

NATIONAL SOCIAL SECURITY FUND ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2024





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ANNUAL REPORT

FUND INFORMATION

DIRECTORS

Dr.	David Ogong	Chairman	Appointed 1 September 2024
Mr.	Ramathan Ggoobi	Member	Appointed 1 September 2024
Mr.	Richard Bigirwa	Member	Appointed 1 September 2024
Dr.	Peter Kimbowa	Chairman	Term ended 31 August 2024
Mr.	Aggrey David Kibenge	Member	
Mr.	Patrick Ocailap	Member	Term ended 31 August 2024
Ms.	Penninah Tukamwesiga	Member	
Dr.	Sam Lyomoki	Member	
Dr. Eng.	Silver Mugisha	Member	
Mr.	Lwabayi Mudiba Hassan	Member	Term ended 31 August 2024
Ms.	Annet Birungi	Member	
Ms.	Annet Mulindwa Nakawunde	Member	
Mr.	Patrick Ayota	Managing Director	

Registered office

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

Sebalu & Lule 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

Nangwala Rezida & Co. Advocates

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

GP Advocates

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

MMAKS ADVOCATES

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

Kiwanuka & Karugire 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

Finance Trust Bank Limited

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

dfcu Bank Limited

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

Stanbic Bank Uganda Limited

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

Exim Bank Uganda Limited

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

Centenary Rural Development Bank

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

Housing Finance Bank

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

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

P. O. Box 3072
Kampala, Uganda

Diamond Trust Bank Uganda Limited

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

Tropical Bank Limited

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

Post Bank Uganda Limited

Plot 4/6 Nkurumah Road
P. O. Box 7189
Kampala, Uganda

Equity Bank Uganda Limited

Plot 390, Muteesa Road Kampala
P. O. Box 10184
Kampala, Uganda

Bank of Africa

Plot 45 Jinja Road
P. O. Box 2750
Kampala, Uganda

Citibank Uganda Limited

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

Guaranty Trust Bank Uganda Limited

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

United Bank for Africa (Uganda) Limited

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

Bank of Baroda Uganda Limited

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

KCB Bank Uganda Limited

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

Ecobank Uganda Limited

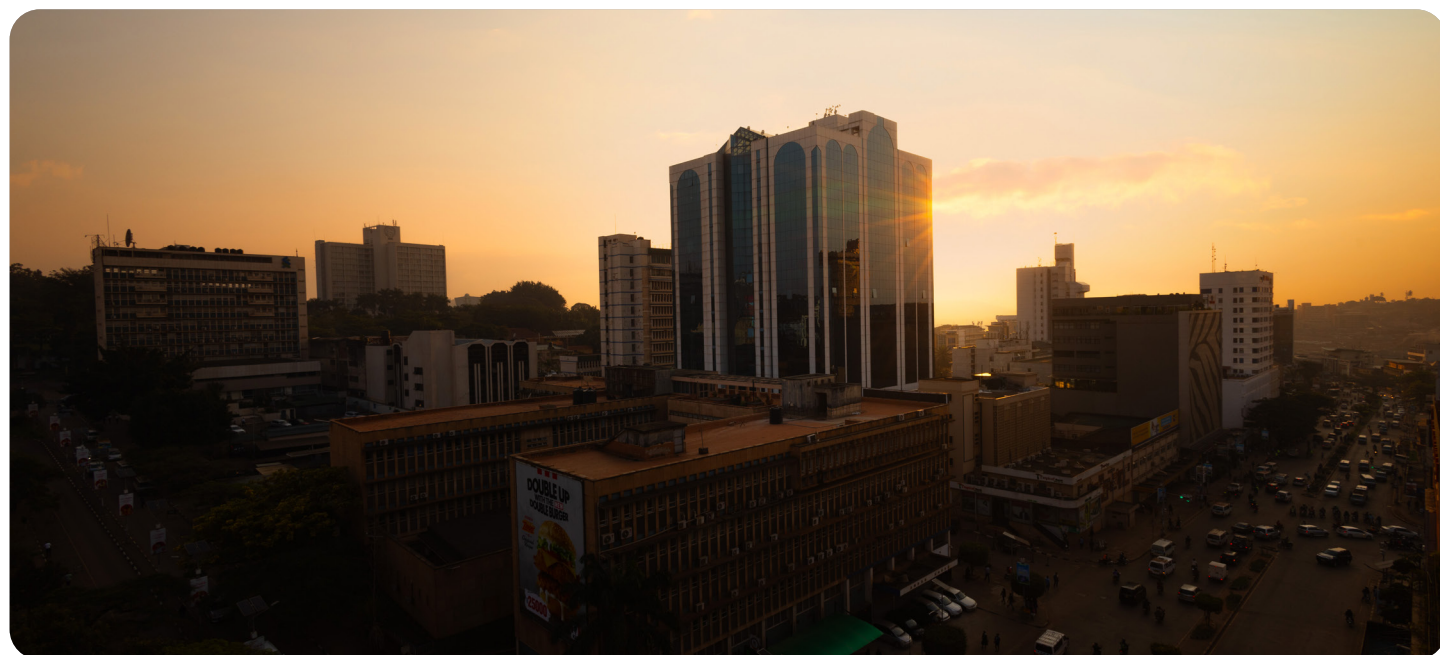
Plot 4 Parliament Avenue
P. O. Box 7368
Kampala, Uganda

Absa Bank Uganda Limited

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

NCBA Bank Uganda Limited

Rwenzori Towers
P. O. Box 28707
Kampala, Uganda



REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30 June 2024 which disclose 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 which provides for its membership, payment of contributions to, and payment of benefits out of the Fund. NSSF is a provident fund that pays out contributions in lump sum. It is open to all employees in the private sector including Non-Governmental Organizations that are not covered by the Government's pension scheme. It is a scheme instituted for the protection of employees against the uncertainties of social and economic life. The Fund is financed by employees' and employers' contributions. The total contribution is 15% of the employees' gross salary, of which the employer is entitled to recover 5% from the employee.

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 50 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 2024, the Fund paid benefits to 44,250 beneficiaries (2023: 48,115 beneficiaries).

5. RESULTS FROM OPERATIONS

The results of the Fund are set out on page 12.

6. INTEREST TO MEMBERS

Interest 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 the year ended 30 June 2024 was 11.50% (2023: 10%).

7. FUND RESERVES

The reserves of the Fund are set out on page 14.

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 2024, KPMG Certified Public Accountants was appointed to act on behalf of the Auditor General.

REPORT OF THE DIRECTORS continued

11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were submitted for approval at the meeting of the Directors held on 19 September 2024.

By Order of the Board,



Ms Agnes Tibayeita Isharaza
Corporation Secretary

24 September 2024

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 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 24 September 2024;
- 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 2024 as well as the results of its activities for the year then ended in accordance with IFRS Accounting Standards and the NSSF Act.

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 2024, 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

Date: 24 September 2024



Mr. Patrick Ayota

Managing Director



Dr. Eng. Silver Mugisha

Director

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NATIONAL SOCIAL SECURITY FUND FOR THE YEAR ENDED 30 JUNE 2024

The Rt. Hon. Speaker of Parliament

Report on the audit of the financial statements

Introduction

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, on my behalf, to enable me to report to Parliament in accordance with Article 163 (4) of the Constitution of the Republic of Uganda, 1995 (as amended).

Opinion

I have audited the financial statements of National Social Security Fund set out on pages 12 to 73, which comprise the Statement of Net Assets as at 30 June 2024, and 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 give a true and fair view of the financial position of the Fund as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the NSSF Act, Cap 230 of the Laws of Uganda.

Basis for opinion

I conducted my audit in accordance with the 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 Constitution of the Republic of Uganda, 1995 (as amended), the National Audit Act, Cap 170, the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants and other independence requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing audits in Uganda. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, 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.

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 (i): Determination of fair value
- Note 26: Investment Properties

The Key Audit Matter	How the matter was addressed in our audit
<p>The Fund has significant investment properties whose estimated fair values require significant judgement.</p> <p>Significant judgement is involved in determining the valuation techniques used by the external valuers, i.e., discounted cash flow, cost approach and sales comparison method taking into consideration the effects of the current macro-economic impact; and evaluation of the assumptions applied in determination of unobservable inputs such as comparable market prices, based on location of the property, projected future cash flows, future rent escalations, exit values and the discount rates relevant in determination of the fair value of investment properties.</p> <p>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.</p>	<p>I undertook the following procedures:</p> <ul style="list-style-type: none">• Obtained an understanding of the Fund's approach and process to the valuation of the investment properties.• Tested controls over managements review of the fair valuation models and inputs in the models thereon.• Evaluated the appropriateness of the methods used for fair valuation to assess whether they are consistent with the requirements of IFRS 13.• Challenged the assumptions made by management in the valuation. This included;<ul style="list-style-type: none">a) Selecting significant observable inputs in the fair valuation methods, such as legal title to the land, occupancy rates, rent rates, inflation rates, GDP growth rate, Central Bank Rate and recent sale values to external data sources and or observable supporting source documents.b) Verifying assumptions such as future occupancy rates, future rent escalations, exit values and discount rates to industry information published by property managers and checking that the basis for adjustment of comparable recent sales values of comparable properties for reasonableness.

