the expected credit losses on the outstanding amounts of the above respective financial assets.

The loans and advances held by the Fund are mainly with corporate entities and the Fund has, therefore, used credit rating agency information rather than internal risk weighting methods. The information about the ECLs on the Fund's deposits with commercial banks, government treasury bills and bonds and corporate bonds and Loans and advances is disclosed in Notes 16,19 and 21, respectively.

- (i) **Impairment of non-financial assets** – Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Fund is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The Fund also assessed impairment for the assets, and no additional impairments were required. The Fund's non-financial assets include inventories, capital work in progress, investment properties, intangible assets, property and equipment and right of use assets with carrying amounts as disclosed in notes 23, 24, 25, 26, 27 and 28 respectively.

- (ii) **Current income taxes** – uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Fund establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Fund and the tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing. Details on the current income tax amounts recognised in the financial statements are disclosed in Note 14.

37. Use of estimates and judgements continued

- (iii) **Property and equipment and right of use assets** – Critical estimates are made by the management in determining the useful lives and residual values to property and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Details of the Fund's property and equipment and right of use assets are disclosed in note 27 and 28.
- (iv) **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 25, and 39.
- (v) **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 and contingencies disclosed in Note 36.
- (vi) **Valuation of investment properties** – The Fund carries its investment properties at fair value, with changes in fair value being recognised in surplus or deficit. Details of significant estimates and judgements made regarding the Fund's investment properties are disclosed in Note 25.

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.

38. Financial risk management continued

a) Market risk

Market risk is the risk that changes in market prices, such as equity 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, 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. Except for shares held in Housing Finance Bank, Yield Fund, TPS Uganda Limited and CS Hospitality Limited all shares held by the Fund are valued based on market prices.

The table below shows the effect of share price sensitivity on the surplus before income tax based on the share price volatility as at 30 June:

	Change in share price % Ushs 000	Effect on surplus after tax and reserves Ushs 000
Type of Investment		
2026		
Equity investments	±5%	±274,577,227
2025		
Equity investments	±5%	±158,504,958

38. Financial risk management continued

a) Market risk continued

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 changes in net assets available for benefits. 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 Management and Investment 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 foreign currency positions as at 30 June 2026. All balances are in Ushs 000's.

	USD	Kshs	Tshs	Rwf	Total
Cash and bank balances	29,537,989	24,040,180	120,075,194	–	173,653,363
Deposits due from commercial banks	–	–	–	–	–
Equity securities externally managed	–	–	–	–	–
Trade and other receivables	641,723	49,176,248	1,717,367	345,112	51,880,450
Debt instruments at amortised cost	5,661,654	5,122,694,183	1,678,322,931	14,058,711	6,820,737,479
Equity investments	–	1,845,235,973	1,470,374,664	63,788,250	3,379,398,887
Total assets	35,841,366	7,041,146,584	3,270,490,156	78,192,073	10,425,670,179
Financial liabilities					
Other payables	–	–	–	–	–
Currency gap					
At 30 June 2026	35,841,366	7,041,146,584	3,270,490,156	78,192,073	10,425,670,179

The Fund had the following foreign currency positions as at 30 June 2025. All balances are in Ushs 000's

	USD	Kshs	Tshs	Rwf	Total
Cash and bank balances	36,395,705	708,082	52,881,847	1,927,142	91,912,776
Deposits due from commercial banks	–	–	–	–	–
Equity securities externally managed	–	–	–	–	–
Trade and other receivables	2,456,217	30,178,158	5,282,148	478,856	38,395,379
Debt instruments at amortised cost	10,550,714	1,745,470,920	1,650,465,381	15,443,187	3,421,930,202
Equity investments	214,225,178	985,506,099	716,644,435	35,191,530	1,951,567,242
Total assets	263,627,814	2,761,863,259	2,425,273,811	53,040,715	5,503,805,599
Financial liabilities					
Other payables	–	–	–	–	–
Currency gap					
At 30 June 2025	263,627,814	2,761,863,259	2,425,273,811	53,040,715	5,503,805,599

38. Financial risk management *continued*

a) Market risk *continued*

Currency risk continued

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 shows 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 changes in net assets available for benefits (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 surplus for the year and equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the currencies below against the Uganda Shilling would have resulted in an equivalent but opposite impact.