The Key Audit Matter continued

How the matter was addressed in our audit continued

- Performed a retrospective review for a sample of transactions to ascertain managements' history in estimating fair values.
- 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.
- Reviewed the financial statements disclosures to ensure that the requirements of 1AS 40 are appropriately and adequately addressed.

Based on my audit procedures, I noted no significant issues in relation to the valuation of investment properties on the financial statements.

Emphasis of matter

Without qualifying my opinion, I would like to draw the readers' attention to the following matter in the financial statements.

Comparative Information Restated

Note 41 to the financial statements, presents comparative information relating to the year ended 30th June 2023 (prior year) which were restated, with the objective of improving the understandability of the Fund's financial statements by the users. As part of my audit of the financial statements as at, and for the year ended 30th June 2024, I audited the adjustments described in Note 41, that were applied to restate the comparative information presented as at, and for the year ended 30th June 2023.

The changes were to:

- Reclassify dealings with members, to clearly indicate that dealings from members are not subject to tax.
- Present interest to members as an expense in the Statement of Changes in Net Assets Available for Benefits.

The Statement of Cash Flow was restated to present deposits with commercial banks maturing within three months as cash and cash equivalents.

In my opinion, the adjustments described in Note 41 are appropriate and have been properly applied.

Other matter

In addition to the matters raised above, I consider it necessary to communicate the following matter other than those that are presented or disclosed in the financial statements.

Unallocated funds

According to Section 11.3 of the Commercial Policy, effort should be made to obtain missing information about contributions relating to the suspense account, with a view of allocating funds on the suspense account to the rightful members.

I noted in the year under review, that the suspense account still had a balance of UGX.49Bn, compared to UGX.58Bn reported in the previous year, implying a reduction of unallocated contributions by 15%. The unallocated funds resulted from members lacking Identification documents for NSSF member registration, including National IDs. The delayed allocation of funds to individual accounts continues to disadvantage the affected members who are yet to be identified.

According to management, they continue to engage both employers and members to actively register and share their National IDs. The Fund has reduced unallocated contributions by 15% from the previous FY 2022/23, therefore the figure is a moving target. For the long-term solution, we have drafted the unallocated contributions policy to provide a detailed framework to aid the management and control of the long outstanding unallocated contributions.

Recommendation

I advised management of the Fund to expedite the approval of the unallocated contributions policy to guide management and control of the long outstanding unallocated contributions to safeguard these funds.

Encumbered Land

The fund owns Investment Property which is carried at fair value. The valuations of these investment properties were carried out in accordance with the International Valuation Standards, relevant local statutes, customs and market practice.

My review of the land titles however revealed encumbrances in the Nsimbe Estate plot (183.220 Hectares) and plot 3 Block 115 Mawokota (157.9701 hectares). These have been caveated by purported purchasers. The same was noted in the Temangalo properties (Plot 12,

Busiro Block 296 measuring 68.8 hectares, Plot 16, Busiro Block 296 measuring 8.78 hectares, Plot 20, Busiro Block 296 measuring 46.36 hectares, Plot 21, Busiro Block 296 measuring 24.2800 hectares).

My further review revealed other plots in Lubowa Kyadondo County Wakiso District, Bukerere Kyaggwe County Mukono District, Mbarara Municipality, Kawoko and Kigoma occupied by squatters/ encroachers.

The encumbrances on the properties pose a risk of reducing the investment property's fair value, because the legal claims may restrict the Fund's ability to sell or fully utilize its properties. In addition, there is a risk of potential legal disputes over land ownership and challenges in the future development or sale of the encroached properties.

In response, management stated that for Nsimbe Estate and all caveats, there is an ongoing suit whose hearing is slated for October 2024. The Fund's Legal office is confident that the judgement will favour the Fund. For the land in Temangalo, a land swap exercise is underway with the original vendor.

Recommendation

I advised management to continue seeking legal remedies to reclaim the encroached land and address the identified encumbrances effectively.

Inconsistencies between Title Deeds and Actual Land Sizes

I reviewed recent valuation reports and noted discrepancies between the documented title measurements as per the land titles and the actual on-ground measurements for certain plots. For example, Plot 483 at Papati, measures 11.055 acres on title, while on ground it measures about 10.397 acres; Plot 109 at Kalagala measures 9.195 acres on title, while on ground it measures 8.796 acres; and Plot 8 Masaka Close Mbarara City the title search of 0.185 hectares (0.457 acres).

The inconsistencies between the land title measurements and actual sizes of land held by the Fund could lead to errors in the property valuation. The fund could also be losing property in situations where the land title sizes are higher than the actual land verified.

Management stated that, they are aware of the differences highlighted and will commence a title rectification process for each property. This however does not affect the property valuation as the independent valuer factors in these aspects in their methodology.

Recommendation

I advised management to take up the matter with Ministry of Lands, Housing and Urban Development, so that the land titles are amended to reflect accurate land measurements on the ground.

Other information

The Directors are responsible for the other information. The other information comprises the information included in 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 identified above 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 on the other information that I have obtained prior to the date of this auditor's report, 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 Directors for the Financial Statements

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

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.

The Directors are responsible for overseeing the Fund's financial reporting process.

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NATIONAL SOCIAL SECURITY FUND FOR THE YEAR ENDED 30 JUNE 2024 continued

Auditors' Responsibilities for the Audit of the Financial Statements

My responsibility as required by Article 163 of the Constitution of the Republic of Uganda 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 our 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 the 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. My conclusion is based on the audit evidence obtained up to the date of my 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 19 (1) of the National Audit Act, Cap 170, I report to you, based on my work described on the audit of Financial Statements, that; except for the matters raised in compliance with legislation section below, and whose effect has been considered in forming my opinion on 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.

Report on the Audit of Compliance with Legislation

In accordance with Section 13 of the NAA, Cap 170, I have a responsibility to report material findings on the compliance of the Fund's Management with specific matters in key legislations, I performed procedures primarily to identify findings but not to gather evidence to express assurance.

There are no material findings to report on.



Edward Akol
Auditor General

Date: 25 September 2024

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Note	2024 Ushs 000	Restated 2023 Ushs 000
CONTINUING OPERATIONS			
Revenue			
Interest income	5	2,340,316,273	2,043,952,607
Real estate income	6(b)	13,294,351	11,946,504
Dividend income	7	175,003,840	145,124,765
Total revenue		2,528,614,464	2,201,023,876
Other losses – net			
Fair value losses on investments	8(a)	384,860,648	(4,044,644)
Foreign exchange losses	8(b)	255,060,394	(1,045,737,063)
Other income	8(c)	11,260,945	6,862,348
Total other losses		651,181,987	(1,042,919,359)
Expenditure			
Administrative expenses	9	(158,869,054)	(137,052,854)
Impairment losses/ (reversals) on financial assets	10	(2,511,336)	1,551,945
Other operating expenses	11	(44,764,760)	(37,658,881)
Amortisation of intangible assets	27	(4,067,699)	(3,890,306)
Depreciation on property and equipment and right of use assets	28, 29	(10,965,815)	(10,336,173)
Total expenditure		(221,178,664)	(187,386,269)
Finance costs	12	(654,969)	(3,114,139)
Interest to members	33(b)	(2,073,359,442)	(1,583,812,110)
Surplus before income tax		884,603,376	(616,208,001)
Income tax expense	14(a)	(216,035,294)	(193,233,582)
Surplus after tax		668,568,082	(809,441,583)
Dealings with members			
Contributions received during the year	33	1,931,779,931	1,716,505,860
Benefits paid	33	(1,120,725,875)	(1,198,559,205)
		811,054,056	517,946,655
Net increase in the fund for the year		1,479,662,138	(291,494,928)

The notes on pages 16 to 73 are an integral part of these financial statements.

FINANCIAL STATEMENTS continued

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	Note	2024 Ushs 000	2023 Ushs 000
ASSETS			
Cash and bank balances	15	113,362,846	190,670,354
Deposits with commercial banks	16	274,103,373	104,073,315
Trade and other receivables	17	127,222,635	103,948,952
Equity securities externally managed	18	6,234,633	76,274,119
Debt instruments at amortised cost	20	17,012,664,250	14,227,870,551
Equity investments internally managed	21	2,488,034,950	1,858,533,926
Loans and advances	22	6,059,266	7,640,094
Investment in associates	23	429,155,827	435,491,206
Inventories	24	368,442,619	344,417,254
Tax deposit receivable	14 (c)	–	25,323,522
Tax claimable	30	60,295,694	44,130,983
Financial asset receivable	19	99,267,475	98,840,713
Capital work-in-progress	25	336,744,837	4,318,883
Right of use assets	29	2,423,693	2,548,662
Intangible assets	27	26,770,306	28,531,727
Property and equipment	28	49,017,555	52,870,470
Investment properties	26	733,179,683	954,372,855
TOTAL ASSETS		22,132,979,642	18,559,857,586
LIABILITIES			
Other payables	31	74,945,733	76,335,057
Contract liabilities	32	18,388,740	15,716,945
TOTAL LIABILITIES		93,334,473	92,052,002
MEMBER LIABILITIES			
Accumulated member's funds	33	21,950,005,948	19,067,610,941
Member reserve accounts	34	91,795,131	82,327,472
Accumulated deficit	33(b)	(125,500,731)	(794,068,813)
TOTAL MEMBER LIABILITIES		21,916,300,348	18,355,869,600
NET ASSETS		123,344,821	111,935,984
Represented by:			
Fund reserves		123,344,821	111,935,984

The notes on pages 16 to 73 are an integral part of these financial statements.

These financial statements were approved for issue by the Board of Directors on 24 September 2024 and signed on its behalf by:

Dr. David Ogong
Chairman

Dr. Eng. Silver Mugisha
Director

Mr. Patrick Ayota
Managing Director

STATEMENT OF CHANGES IN FUND RESERVES

	Fund Reserves* Ushs 000
Year ended 30 June 2023	
At start of the year	101,433,324
Special contributions received	10,502,660
At end of the year	111,935,984
Year ended 30 June 2024	
At start of the year	111,935,984
Special contributions received	11,408,837
At end of the year	123,344,821

* Fund Reserves relate to accumulated special contributions received in accordance with Section 13 (1), Section 14 (1) and Section 36 of the National Social Security Fund Act, (Cap 230).

The notes on pages 16 to 73 are an integral part of these financial statements.

FINANCIAL STATEMENTS continued

STATEMENT OF CASH FLOWS

	Note	2024 Ushs 000	Restated 2023 Ushs 000
Net cash flows used in operating activities	35	(118,236,882)	(108,910,071)
Investing activities			
Purchase of software	27	(2,306,278)	(4,481,956)
Additions to property, plant and equipment	28	(5,278,488)	(10,729,383)
Additions to investment properties	26	(40,755,414)	(18,730,698)
Additions to capital work-in-progress	25	(62,902)	(3,020,515)
Purchase of equity investments internally managed	21	(294,829,905)	(63,588,025)
Additions to the financial asset receivable	19	(426,762)	–
Purchase of equity investments externally managed	18	(8,104,347)	(7,759,250)
Proceeds from disposal of equity investments internally managed	21	516,652	–
Proceeds from disposal of equity investments externally managed	18	2,837,289	3,257,174
Purchase of debt instruments at amortised cost	20	(2,927,866,504)	(2,501,586,502)
Maturities of debt instruments at amortised cost	20	543,837,214	327,769,144
Placement of deposits with commercial banks	16	(922,324,306)	(150,588,784)
Maturities of deposits with commercial banks	16	930,836,531	278,559,762
Maturities of loans and advances	22	1,666,667	1,884,474
Interest received from debt instruments at amortised cost	20	2,053,973,198	1,793,255,389
Interest received from loans and advances	22	586,044	992,237
Interest received from commercial bank deposits	16	21,699,023	13,464,410
Increase in investment in associate	23	(6,831,987)	(1,279,564)
Dividends received		46,456,016	38,741,088
Net cash flows used in investing activities		(606,378,259)	(303,840,999)
Financing activities			
Repayment of principal amount lease liabilities	31	(1,010,510)	(1,085,272)
Benefits paid out to members	33	(1,120,725,875)	(1,198,559,205)
Contributions received from members	33	1,931,779,931	1,716,505,860
Interest recovered on arrears	33	6,819,975	4,066,734
Special contributions received		11,408,837	10,502,660
Net cash flows generated from financing activities		828,272,358	531,430,777
Increase in cash and cash equivalents		103,657,217	118,679,707
Cash and cash equivalents at the start of year	15	191,470,570	72,790,863
Effect of movement of exchange rates on cash held		–	–
Cash and cash equivalents at end of year	15	295,127,787	191,470,570

The notes on pages 16 to 73 are an integral part of these financial statements.

1. FUND INFORMATION AND SIGNIFICANT ACTIVITIES

(a) Fund information

National Social Security Fund ("the Fund") is a corporate body domiciled in Uganda. The Fund is primarily involved in collection of contributions and investment of the contributions in a professional manner to earn a good return to pay benefits its members as stipulated under the National Social Security Fund Act (Cap 230), as amended. The address of the Fund's registered office is:

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%).

During the year ended 30 June 2024, the Fund paid benefits to 44,250 beneficiaries (2023: 48,115 beneficiaries). 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;
- Survivors 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% shareholding.

(b) 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 50 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. Our initiatives align with SDG 8 (decent work and economic growth), SDG 1 (no poverty), and SDG 2 (zero hunger). The Fund is actively involved in programmes that enhance financial literacy and create economic opportunities, particularly in agriculture.

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

(c) Investment policy

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.
- 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.

NOTES continued

1. FUND INFORMATION AND SIGNIFICANT ACTIVITIES continued

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 2024 Ushs 000	Actual Percentage Allocation 2024	Actual Asset Allocation 2023 Ushs 000	Actual Percentage Allocation 2023
Fixed Income	70.00% to 82.50%	17,292,826,889	79.5%	14,339,583,960	79.2%
Equities	12.50% to 20.00%	2,923,425,410	13.4%	2,370,299,251	13.1%
Real Estate	5.00% to 10.0%	1,536,091,591	7.1%	1,397,630,882	7.7%

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

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. SUMMARY OF 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 all entities over which the Fund has significant influence but not control or joint control. This is generally the case where the Fund holds between 20% and 50% of the voting rights of the underlying entity. Investments in associates are initially recognised at cost and subsequently measured at fair value. Where the measurement of fair value is not possible due to absence of quoted prices in an active market, the Fund applies its share of net assets in the associate as a proxy to fair value. By this, the carrying amount of the investment is adjusted to recognise changes in the Fund's share of the net assets of the associate since the acquisition date. 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

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.

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.

Rental income

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.

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.

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. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(d) Financial instruments continued

For a financial asset to be classified and measured at amortised cost or fair value, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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.

Classification

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

Fair value through profit or loss (FVPL)

- Equity instruments (Notes 18 and 21)

Amortised cost

- Loans and advances (Note 22)
- Deposits with commercial banks (Note 16)
- Trade and other receivables (Note 17)
- Debt instruments at amortised cost (Note 20)
- 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 profit or loss.

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 profit or loss.

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(d) Financial instruments continued

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.

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 20)
- Equity instruments (Notes 18 and 21)
- Loans and advances (Note 22)
- 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 primarily derecognised when:

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

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(d) Financial instruments continued

Impairment of financial assets

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

- Disclosures for significant assumptions (Note 39)
- Debt instruments at amortised cost (Note 20)
- Loans and advances (Note 22)
- 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.

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 Company measures the loss allowance for that financial instrument at an amount equal to 12-month 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, 12-month 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.

(i) 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(d) Financial instruments continued

(i) Financial liabilities continued

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.

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(e) Fair value measurement continued

Valuers are normally rotated at each round of valuation with no single valuer performing consecutive valuations. The valuation committee decides, after discussions with the Fund's external valuers, which valuation techniques and inputs to use for each case.

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 38;
- Quantitative disclosures of fair value measurement hierarchy – Note 40;
- Financial instruments (including those carried at amortised cost) – Notes 15, 16, 17, 18, 19, 20, 21, 22, 23 and 40;
- Investment property – Note 26; and
- Capital work in progress – Note 25
- Inventories – Note 24

(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 profit or loss 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 Company 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. SUMMARY OF 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.

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(j) Impairment of non-financial assets continued

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.

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(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

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. Contributions due but not yet received at the end of the financial year are not accrued but accounted for and recognized in subsequent years when received.

(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 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.

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(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 29 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).

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 31.

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 profit or loss 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(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 39 (b).

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.

(t) Non-current assets held for sale and discontinued operations

The Fund classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

For investment property previously accounted for using the fair value model, immediately before the initial classification of the asset as held for sale, the carrying amounts of the asset are measured in accordance with policies as disclosed in Note 3 (h).

Assets and liabilities classified as held for sale are presented separately as current items in the statement of net assets available for benefits.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as surplus or deficit after tax from discontinued operations in the statement of changes in net assets available for benefits.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

(u) Changes in accounting policies and disclosures

(i) New accounting standards, amendments and interpretations effective during the year ended 30 June 2024

Effective date	New accounting standards or amendments
01 January 2023	IFRS 17 Insurance Contracts Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 Definition of Accounting Estimates – Amendments to IAS 8 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
23 May 2023	International Tax Reform – Pillar Two Models Rules (Amendments to IAS 12)
01 January 2024	Non-current Liabilities with Convents (Amendments to IAS 1) and Classification of Liabilities as Current or Non-current (Amendments to IAS 1) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 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.