	Change in currency rate 2026 %	Effect on surplus 2026 Ushs '000	Change in currency rate 2025 %	Effect on surplus 2025 Ushs '000
Currency				
USD	±5%	±1,792,068	±5%	±13,181,391
KES	±5%	±352,057,329	±5%	±138,093,163
TZS	±5%	±163,524,508	±5%	±121,263,691
RWF	±5%	±3,909,604	±5%	±2,652,036

The following exchange rates applied during the year:

	Average rate		Rate at year end	
	2026 Ushs	2025 Ushs	2026 Ushs	2025 Ushs
KES	28.01	28.42	28.32	27.83
USD	3,620.07	3,672.13	3,666.65	3594.99
TZS	1.43	1.39	1.40	1.37
RWF	2.49	2.66	2.50	2.51

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 reporting date will not affect the carrying amount of the Fund's assets.

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.

38. Financial risk management continued

a) Market risk continued

Interest rate risk continued

	< 3 months Ushs 000	3-12 months Ushs 000	> 1 year Ushs 000	Non-Interest bearing Ushs 000	Total Ushs 000
2026					
Assets					
Cash and bank balances	130,026,767	–	–	74,904,141	204,930,908
Deposits with commercial banks	–	76,670,569	–	–	76,670,569
Trade and receivables	–	–	–	196,018,968	196,018,968
Financial asset receivable	–	–	–	102,916,928	102,916,928
Debt instruments at amortised cost	1,226,559,237	2,039,259,392	21,358,518,465	–	24,624,337,094
Loans and advances	–	–	27,911,414	–	27,911,414
Total assets	1,356,586,004	2,115,929,961	21,386,429,879	373,840,037	25,232,785,881
Liabilities					
Other payables	–	–	–	87,212,279	87,212,279
Total liabilities	–	–	–	87,212,279	87,212,279
Gap as at 30 June 2026	1,356,586,004	2,115,929,961	21,386,429,879	286,627,758	25,145,573,602
2025					
Assets					
Cash and bank balances	84,766,476	–	–	21,172,234	105,938,710
Deposits with commercial banks	35,485,684	10,404,644	9,357	–	45,899,685
Trade and receivables	–	–	–	217,823,301	217,823,301
Financial asset receivable	–	–	–	102,971,984	102,971,984
Debt instruments at amortised cost	340,924,491	408,482,506	19,722,593,584	–	20,472,000,581
Loans and advances	–	–	26,465,576	–	26,465,576
Total assets	461,176,651	418,887,150	19,749,068,517	341,967,519	20,971,099,837
Liabilities					
Other payables	–	–	–	75,716,431	75,716,431
Total liabilities	–	–	–	75,716,431	75,716,431
Gap as at 30 June 2025	461,176,651	418,887,150	19,749,068,517	266,251,088	20,895,383,406

38. Financial risk management continued

b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with 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 2026 to the contractual maturity date. All balances are in Ushs 000.

	Matured Ushs 000	< 3 months Ushs 000	3-12 months Ushs 000	1-5 years Ushs 000	> 5 years Ushs 000	Total Ushs 000
At 30 June 2026						
Financial assets						
Cash and bank balances	204,930,908	–	–	–	–	204,930,908
Deposits with commercial banks	–	–	76,670,569	–	–	76,670,569
Trade and other receivables	–	118,740,830	9,939,562	67,338,576	–	196,018,968
Financial asset receivable	–	–	–	–	102,916,928	102,916,928
Debt instruments at amortised cost	–	1,226,559,237	2,039,259,391	21,358,518,466	–	24,624,337,094
Loans and advances	–	–	–	2,697,684	25,213,730	27,911,414
Total financial assets	204,930,908	1,345,300,067	2,125,869,522	21,428,554,726	128,130,658	25,232,785,881
Financial liabilities						
Other payables	–	556,359	85,291,619	1,876,166	13,200	87,737,344
Financial liabilities	–	556,359	85,291,619	1,876,166	13,200	87,737,344
Liquidity gap	204,930,908	1,344,743,708	2,040,577,903	21,426,678,560	128,117,458	25,145,048,537
At 30 June 2025						
Financial assets						
Cash and bank balances	105,938,710	–	–	–	–	105,938,710
Deposits with commercial banks	–	35,485,685	10,404,644	9,357	–	45,899,686
Trade and other receivables	–	166,337,013	8,547,048	42,939,240	–	217,823,301
Financial asset receivable	–	–	–	–	102,971,984	102,971,984
Debt instruments at amortised cost	–	340,924,491	408,482,506	19,722,593,585	–	20,472,000,582
Loans and advances	–	–	–	4,442,986	22,022,590	26,465,576
Total financial assets	105,938,710	542,747,189	427,434,198	19,769,985,168	124,994,574	20,971,099,839
Financial liabilities						
Other payables	–	298,505	73,607,002	1,870,926	171,744	75,948,177
Financial liabilities	–	298,505	73,607,002	1,870,926	171,744	75,948,177
Liquidity gap	105,938,710	542,448,684	353,827,196	19,768,114,242	124,822,830	20,895,151,662