(ii) New standards and interpretations not yet effective and not yet adopted for the year ended 30 June 2024

Effective date	New accounting standards or amendments
01 January 2025	Lack of Exchangeability (Amendments to IAS 21)
01 January 2027	IFRS18 Presentation and Disclosure in Financial Statements
Available for optional adoption/effective date deferred indefinitely. Early adoption continues to be permitted	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The amendments are not expected to have a material impact on the Fund.

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.

4. DETERMINATION OF FAIR VALUE

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

(i) Investment properties

The Fund uses an external independent 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.

(ii) 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.

(iii) 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.

NOTES continued

5. INTEREST INCOME

	2024 Ushs 000	2023 Ushs 000
Interest income on short term deposits with banks	26,463,998	19,390,025
Interest income on government bonds	2,312,659,481	2,021,100,856
Interest income on corporate bonds	371,527	2,401,336
Interest income on loans and receivables	821,267	1,060,390
	2,340,316,273	2,043,952,607

6. REAL ESTATE INCOME

(a) Rental income

	2024 Ushs 000	2023 Ushs 000
Workers House	5,954,022	5,349,102
Social Security House	3,359,048	2,911,849
Service charge	2,323,000	2,176,713
Others – Naguru, Mbarara and Jinja	1,019,786	929,289
	12,655,856	11,366,953

(b) House sales

Net gains on sale of property	638,495	579,551
Net real estate income	13,294,351	11,946,504

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.

7. DIVIDEND INCOME

	2024 Ushs 000	2023 Ushs 000
Safaricom Limited	19,033,979	16,166,418
Stanbic Bank Uganda Limited	7,688,222	7,592,684
CRDB Tanzania Limited	15,555,418	14,057,340
Twiga Limited	5,458,206	3,705,000
National Microfinance Bank	12,450,915	10,691,747
Cipla Quality Chemicals	2,208,763	–
MTN Uganda Limited	40,470,768	31,482,000
Equity Group Holdings Plc	18,598,090	19,085,687
Trade and Development Bank (TDB)	4,953,122	4,836,723
East African Breweries Limited	1,872,036	9,199,744
Bank of Kigali	4,010,798	4,613,928
Tanzania Breweries	10,993,860	5,937,030
Airtel Uganda Limited	21,937,760	–
Dividend income from other internally managed equities	4,019,913	11,740,202
Dividend income earned from fund managers	5,751,990	6,016,262
	175,003,840	145,124,765

NOTES continued

8. OTHER GAINS/ (LOSSES)

(a) Fair value gains

Fair value gains on investment properties	78,932,231	55,438,516
Fair value gains/ (losses) on externally managed equity securities (Note 18)	3,874,366	(17,748,501)
Fair value (losses)/ gains on internally managed equity securities (Note 21)	267,617,081	(98,194,316)
Gains on bond switches	1,098,636	7,996,499
Fair value gains on investments in associates (Note 23)	33,338,334	48,463,158
	384,860,648	(4,044,644)

(b) Foreign exchange gains/ (losses)

Foreign exchange gains/ (losses) on debt instruments at amortised costs (Note 20)	270,193,630	(831,661,941)
Foreign exchange gains/ (losses) on externally managed equity securities (Note 18)	2,004,095	(8,838,287)
Foreign exchange losses on internally managed equity securities (Note 21)	(13,614,315)	(200,884,646)
Foreign exchange gains/ (losses) on dividends receivable	1,997,753	(4,326,107)
Other foreign exchange losses	(5,520,769)	(26,082)
Foreign exchange gains/ (losses)	255,060,394	(1,045,737,063)

Foreign exchange losses in the previous 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 as disclosed under Note 39(a) currency risk.

(c) Other income

Gain/ (loss) on disposal of property, plant and equipment	595,736	(17,704)
IFRS 16 modification gain and gain on disposal of assets	162,796	183
Notional income on staff loans	36,661	289,067
Miscellaneous income	10,465,752	6,590,802
	11,260,945	6,862,348

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 3,588 Million) relating to modifications and a disposal gain of Ushs 166,384 Million as detailed below:

	Modification Ushs 000	Disposal Ushs 000	Total Ushs 000
Accumulated Depreciation	1,757	(799,050)	(797,293)
Lease Liability	5,345	(485,044)	(479,699)
ROU	(3,514)	1,117,710	1,114,196
	3,588	(166,384)	(162,796)

9. ADMINISTRATIVE EXPENSES

	2024 Ushs 000	2023 Ushs 000
Employee benefits expenses – (Note 9 (a))	114,582,691	89,372,556
Staff medical insurance	2,761,693	2,353,240
General staff and training expenses	8,266,305	8,907,971
Advertising and promotion	5,459,916	9,862,507
Audit expenses	200,831	321,911
Bank charges and commission	23,562	19,179
Board expenses	1,199,231	1,294,930
Cleaning expenses	798,615	793,117
IT connectivity and internet	1,112,331	2,528,342
Directors' allowances	1,856,453	1,895,881
Professional fees	6,841,045	4,670,672
Legal fees	1,566,888	1,160,817
Motor vehicle fuel costs, maintenance and repairs	2,713,459	2,544,693

NOTES continued

	2024 Ushs 000	2023 Ushs 000
Printing and stationery	597,349	545,250
Subscriptions	1,093,989	1,486,113
Telephone, fax, telex and post	1,658,463	2,989,389
Travel and subsistence costs	6,582,862	5,354,529
Commission and brokerage fees	1,402,567	708,682
Other administrative expenses	150,804	243,075
	158,869,054	137,052,854

(a) Employee benefits expenses

Salaries and wages	91,036,410	83,774,343
Restructuring costs*	–	(13,688,499)
Social security contributions	9,307,629	8,432,216
Contributions to the staff provident fund	9,596,949	6,233,693
Gratuity	304,451	777,929
Leave pay	1,542,542	1,383,026
Mortgage Benefit	2,208,993	2,213,944
NSSF Staff Provident Fund expenditure	300,000	
Overtime expenses	285,717	245,904
	114,582,691	89,372,556

*Restructurings costs

The Fund successfully implemented the new organisational structure. With the amendment of the NSSF Act, it became imperative to revamp our internal framework to respond to the changing demands of our stakeholders effectively.

The restructuring initiative created approximately 30 new positions, and more than 120 staff members transitioned to new roles within the organisation. A provision was made in the 2022 financial statements amounting to Ushs 24 billion. During the previous year payments of Ushs 10.7 billion were made and the excess provision of Ushs 13.7 billion was reversed.

The average number of employees were: 610 (2023: 603)

10. IMPAIRMENT LOSSES/ (REVERSALS) ON FINANCIAL ASSETS

	Note	2024 Ushs 000	2023 Ushs 000
Deposits due from banks	16	2,484,063	(1,577,520)
Trade and other receivables	17	3,018	55,973
Debt instruments at amortised cost	19	210,300	(29,381)
Loans and advances	21	(186,045)	(1,017)
		2,511,336	(1,551,945)

11. OTHER OPERATING EXPENSES

Rent and rates*	834,805	698,685
Electricity and water	2,315,261	1,516,511
Repairs and maintenance	14,078,043	12,586,395
Insurance	3,320,500	3,106,815
Security expenses	3,073,734	2,817,138
Research and library expenses	19,992,516	16,104,199
Fund manager expenses	299,031	550,816
Innovation and advisory	830,340	264,186
Transaction charges	20,530	14,136
	44,764,760	37,658,881

*Rent and rates relates 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.

NOTES continued

12. FINANCE COSTS

Interest expense on lease liabilities	366,879	337,093
Interest expense on bank overdraft	288,090	2,777,046
	654,969	3,114,139

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):

Amortisation of intangible assets (Note 27)	4,067,699	3,890,306
Depreciation on property and equipment and right of use assets (Note 27 and 28)	10,965,814	10,336,173
Auditors' remuneration	200,831	321,911
Directors' emoluments (Note 9)	1,856,453	1,895,881
Foreign exchange losses (Note 8(b))	255,060,394	(1,045,737,063)
Fair value losses on internally managed equity securities (Note 21)	267,617,081	(98,194,316)
Fair value losses on externally managed equity securities (Note 18)	3,874,366	(17,748,501)
Fair value gains on investment property (Note 24 and 25)	78,932,231	55,438,516

14. TAX

(a) Income tax expense

	2024 Ushs 000	2023 Ushs 000
Current income tax expense	216,035,294	193,233,582
Deferred income tax expense	–	–
	216,035,294	193,233,582

The income tax expense relates to withholding tax deducted at source from interest on investments in treasury bills and bonds as a final tax as per Income Tax Act section 122(a). No other income tax is charged because the Fund has accumulated trading losses amounting to Ushs 2,560 billion as at 30 June 2024 (2023: Ushs 1,384 billion). The tax on the Fund's surplus after interest transfer to member's funds differs from the theoretical amount that would arise using the basic rate of 30% as follows:

	2024 Ushs 000	Effective tax rate	2023 Ushs 000	Effective tax rate
Surplus before tax net of dealings with members	884,603,377		967,604,109	
Tax calculated at 30% (2023: 30%)	265,381,013	30%	290,281,233	30%
Tax effect of:				
Expenses relating to income taxed at source	25,523,598	3%	23,188,095	2%
Non-taxable income	–	–	–	–
Other non-deductible expenses	315,980,302	31%	(237,995,475)	25%
Effect of differential between the income tax statutory rate and the WHT rate on government securities	(261,207,128)	(30%)	(203,534,476)	(21%)
Effect of rental income taxed			1,694,336	0%
Prior year deferred tax under/(over) provision	20,750,876	2%	5,880,027	1%
Unrecognised deferred tax credit (Note 14(b))	(150,393,367)	50%	313,719,842	32%
Tax charge	216,035,294	24%	193,233,582	20%

14. TAX continued

(b) Deferred income tax asset

Deferred income tax is calculated on all temporary differences using the liability method at the principal tax rate of 30% (2023: 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 2024			
Deferred income tax assets			
Unrealized foreign exchange losses	(479,056,194)	440,397,776	(38,658,418)
Impairment allowance on financial assets	(14,696,977)	(753,401)	(15,450,378)
Provision for litigation	244,357	–	244,357
Lease liability under IFRS 16	(348,524)	(110,064)	(458,588)
Fair value gain on investments on associate	36,774,715	10,001,500	46,776,215
Bonus provision	(5,367,105)	(1,355,201)	(6,722,306)
Tax losses carried forward	(415,027,586)	(352,902,045)	(767,929,632)
	(877,477,314)	95,278,565	(782,198,750)
Deferred income tax liabilities			
Unrealized foreign exchange gains	165,038,809	(50,002,328)	115,036,481
Fair value gains on investment properties	166,205,302	23,679,669	189,884,971
Fair value changes on equity instruments	28,367,824	80,285,124	108,652,948
Right of use Asset	258,722	(276,887)	(18,165)
Unrealised gains in investments with fund managers	(5,954,271)	1,162,310	(4,791,961)
Accelerated depreciation	4,811,347	266,914	5,078,261
	358,727,733	55,114,802	413,842,535
Net deferred income tax asset	(518,749,581)	150,393,367	(368,356,215)

NOTES continued

TAX continued

(b) Deferred income tax asset continued

	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 2023			
Deferred income tax assets			
Unrealized foreign exchange losses	(308,043,184)	(171,013,010)	(479,056,194)
Impairment allowance on financial assets	(15,423,138)	726,161	(14,696,977)
Provision for litigation	244,357	–	244,357
Lease liability under IFRS 16	(746,214)	397,690	(348,524)
Fair value gain on investments on associate	22,235,768	14,538,947	36,774,715
Bonus provision	(5,061,150)	(305,955)	(5,367,105)
Tax losses carried forward	(413,700,289)	(1,327,297)	(415,027,586)
	(720,493,850)	(156,983,464)	(877,477,314)
Deferred income tax liabilities			
Unrealized foreign exchange gains	304,030,589	(138,991,780)	165,038,809
Fair value gains on investment properties	149,573,747	16,631,555	166,205,302
Fair value changes on equity instruments	57,826,119	(29,458,295)	28,367,824
Right of use Asset	482,599	(223,877)	258,722
Unrealised gains in investments with fund managers	(629,721)	(5,324,550)	(5,954,271)
Accelerated depreciation	4,180,778	630,569	4,811,347
	515,464,111	(156,736,378)	358,727,733
Net deferred income tax asset	(205,029,739)	(313,719,842)	(518,749,581)

The net deferred income tax asset of Ushs 368 billion (2023: Ushs 519 billion) has not been recognised in these financial statements because it is not probable that future taxable profit will be available against which the Fund can utilise the benefits therefrom. At 30 June 2024, tax losses carried forward amounted to Ushs 2,560 billion. Despite the Fund making surplus earnings, Section 22(1) and 25 of the Income Tax Act allows a deduction of interest incurred during the year of income in respect of a debt obligation. In addition, the Fund obtained a ruling from Uganda Revenue Authority in 2001 advising that interest declared to members is tax deductible. Details of this and the current status of the open tax matter are disclosed in Note 37. The Fund follows this ruling when preparing income tax computations and it is unlikely that the Fund will have taxable profits against which the deferred income tax asset can be utilised.

(c) Tax deposit receivable

	2024 Ushs 000	2023 Ushs 000
Tax deposit receivable	–	25,323,522

As disclosed in Note 36, the Fund received an assessment for tax from URA which it disputed. In accordance with the Income Tax Act, the Fund was required to pay 30% of the assessed tax before proceeding to court. The Fund recovered the entire sum within the current financial year.

NOTES continued

15. CASH AND BANK BALANCES

	2024 Ushs 000	2023 Ushs 000
Cash at bank	184,456,454	189,885,423
Cash at hand	257,909	134,519
Mobile money float	967,805	650,412
	185,682,168	190,670,354
Overdraft	(72,319,322)	–
Net cash and bank	113,362,846	190,670,354

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 custodian, Stanbic 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% (2023: 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.

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. The facility is self-liquidating, repayable strictly on demand and the bank is not obliged to give any notice in making, or prior to demand. 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's account in Stanbic Bank was overdrawn by Ushs 72.3 Billion as at 30 June for the sole purpose of financing the purchase of MTN shares worth Ushs 90.9 Billion. The facility was settled by 18 July 2024.

	2024 Ushs 000	2023 Ushs 000
Net cash and bank	113,362,846	190,670,354
Deposits with commercial banks due within 3 months (Note 16)	181,764,941	800,216
	295,127,787	191,470,570

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 lines with the Funds investment policy.

16. DEPOSITS WITH COMMERCIAL BANKS

	2024 % in class	2023 % in class	2024 Ushs 000	2023 Ushs 000
Housing Finance Bank Uganda Limited	25.93	20.6	72,032,956	21,691,144
Stanbic Bank Uganda Limited	0.00	–	6,075	–
Diamond Trust Bank	–	30.7	–	32,282,425
KCB Bank Uganda Limited	10.82	0.6	30,048,904	600,161
Equity Bank Uganda Limited	14.43	–	40,077,245	–
Absa Bank Uganda Ltd	0.00	0.2	8,611	200,054
I&M Bank Uganda Limited	11.51	–	31,964,973	–
Finance Trust Bank	11.13	25.5	30,910,956	26,890,377
Pride Micro Finance Bank	–	22.4	–	23,616,705
Cairo International Bank	7.68	–	21,342,767	–
NCBA Bank	18.5	–	51,402,500	–
Gross deposits	100	100	277,794,987	105,280,866
Expected credit loss			(3,691,614)	(1,207,551)
Net carrying amount			274,103,373	104,073,315

The gross deposits with commercial banks are analysed as follows:

NOTES continued

16. DEPOSITS WITH COMMERCIAL BANKS continued

	2024 Ushs 000	2023 Ushs 000
Amounts due within three (3) months	181,764,941	800,216
Amounts due after three (3) months but less than 1 year	96,030,046	104,480,650
Gross deposits	277,794,987	105,280,866

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

	2024 Ushs 000	2023 Ushs 000
At the beginning of the year	104,073,315	225,803,016
New placements / deposits	1,103,289,031	151,389,000
Maturities	(930,836,531)	(278,559,762)
Interest accrued	24,290,194	18,268,159
Interest received	(21,699,023)	(13,464,410)
Foreign exchange losses	(253,059)	14,645
Allowance for credit losses	(2,484,063)	1,577,519
WHT deducted at source	(2,276,491)	(954,852)
At 30 June	274,103,373	104,073,315

The deposits are carried at amortised cost and made for varying periods of between 1 and 365 days depending on the cash requirements of the Fund. The weighted average effective interest rate on deposits with commercial banks as at 30 June 2024 was 13.11% (2023: 10.1%).

The allowance for expected credit losses is analysed as follows:

	2024 Ushs 000	2023 Ushs 000
At the start of year	1,207,551	2,785,071
Increase/Reversal of impairment (Note 10)	2,484,063	(1,577,520)
At end of year	3,691,614	1,207,551

The allowance relates to the expected credit losses. Refer to Note 38 (c) for details.