38. Financial risk management *continued*

c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including investments in government and corporate bonds, loans and advances deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. 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 Finance 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

Debt instruments at amortised cost and cash deposits

The Fund's maximum exposure to credit risk for the components of the statement of net assets available for benefits at 30 June 2026 and 30 June 2025 is the carrying amounts or the principal deposits plus accrued interest.

The Fund considers 12 Months PD for debt instruments at amortised cost, which mainly relate to government debt securities issued by sovereign governments in their local currencies i.e. Uganda, Kenya, Tanzania, Rwanda for which there has not been a significant change in issuer default rating category (from say a B rating to CCC). This is on the basis that there has not been significant increase in credit risk since initial recognition.

In the absence of default history on government securities, cash at bank and term deposits, the Fund has applied probabilities of default for instruments with financial credit risk.

At every reporting date, the Fund evaluates whether there has been a significant increase in credit risk of debt instruments since initial recognition using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Fund reassesses the internal credit rating of the debt instrument. In addition, the Fund considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Fund also considers whether there has been a change in the issuer default rating category from Fitch to determine whether the debt instruments have significantly increased in credit risk and to estimate ECLs.

The Fund measures ECL on these instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, evidenced by either a change in default rating category of the issuer as per Fitch rating or issuer defaults on contractual payments by more than 30 days, the allowance is based on the lifetime ECL. The credit risk for all the amortised cost financial assets has not increased significantly since initial recognition, therefore the Fund has measured the loss allowance for these financial assets at an amount based on 12-months ECL.

The resultant ECLs on staff loans and cash at bank are immaterial.

38. Financial risk management continued

c) Credit risk continued

The maximum exposure to credit risk at the reporting date is as disclosed in below;

	2026 Ushs 000	2025 Ushs 000
Cash and bank balances	204,930,908	105,938,710
Deposits with commercial banks	76,050,528	45,279,644
Trade and other receivables	118,740,830	166,337,013
Financial asset receivable	102,916,928	102,971,984
Debt instruments at amortised cost	24,624,337,094	20,472,000,581
Loans and advances	2,617,587	5,787,602
	25,129,593,875	20,898,315,534

Set out below is the information about the credit risk exposure on the deposits with commercial banks, government and corporate bonds and loans and advances as at 30 June:

	Note	Gross amount Ushs 000	ECL Ushs 000	Carrying amount Ushs 000
At 30 June 2026				
Cash and bank balances	15	204,930,908	–	204,930,908
Deposits with commercial banks	16	76,670,569	(620,041)	76,050,528
Financial asset receivable	18	103,022,810	(105,882)	102,916,928
Debt instruments at amortised cost	19	24,653,687,734	(29,350,640)	24,624,337,094
Loans and advances	21	27,911,414	(25,293,827)	2,617,587
		25,066,223,435	(55,370,390)	25,010,853,045
At 30 June 2025				
Cash and bank balances	15	105,938,710	–	105,938,710
Deposits with commercial banks	16	45,899,685	(620,041)	45,279,644
Financial asset receivable	18	103,022,810	(50,826)	102,971,984
Debt instruments at amortised cost	19	20,488,501,209	(16,500,628)	20,472,000,581
Loans and advances	21	26,465,576	(20,677,974)	5,787,602
		20,769,827,990	(37,849,469)	20,731,978,521

Movements in the allowance have been disclosed in Notes 15,16,18,19,21

38. Financial risk management continued

c) Credit risk continued

Trade and other receivables

An impairment analysis is performed at each reporting date using a single loss rate approach to measure expected credit losses. Under the loss rate approach, the Fund develops loss-rate statistics on the basis of the amounts collected over the life of the financial assets rather than using separate probability of default and loss given default statistics. The Fund then adjusts these historical credit loss trends for current conditions and expectations about the future. The loss rates are based on groupings of various customer segments with similar loss patterns (i.e., by building location). The calculation reflects a simple average of all loss rates per period, reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Fund uses an overlay of measuring and forecasting the level of defaults. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Fund does not hold collateral as security. Staff advances have been considered insignificant and as such no ECLs have been computed. The maximum exposure to credit risk on trade and other receivables at the reporting date is the carrying amounts of the financial assets disclosed below;

	2026 Ushs 000	2025 Ushs 000
Trade receivables	8,650,108	8,113,851
Dividends receivable	116,366,707	167,221,031
Other receivables	2,398,667	1,862,388
	127,415,482	177,197,270

Set out below is the information about the credit risk exposure on the Fund's trade and other receivables using a single loss rate approach as at 30 June:

	Gross receivable Ushs 000	Loss rates %	ECL Ushs 000	Carrying amount Ushs 000
2026				
Trade receivables*	8,650,108	42	(3,609,963)	5,040,145
Dividends receivable	116,366,707	3	(3,085,494)	113,281,213
Other receivables	2,398,667	83	(1,979,195)	419,472
	127,415,482		(8,674,652)	118,740,830
2025				
Trade receivables*	8,113,851	44	(3,598,887)	4,514,964
Dividends receivable	167,221,031	3	(5,490,372)	161,730,659
Other receivables	1,862,388	95	(1,770,998)	91,390
	177,197,270		(10,860,257)	166,337,013

Movements in the allowance have been disclosed in Note 17.

38. Financial risk management continued

c) Credit risk continued

*Set out below is the information about the credit risk exposure on the Fund's trade receivables based on the customer segment i.e., building location using a single loss rate approach as at 30 June 2026 and 2025:

	Gross Receivable Ushs' 000	Loss rates %	ECL Ushs' 000	Carrying amount Ushs' 000
30 June 2026				
Workers House	1,547,041	13%	(201,200)	1,345,841
Social Security House	5,165,474	44%	(2,252,001)	2,913,473
Yusuf Lule parking	525,188	99%	(521,280)	3,908
Bwebajja	731,091	77%	(560,507)	170,584
Lubowa	320,537	7%	(21,577)	298,960
Other properties	360,777	15%	(53,398)	307,379
	8,650,108		(3,609,963)	5,040,145
30 June 2025				
Workers House	735,873	13%	(95,465)	640,408
Social Security House	5,993,322	41%	(2,347,438)	3,645,884
Yusuf Lule parking	520,737	100%	(519,640)	1,097
Bwebajja	701,891	80%	(556,949)	144,942
Lubowa	38,393	–	–	38,393
Other properties	123,635	64%	(79,395)	44,240
	8,113,851		(3,598,887)	4,514,964

Movements in the allowance have been disclosed in Note 17.

38. Financial risk management continued

c) Credit risk continued

	12-month PD ranges Percentage	Stage 1 12 month ECL US\$ '000	Stage 2 Lifetime ECL US\$ '000	Stage 3 Lifetime ECL US\$ '000	Total
As at 30 June 2026					
Cash and bank balances	0-0	-	-	-	-
Deposits with commercial banks	10.25-15.25	620,041	-	-	620,041
Trade and other receivables	33-100	5,561,166	-	3,113,486	8,674,652
Debt instruments at amortised cost	2.45	29,350,640	-	-	29,350,640
Financial asset receivable	2.45	105,882	-	-	105,882
Loans and advances	100	-	-	25,293,827	25,293,827
		35,637,729	-	28,407,313	64,045,042
As at 30 June 2025					
Cash and bank balances	0-0	-	-	-	-
Deposits with commercial banks	10.25-15.25	620,041	-	-	620,041
Trade and other receivables	33-100	5,345,868	2,011,483	3,502,906	10,860,257
Debt instruments at amortised cost	2.56-3.62	16,500,628	-	-	16,500,628
Financial asset receivable	2.56	50,826	-	-	50,826
Loans and advances	100	-	-	20,677,974	20,677,974
		22,517,363	2,011,483	24,180,880	48,709,726