17. TRADE AND OTHER RECEIVABLES

	2024 Ushs 000	2023 Ushs 000
Trade receivables	7,834,395	7,495,113
Dividends receivable	75,910,768	76,213,269
Other receivables	2,052,193	3,859,373
Provision for expected credit loss	(9,378,900)	(9,400,327)
Net receivable	76,418,456	78,167,428
Prepayments	5,993,640	7,783,706
Real estate advance payment*	38,565,446	14,090,104
VAT recoverable	6,045,621	3,671,581
Deferred staff expense	199,472	236,133
	127,222,635	103,948,952

* 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.

NOTES continued

17. TRADE AND OTHER RECEIVABLES continued

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

	2024 Ushs 000	2023 Ushs 000
At start of year	9,400,327	9,384,500
Write off during the year	(24,445)	(40,146)
Increase in expected credit loss (Note 10)	3,018	55,973
At end of year	9,378,900	9,400,327

The provision relates to the expected credit losses on trade receivables dividends receivable and other receivable accounts. Refer to Note 39 (c) for details.

18. EQUITY SECURITIES EXTERNALLY MANAGED

	2024 Ushs 000	2023 Ushs 000
GenAfrica Asset Managers Uganda Limited	6,234,633	4,931,672
Sanlam Investments East Africa*	–	71,342,447
	6,234,633	76,274,119

GenAfrica Asset Managers Uganda Limited and Sanlam Investments East Africa manage portfolios of equity securities on behalf of the Fund. The Fund Managers have the mandate to make investments at their discretion but in compliance with the Fund's investment policy.

The changes in equity securities externally managed during the year were as follows:

	2024 Ushs 000	2023 Ushs 000
At start of year	76,274,119	89,069,118
Purchases	8,104,347	7,759,250
Disposals	(2,837,289)	(3,257,174)
Fair value gains/(losses)	3,874,366	(8,458,789)
Foreign exchange gains/(losses)	2,004,095	(8,838,286)
Transfer to internally managed equities* (Note 21)	(81,185,005)	–
At end of year	6,234,633	76,274,119

* Sanlam Investments' contract expired and the portfolio was transferred for management in-house on 30 June 2024.

NOTES continued

18. EQUITY SECURITIES EXTERNALLY MANAGED continued

	% in class		Number of shares held		Market Value	
	2024	2023	2024	2023	2024 Ushs 000	2023 Ushs 000
Uganda Securities Exchange						
Stanbic Bank (U) Limited	35.05	18.81	24,744,856	193,169,286	916,302	5,022,401
DFCU Limited	0.00	10.32	–	10,440,437	–	2,756,275
New Vision Printing and Publishing Company Limited	0.00	1.27	–	2,185,857	–	338,808
Umeme Limited	36.78	7.64	2,089,924	4,633,088	961,365	2,038,559
Bank of Baroda	0.00	2.33	–	39,150,000	–	622,094
MTN Uganda	28.17	59.63	4,331,231	93,647,077	736,309	15,920,003
	100	100			2,613,976	26,698,140
Nairobi Securities Exchange						
Absa Bank Kenya Limited	0.00	12.05	–	13,013,400	–	4,004,965
Co-operative Bank of Kenya	4.89	0.47	487,100	487,100	177,189	154,990
Diamond Trust Bank Kenya	0.00	4.08	–	1,043,922	–	1,357,248
East African Breweries Limited	3.08	10.44	26,550	858,856	111,598	3,471,986
Equity Group Holdings Limited	24.55	16.02	734,500	5,338,542	888,858	5,325,741
Kenya Commercial Bank	25.80	18.05	1,043,700	7,854,174	934,200	6,001,973
NCBA Bank	1.44	0.13	44,286	44,286	52,134	44,873
Safaricom Limited	40.04	38.74	2,926,000	28,219,800	1,449,888	12,880,060
Standard Chartered Bank Kenya Limited	0.2	0.02	1,222	1,222	6,790	5,115
	100	100			3,620,657	33,246,951
Dar es Salaam Stock Exchange						
Tanzania Breweries Limited	0.00	57.24	565,000	565,000	–	9,346,114
CRDB Bank Plc	0.00	42.76	9,790,000	9,970,000	–	6,982,914
	0.00	100			–	16,329,028
Total					6,234,633	76,274,119

The trading prices at the last date of trading for the years ended 30 June 2024 and 2023 were as follows:

	2024			2023		
	Ushs	Kshs	Tshs	Ushs	Kshs	Tshs
Stanbic Bank (U) Limited	37.00	–	–	26.00	–	–
DFCU Limited	225.00	–	–	264.00	–	–
New Vision Printing and Publishing Company Limited	153.00	–	–	155.00	–	–
Umeme Limited	460.00	–	–	440.00	–	–
Bank of Baroda (Uganda)	20.00	–	–	15.89	–	–
MTN Uganda	170.00	–	–	170.00	–	–
Safaricom Limited	–	17.30	–	–	17.50	–
Kenya Commercial Bank	–	31.25	–	–	29.30	–
East African Breweries Limited	–	146.75	–	–	155.00	–
Equity Group Holdings Limited	–	42.25	–	–	38.25	–
NCBA Bank Limited	–	41.10	–	–	38.85	–
Absa Bank Kenya Limited	–	11.80	–	–	11.80	–
Diamond Trust Bank Kenya Limited	–	49.85	–	–	49.85	–
Standard Chartered Bank Kenya Limited	–	194.00	–	–	160.50	–
Co-operative Bank Kenya Limited	–	12.70	–	–	12.20	–
Tanzania Breweries Limited	–	–	10,900.00	–	–	10,900.00
CRDB Bank Plc	–	–	770.00	–	–	470.00

NOTES continued

19. FINANCIAL ASSET RECEIVABLE

	2024 Ushs 000	2023 Ushs 000
Finance asset receivable	99,267,475	98,840,713
	99,267,475	98,840,713

This relates to a Project Development Agreement (PDA) to construct a one-stop office campus under a build, own and transfer arrangement. The construction period is estimated at 4 years and the concession/rent paying period will begin at the completion and handover of the project for 15 years. The amount above relates to the cost incurred to acquire the land and a consultant for concept design.

	2024 Ushs 000	2023 Ushs 000
At start of year	98,840,713	98,840,713
Increase during the year	425,762	–
At end of year	99,267,475	98,840,713

20. DEBT INSTRUMENTS AT AMORTISED COST

	2024 % in Class	2023 % in Class	2024 Ushs 000	2023 Ushs 000
Treasury bonds	100	99.95	17,018,325,723	14,225,866,069
Corporate bonds	0.00	0.05	–	7,455,655
Gross investments	100	100	17,018,325,723	14,233,321,724
Impairment provision			(5,661,473)	(5,451,173)
Net investments			17,012,664,250	14,227,870,551

Treasury bonds are issued by Governments of Uganda, Kenya, Tanzania and Rwanda Corporate bonds are issued by Kakira Sugar Limited.

The allowance for expected credit losses is analysed as follows:

	2024 Ushs 000	2023 Ushs 000
At start of year	5,451,173	5,480,554
Increase during the year	210,300	(29,381)
At end of year	5,661,473	5,451,173

Further information about allowances for expected credit losses (ECL), is presented in Note 39 (c). The change in debt instruments at amortised cost investments during the year were as follows:

	2024 Ushs 000	2023 Ushs 000
At start of year	14,227,870,551	12,826,279,795
Purchases	2,927,866,504	2,501,586,502
Maturities	(543,837,214)	(327,769,144)
Interest accrued	2,313,031,008	2,023,502,192
Interest received	(2,053,973,198)	(1,793,255,389)
Foreign exchange gains/(losses)	270,193,630	(831,661,941)
Allowance for credit losses	(210,300)	29,381
Withholding tax deducted at source as a final tax	(128,276,731)	(170,840,845)
At end of year	17,012,664,250	14,227,870,551

The yield rates on the treasury bonds as at 30 June 2024 ranged between 13.20% and 20.51% (2023: 10.92% and 20.51%) and the treasury bonds have maturity periods of between 1 and 15 years. The interest rates for corporate bonds ranged between 11.5% and 14.7% (2023: 11.5% and 14.7%) and the corporate bonds have maturity periods of between 1 and 8 years. All liens on the Fund's debt instruments as security in relation to the ongoing construction works at Pension Towers, Lumumba Avenue, Kampala were lifted.