38. Financial risk management continued

d) Categories of financial assets and financial liabilities

Set out below, is an overview of financial assets and financial liabilities held by the Fund as at 30 June:

	2026 Ushs 000	2025 Ushs 000
FINANCIAL ASSETS		
Financial assets at fair value		
Equity securities externally managed	–	–
Equity investments	5,491,544,548	3,170,099,158
Total financial assets at fair value	5,491,544,548	3,170,099,158
Financial instruments at amortised cost		
Cash and bank balances	204,930,908	105,938,710
Deposits with commercial banks	76,050,528	45,279,644
Trade and other receivables	118,740,830	166,337,013
Financial asset receivable	102,916,928	102,971,984
Debt instruments at amortised cost	24,624,337,094	20,472,000,581
Loans and advances	2,617,587	5,787,602
Total financial assets at amortised cost	25,129,593,875	20,898,315,534
Total financial assets	30,621,138,423	24,068,414,692
Total current	5,891,266,814	3,487,654,525
Total non-current	24,729,871,609	20,580,760,167
	30,621,138,423	24,068,414,692
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Other payables	87,212,279	75,716,431
Total financial liabilities	87,212,279	75,716,431
Total current financial liabilities	84,969,926	73,478,997
Total non-current financial liabilities	2,242,353	2,237,434
	87,212,279	75,716,431

All financial liabilities have carrying amounts that approximate their fair values.

e) Capital management

The primary source of funding used by NSSF 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 22.53% was declared for the year 2026 (2025: 13.50%).

39. Fair value measurement

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 market rates.

The carrying amounts of equity securities 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 amounts as shown in the statement of net assets available for benefits are analysed as follows:

	30 June 2026 Carrying amount Ushs 000	Fair Value Ushs 000	30 June 2025 Carrying amount Ushs 000	Fair Value Ushs 000
Debt instruments at amortised cost	24,624,337,094	25,229,957,211	20,472,000,581	20,799,215,607

Valuation techniques

Description of valuation techniques used and key inputs to valuation for investment properties and capital work in progress are disclosed under Notes 24 and 25 respectively, and below for debt instruments at amortised cost/held to maturity investments (Government debt securities and Corporate bonds) and investments at fair value:

Government debt securities

Government debt securities are bonds issued by sovereign governments i.e Uganda, Kenya, Tanzania, Rwanda. Valuation techniques are based on prices obtained from the active trading market resulting in a Level 1 classification.

Other debt securities

Most of these instruments are standard fixed rate securities made up of mainly corporate bonds. The fund uses active market prices when available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value.

Equity instruments

The majority of equity instruments are actively traded on public stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. Equity instruments in non-listed entities including investment in private equity funds are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case and classified as Level 3. The Fund's holdings in Housing Finance bank Uganda Limited, Umeme Limited, TPS Uganda Limited and Yield Fund are all fair valued using level 3 inputs.

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

	Total Ushs 000	Fair value measurement using		
		Quoted price in active market (Level 1) Ushs 000	Significant observable inputs (Level 2) Ushs 000	Significant unobservable inputs (Level 3) Ushs 000
As at 30 June 2026				
Asset type				
Equity investments (Note 20)	5,491,544,548	5,491,544,548	-	-
Investment Properties (Note 25)	789,203,225	-	-	789,203,225
Investment in associates (Note 22)	434,370,420	-	-	434,370,420
Inventories (Note 23)	384,869,000	-	-	384,869,000
Debt instruments at amortised cost (Note 19)	25,229,957,211	25,229,957,211	-	-

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

39. Fair value measurement continued

	Total Ushs 000	Fair value measurement using		
		Quoted price in active market (Level 1) Ushs 000	Significant observable inputs (Level 2) Ushs 000	Significant unobservable inputs (Level 3) Ushs 000
As at 30 June 2025				
Asset type				
Equity investments (Note 20)	3,170,099,158	2,955,873,980	–	214,225,178
Investment Properties (Note 25)	750,052,401	–	–	750,052,401
Investment in associates (Note 22)	231,851,071	–	–	231,851,071
Inventories (Note 23)	383,341,402	–	–	383,341,402
Debt instruments at amortised cost (Note 19)	20,799,215,607	20,799,215,607	–	–

Description	Input	Sensitivity used*	Effect on the Fair value Ushs 000
Workers House and Social Security House	Estimated rental value	2026:8.67%	1,354,736
		2025:8.76%	1,281,808
	Estimated rental expenditure	2026:10%	382,565
		2025:8.52%	434,093
	Vacancy factor	2026:10.3%	13,676,328
		2025:10.3%	13,438,569
Land	Price per acre	2026:10%	11,464,678
		2025:10%	13,100,000
		2026:10%	32,958
		2025:10%	55,583

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2026 and 30 June 2025 are as shown below:

The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

No sensitivity analysis was done for the other properties as these were revalued using the sales comparison/market approach which was considered to be the most appropriate to determine the fair values of the properties that were mainly composed of vacant land, residential properties, and unoccupied buildings with no establishments to warrant use of other methods with varying inputs.

40. Subsequent events

No adjusting events have arisen. The following non-adjusting event has been identified.

Subsequent to 30 June 2026, escalating geopolitical tensions involving the US-Israel and Iran conflict have contributed to heightened global oil price volatility, with knock-on effects in East Africa, including capital markets. In accordance with IAS 10, this is a non-adjusting event as it reflects conditions that arose after the reporting period; no adjustments have been made to the amounts recognised in these financial statements as at 30 June 2026. The situation may influence the macroeconomic environment in the region through pressures on inflation, stock prices, interest rates, and foreign exchange, with potential impacts on customer activity and balances and credit risk in future periods. The financial effect cannot be reliably estimated at the date

of approval; management is monitoring developments and will reflect any consequences in subsequent reporting periods as appropriate.

41. Restatement of comparative information – Mandatory and voluntary member portfolios

During the year, the Fund reviewed the presentation of its financial statements to provide users with clearer and more relevant information on the Fund's mandatory and voluntary member portfolios.

Following the amendment of the National Social Security Fund Act, Cap 230, the Fund's mandate was expanded to permit the collection of voluntary contributions. The voluntary portfolio has continued to grow significantly and amounted to Ushs 135 billion as at 30 June 2026 (30 June 2025: Ushs 17.7 billion), Note 32 (b).

The voluntary portfolio includes the SmartLife product, which enables members to save towards individual financial goals and access their savings in accordance with the applicable product terms. Unlike the mandatory portfolio, interest attributable to SmartLife members is calculated daily and credited to members' statements monthly.

In addition, the voluntary portfolio operates under benefit payment and withdrawal arrangements that differ from those applicable to the mandatory portfolio.

In light of the growth and distinct operating features of the voluntary portfolio, the Fund has restated comparative information to separately disclose the mandatory and voluntary portfolios in the financial statements and supporting notes. The revised presentation is intended to enhance transparency, comparability and users' understanding of the nature, performance and obligations of each portfolio. This change in presentation has no impact on the Fund's financial position, performance or cashflows as previously reported.

Accordingly, comparative amounts previously presented on an aggregated basis have been reclassified, where applicable, between the mandatory and voluntary portfolios in respect of:

- member contributions;
- interest income allocated to members;
- member benefits, withdrawals and related obligations;
- other balances and transactions directly attributable to the respective portfolios.

The re-presentation of comparative information is solely a change in presentation and classification. It does not represent a correction of a prior-period error, a change in accounting policy, or a change in the recognition or measurement of any asset, liability, income or expense.

The comparative information has been reclassified to conform with the current year's presentation. The Fund considers that the revised presentation provides more reliable and relevant information to users of the financial statements and will be applied consistently in future reporting periods.