21. EQUITY INVESTMENTS INTERNALLY MANAGED

	2024 in Class	2023 % in Class	2024 % Held	2023 % Held	2024 Ushs 000	2023 Ushs 000
Bank of Baroda (Uganda) Limited	0.3	0.3	2.10	2.10	6,294,732	5,001,165
DFCU Limited	0.6	0.8	7.56	7.56	15,071,319	14,927,406
Safaricom Limited	8.8	10.0	1.01	1.01	217,894,634	184,250,266
Centum Investments Limited	0.0	0.1	0.73	0.73	1,089,924	1,026,256
Stanbic Bank Uganda Limited	3.4	3.0	4.11	4.11	84,521,556	54,684,148
Cooperative Rural Development Bank	6.1	7.7	0.01	0.01	150,865,943	141,733,471
Vodacom TZ shares	1.2	1.8	0.24	0.24	30,130,093	32,878,149
New Vision Printing and Publishing Company Limited	0.1	0.1	19.61	19.61	2,629,436	2,325,000
Bank of Kigali	1.5	2.1	6.36	6.36	36,670,913	38,409,800
Tanzania Breweries Limited	8.2	11.5	4.32	4.32	204,218,695	213,391,443
Equity Bank Holdings Plc	8.7	9.4	4.69	4.69	216,100,123	173,374,834
Jubilee Insurance Limited	0.6	0.7	3.80	3.80	14,138,960	12,933,907
East African Breweries Limited	4.7	5.9	3.43	3.43	117,608,405	109,633,677
Trade and Development Bank	8.7	10.2	2.79	2.79	215,908,588	196,703,933
Tanzania Portland Cement	2.2	3.2	5.28	5.28	54,790,965	58,330,000
British-American Invest (Britam)	0.3	0.3	1.56	1.56	6,820,853	5,157,013
CIPLA QC	0.6	1.0	7.38	7.38	14,949,557	18,855,297
Kenya Re-Insurance	0.0	0.1	0.86	0.86	978,045	1,127,809
Kenya Commercial Bank	6.5	7.1	5.80	5.80	160,487,797	131,674,397
National Microfinance Bank (NMB)	6.9	6.8	4.68	4.68	171,167,256	124,998,120
Absa Bank Kenya Plc	0.2	0.0	0.00	0.00	5,228,511	80,496
Diamond Trust Bank Limited	0.0	0.0	0.01	0.01	50,897	49,636
I & M Holdings Limited	0.0	0.0	0.03	0.03	169,173	126,427
CFC Stanbic Holdings	0.0	0.0	0.01	0.01	–	86,260
Co-operative Bank of Kenya Limited	0.0	0.0	0.01	0.01	–	163,506
MTN Uganda Limited	18.7	18.2	8.84	8.84	464,917,281	336,600,000
Standard Chartered Bank Kenya	0.0	0.0	0.00	0.00	15,294	11,510
Airtel Uganda Limited	11.9	–	10.55	–	295,316,000	–
	100	100	–	–	2,488,034,950	1,858,533,926

All the above equity investments are traded on the Uganda Securities Exchange (USE) except for Safaricom, KCB, Kenya Re-Insurance and Equity Group which are traded on the Nairobi Securities Exchange (NSE), Tanzania Breweries, National Microfinance Bank, East African Breweries Limited, Cooperative Development Bank, Vodacom and Twiga which are traded on the Dar es Salaam Stock Exchange (DSE), Bank of Kigali which is traded on the Rwanda Stock Exchange (RSE) and TDB Bank which is not traded on a stock exchange.

NOTES continued

21. EQUITY INVESTMENTS INTERNALLY MANAGED continued

The trading prices at the last date of trading for the years ended 30 June 2024 and 2023 were as follows:

	2024					2023				
	Ushs	Kshs	Tshs	Rwf	USD	Ushs	Kshs	Tshs	Rwf	USD
Bank of Baroda (Uganda) Limited	20.00	-	-	-	-	15.89	-	-	-	-
DFCU Limited	225.00	-	-	-	-	264.00	-	-	-	-
CiplaQC	55.50	-	-	-	-	70.00	-	-	-	-
Centum Investments Limited	247.71	-	-	-	-	233.24	-	-	-	-
Stanbic Bank Uganda Limited	37.00	-	-	-	-	26.00	-	-	-	-
New Vision Printing and Publishing Company Limited	153.00	-	-	-	-	155.00	-	-	-	-
MTN Uganda Limited	170.00	-	-	-	-	-	-	-	-	-
Airtel Uganda Limited	70.00	-	-	-	-	170.00	-	-	-	-
Safaricom Limited	-	17.30	-	-	-	-	17.50	-	-	-
Kenya Re-Insurance	-	1.42	-	-	-	-	1.80	-	-	-
British-American Invest (Britam)	-	6.04	-	-	-	-	5.02	-	-	-
Absa Bank Kenya Plc	-	-	-	-	-	-	11.80	-	-	-
Diamond Trust Bank (Kenya) Limited	-	46.50	-	-	-	-	49.85	-	-	-
I & M Holdings Limited	-	21.55	-	-	-	-	17.10	-	-	-
CFC Stanbic (Kenya) Holdings	-	-	-	-	-	-	111.25	-	-	-
Co-operative Bank of Kenya Limited	-	-	-	-	-	-	12.20	-	-	-
Equity Bank Holdings Plc	-	42.25	-	-	-	-	38.25	-	-	-
Jubilee Insurance Limited	-	179.00	-	-	-	-	180.00	-	-	-
East African Breweries Limited	-	146.75	-	-	-	-	155.00	-	-	-
Kenya Commercial Bank	-	31.25	-	-	-	-	29.30	-	-	-
Vodacom	-	-	770.00	-	-	-	-	770.00	-	-
Cooperative Development Bank	-	-	520.00	-	-	-	-	470.00	-	-
Tanzania Breweries Limited	-	-	10,900.00	-	-	-	-	10,900.00	-	-
Tanzania Portland Cement Limited	-	-	4,100.00	-	-	-	-	4,000.00	-	-
National Microfinance Bank (NMB)	-	-	5,200.00	-	-	-	-	3,480.00	-	-
Bank of Kigali	-	-	-	305.00	-	-	-	-	286.00	-
Trade Development Bank (PTA)*	-	-	-	-	16,905.00	-	-	-	-	15,963.00

* 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.

NOTES continued

21. EQUITY INVESTMENTS INTERNALLY MANAGED continued

During the year, the Fund purchased the following shares:

	Currency	Shares	Average Price	Average Rate	Cost Ushs 000
Year ended 30 June 2024					
Trade Development Bank (PTA)	USD	84	15,351.00	3,788.18	4,884,798
MTN Uganda Limited	Ushs	534,971,220	170.00	1	90,945,107
Airtel Uganda Limited	Ushs	1,990,000,000	100.00	1	199,000,000
					294,829,905
	Currency	Shares	Average Price	Average Rate	Cost Ushs 000
Year ended 30 June 2023					
East African Breweries Limited	Kes	296,000	165.50	30.58	1,498,092
Equity Bank Kenya	Kes	20,377,200	45.75	30.64	28,563,641
Jubilee Insurance Limited	Kes	70,400	189.49	30.58	407,948
Kenya Commercial Bank	Kes	8,496,100	38.09	30.26	9,794,468
Safaricom Limited	Kes	27,503,200	26.87	31.57	23,323,876
					63,588,025

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

	2024 Ushs 000	2023 Ushs 000
At start of year	1,858,533,926	2,094,024,863
Acquisition of new shares	294,829,905	63,588,025
Disposal of shares	(516,652)	-
Fair value gains/(losses)	267,617,081	(98,194,316)
Foreign exchange losses	(13,614,315)	(200,884,646)
Transfer from externally managed equities (Note18)	81,185,005	-
At end of year	2,488,034,950	1,858,533,926

22. LOANS AND ADVANCES

	2024 Ushs 000	2023 Ushs 000
Uganda Clays Limited (Note 35)	20,600,381	20,600,381
Housing Finance Bank (Note 35)	5,833,333	7,500,000
Staff loans	502,997	639,865
	26,936,711	28,740,246
Fair value of discount on staff loans	(199,471)	(236,133)
	26,737,240	28,504,113
Allowance for credit losses	(20,677,974)	(20,864,019)
	6,059,266	7,640,094

The allowance for credit losses is analysed as follows:

At start of year	20,864,019	20,865,036
Decrease in impairment allowance during the year	(186,045)	(1,017)
At end of year	20,677,974	20,864,019

NOTES continued

22. LOANS AND ADVANCES continued

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

	2024 Ushs 000	2023 Ushs 000
At start of year	7,640,094	9,365,376
Principal repayments	(1,666,667)	(1,884,474)
Interest accrued	821,266	1,046,317
Interest received	(586,044)	(992,237)
Fair value adjustment on staff loans	36,662	106,129
Allowance for credit losses	(186,045)	(1,017)
At end of year	6,059,266	7,640,094

The loan to Uganda Clays Limited (UCL) which was granted on 29 December 2010 is 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% (2023: 11.5%) and Ushs 20 billion at a rate of 13.5% (2023: 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 are loans issued by the Fund to its employees at a discounted interest rate of 6.5% (2023: 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.