41. Restatement of comparative information – Mandatory and voluntary member portfolios continued

Below are the specific changes as presented in the financial statements.

a) Statement of Changes in Net Assets Available for Benefits (Restated)

	Note	2025 Previously stated Ushs 000	Adjustment Ushs 000	Adjustment Ushs 000	2025 Restated Ushs 000
Surplus after tax		245,112,296	-	-	245,112,296
Dealings with members					
Contributions received - Mandatory	32(a)	2,127,776,708	(17,208,624)	-	2,110,568,084
Benefits paid - Mandatory	32(a)	(1,322,627,710)	-	573,517	(1,322,054,193)
Contributions received - Voluntary	32(b)	-	17,208,624	-	17,208,624
Benefits paid - Voluntary	32(b)	-	-	(573,517)	(573,517)
Net dealings with members		805,148,998	-	-	805,148,998
Net increase in the Fund		1,050,261,294	-	-	1,050,261,294

The Fund reclassified contributions received from, and benefits paid to, voluntary members to distinguish these transactions from those relating to mandatory members. This reclassification enhances transparency and provides users of the financial statements with greater clarity on the net dealings and performance of the two distinct portfolios. Detailed movements relating to the mandatory and voluntary portfolios are disclosed in Notes 32(a) and 32(b), respectively.

No other changes were made to the Statement of Changes in Net Assets Available for Benefits.

b) Statement of Net Assets Available for Benefits (Restated)

	Note	2025 Previously stated Ushs 000	Adjustment Ushs 000	2025 Restated Ushs 000
Total Assets		26,009,532,952	-	26,009,532,952
Total Other Liabilities		102,725,119	-	102,725,119
Member Liabilities				
Mandatory members' funds	32(a)	25,546,931,286	(17,680,092)	25,529,251,194
Mandatory member reserve accounts	33	104,187,474	-	104,187,474
Voluntary members' funds	32(b)	-	17,680,092	17,680,092
Accumulated surplus	32(c)	119,611,565	-	119,611,565
Total Member Liabilities		25,770,730,325	-	25,770,730,325
Net Assets		136,077,508	-	136,077,508
Represented by:				
Fund Reserves		136,077,508	-	136,077,508

The Fund revised the presentation of the Statement of Net Assets Available for Benefits to separately present balances attributable to the mandatory and voluntary portfolios. The reclassification was made to enhance transparency and provide users of the financial statements with member liabilities attributable to each portfolio as disclosed under Note 32(a) and Note 32(b).

The change was limited to presentation and did not affect the Fund's total net assets available for benefits. No other changes were made to the Statement of Net Assets Available for Benefits and the Fund Reserves.

41. Restatement of comparative information – Mandatory and voluntary member portfolios continued

c) Statement of Cash Flows (Restated)

	Note	2025 Previously stated Ushs 000	Adjustment Ushs 000	2025 Restated Ushs 000
Net cash flows used in operating activities		(231,011,066)	–	(231,011,066)
Net cash flows used in investing activities		(746,961,918)	–	(746,961,918)
Financing activities				
Repayment of principal amount lease liabilities	30	(935,205)		(935,205)
Benefits paid out to members - Mandatory	32(a)	(1,322,627,710)	573,517	(1,322,054,193)
Contributions received from members - Mandatory	32(a)	2,127,776,708	(17,208,624)	2,110,568,084
Benefits paid out to members - Voluntary	32(b)	–	(573,517)	(573,517)
Contributions received from members - Voluntary	32(b)	–	17,208,624	17,208,624
Interest recovered on arrears	32(a)	7,323,112		7,323,112
Special contributions received	32(d)	12,732,687		12,732,687
Net cash flows generated from financing activities		824,269,592	–	824,269,592
Decrease in cash and cash equivalents		(153,703,392)	–	(153,703,392)
Cash and cash equivalents at the beginning of the year		295,127,787	–	295,127,787
Cash and cash equivalents at end of the year		141,424,395	–	141,424,395

The Fund reclassified cashflows related to contributions received from, and benefits paid to, voluntary members to distinguish these transactions from those relating to mandatory members.

The change was limited to presentation and did not affect the Fund's total cash flows or closing cash and cash equivalents. No other changes were made to the Statement of Cash Flows.