23. INVESTMENTS IN ASSOCIATES

	Housing Finance Bank Ushs 000	Uganda Clays Limited Ushs 000	TPS Uganda Limited Ushs 000	Umeme Limited Ushs 000	Yield Fund Ushs 000	Total Ushs 000
Year ended 30 June 2023						
At start of year	144,047,342	10,279,050	7,542,351	257,745,832	4,778,371	424,392,946
Fair value gain	32,522,865	159,592	451,000	14,572,935	853,917	48,560,309
Additions	–	–	–	–	1,279,564	1,279,564
Less: dividends	(14,614,952)	(146,320)	–	(23,980,341)	–	(38,741,613)
At end of year	161,955,255	10,292,322	7,993,351	248,338,426	6,911,852	435,491,206
Year ended 30 June 2024						
At start of year	161,955,255	10,292,322	7,993,351	248,338,426	6,911,852	435,491,206
Fair value gain	27,946,635	-994,933	721,058	6,258,814	(593,240)	33,338,334
Additions	–	–	–	6,625,419	206,568	6,918,892
Foreign exchange loss	–	–	–	–	(49,684)	(49,684)
Less: dividends	(16,283,657)	–	–	(30,172,359)	–	(46,456,016)
At end of year	173,618,233	9,297,389	8,714,409	231,050,300	6,475,496	429,155,827

As at 30 June 2024, the Fund had shareholding of 50%, 32.52%, 13.99%, 23.11% and 9.8% (2023: 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 and Yield Fund respectively.

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%.

23. INVESTMENTS IN ASSOCIATES continued

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, being audited by the Office of the Auditor General of Uganda 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, 2004.
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.

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 2024.

* 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 terminates on 28 February 2025 plus a 30-day transition period to 30 March 2025. The LAA provides for termination of the agreement by either party, but a "Buy-Out Amount", as defined in the agreement, is payable to the Company by Government of Uganda ("GoU"). 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. The buyout amount is computed as the gross accumulated capital investments less cumulative capital recovery charges at the time of transfer. The trading price for UMEME as at 31 December 2023 was 400shs per share with a multiple of 0.5x to the buy-out. i.e. Buy out was 800shs per share as at the reporting date. Management assessed the buy-out as a key indication of the value of the associate.

The Fund has 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.

	Housing Finance Bank	Uganda Clays Limited	TPS (Uganda) Limited	Umeme Limited	Yield Fund
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
Market price	Not Listed	Ushs 12 per share	Not Listed	Ushs 460 per share	Not Listed

NOTES continued

23. INVESTMENTS IN ASSOCIATES continued

Security	Listed/ unlisted	Number of Shares Held		Price per Share		Market Value	
		2024	2023	2024 Ushs	2023 Ushs	2024 Ushs 000	2023 Ushs 000
Umeme Limited*	Listed	390,510,295	375,279,200	460	440	179,634,736	165,122,848
Uganda Clays Limited	Listed	292,640,000	292,640,000	12	15	3,511,680	4,389,600
Housing Finance Bank	Unlisted	7,930,000	6,100,000	-	-	-	-
TPS (Uganda) Limited	Unlisted	19,500	19,500	-	-	-	-
Yield Fund**	Unlisted	1,777,939	1,726,399	-	-	-	-
						183,146,416	169,512,448

In applying the methodology for all associates except Yield Fund, the Fund has used the audited financial statements for the year ended 31 December 2023 in deriving the share of results for the 6 months to 31 December 2023. The Fund has used unaudited results for the 6 months to 30 June 2024 in deriving the share of results for the 6 months differential period between the associates' reporting date and the fund's reporting date. In respect of the Yield Fund the share of net assets was based on the unaudited financial information as at 30 June 2024.

* The increase in the number of shares held in Housing Finance Bank from 6,100,000 to 7,930,000 arises from the central bank capital requirement to increase the paid-up capital from Ushs 122billion to Ushs 158.66billion. No actual purchase or cash outflow was conducted by the Fund.

** Despite the addition in Yield Fund, this did not translate into an increase in the Fund's shareholding due to all other shareholders responding to the entity's capital call.

24. INVENTORIES

	2024 Ushs 000	2023 Ushs 000
Completed housing units for sale (Note 23 (a))	250,847,037	242,804,459
Housing units under development (Note 23 (b))	117,595,582	101,612,795
	368,442,619	344,417,254

(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.

	2024 Ushs 000	2023 Ushs 000
At start of year	242,804,459	8,586,909
Transfers from under development (Note 23(b))	5,493,743	225,210,374
Transfers to Investment Property	(1,797,404)	-
Fair value gains	9,323,660	11,027,626
Sales	(4,977,421)	(2,020,450)
At end of year	250,847,037	242,804,459

NOTES continued

24. INVENTORIES continued

(b) 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 2023				
At start of year	255,688,563	9,294,212	5,321,475	270,304,250
Additions	35,030,940	16,825,890	4,691,819	56,548,649
Transfer to Investment Property	(29,730)	–	–	(29,730)
Transfer undeveloped portion of land to completed	(225,210,374)	–	–	(225,210,374)
At end of year	65,479,399	26,120,102	10,013,294	101,612,795
Year ended 30 June 2024				
At start of year	65,479,399	26,120,102	10,013,294	101,612,795
Additions	10,879,884	10,596,646	–	21,476,530
Transfer undeveloped portion of land to completed	(5,493,743)	–	–	(5,493,743)
At end of year	70,865,540	36,716,748	10,013,294	117,595,582

(c) 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.

25. CAPITAL WORK-IN-PROGRESS (CWIP)

	CAPEX Ushs 000	Commercial Properties Ushs 000	Total Ushs 000
Year ended 30 June 2023			
At start of year	2,062,062	–	2,062,062
Additions	3,020,515	–	3,020,515
Transfer to property, plant and equipment	(763,694)	–	(763,694)
At end of year	4,318,883	–	4,318,883
Year ended 30 June 2024			
At start of year	4,318,883	–	4,318,883
Additions	62,902	–	62,902
Transfer (to)/from investment property	(2,838,762)	335,201,814	332,363,052
At end of year	1,543,023	335,201,814	336,744,837

CAPEX relates to the various capital expenditure with the significant amount relating to the learning centre development at Worker's House.

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

26. 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	Transfers from/to CWIP and inventories Ushs 000	Valuation at end of year Ushs 000
Year ended 30 June 2023							
Commercial properties	114,104,185	(18,312,062)	287,410	–	2,141,378	–	98,220,911
Undeveloped land*	548,365,282	(29,518,870)	–	–	41,086,479	–	559,932,891
Others	229,715,103	47,830,932	18,443,288	–	200,000	29,730	296,219,053
Total	892,184,570	–	18,730,698	–	43,427,857	29,730	954,372,855
Year ended 30 June 2024							
Commercial properties	98,220,911	–	1,772,653	–	4,675,378	4,636,166	109,305,108
Undeveloped land*	559,932,891	–	–	–	63,941,684	–	623,874,575
Others**	296,219,053	–	38,982,761	–	–	(335,201,814)	–
Total	954,372,855	–	40,755,414	–	68,617,062	(330,565,648)	733,179,683

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

** Others included on-going projects on Yusuf Lule and Lumumba Avenue and were transferred to Capital work-in-progress during the year.

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 2024.

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 68 billion (2023: Ushs 55 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.

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.

26. INVESTMENT PROPERTIES continued

Valuation techniques for investment properties continued

Buildings continued **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 (weighted average)
Office properties	Estimated rental value	Ushs 1,019 million – Ushs 5,954 million (Ushs 3,164 million)
	Estimated rental expenditure	Ushs 849 million – Ushs 3,882 million (Ushs. 1,899 million)
	Vacancy factor	10.30%
	Discount rate	8.76%
Land	Price per acre	Ushs 90 million – Ushs 717 million

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

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

	2024 Ushs 000	2023 Ushs 000
Workers House	5,954,022	5,349,102
Social Security House	3,359,048	2,911,849
Service Charge	2,323,000	2,176,713
Others – Naguru, Mbarara and Jinja	1,019,786	929,289
	12,655,856	11,366,953

NOTES continued

26. INVESTMENT PROPERTIES continued

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, Mbarara and Jinja Ushs 000	Total Ushs 000
Year ended 30 June 2024				
Maintenance and repairs	1,385,436	299,368	265,629	1,950,433
Ground and property rent	194,326	65,192	56,581	316,099
Cleaning services	199,022	68,098	117,930	385,050
Security services	723,035	303,760	186,480	1,213,275
Electricity	1,015,060	164,333	141,732	1,321,125
Water	365,316	65,920	81,154	512,390
	3,882,195	966,671	849,506	5,698,372
Year ended 30 June 2023				
Maintenance and repairs	980,250	325,013	161,863	1,467,126
Ground and property rent	223,356	71,118	–	294,474
Cleaning services	188,057	75,547	119,861	383,465
Security services	632,942	306,884	160,717	1,100,543
Electricity	680,800	95,819	120,327	896,946
Water	258,837	72,385	80,150	411,372
	2,964,242	946,766	642,918	4,553,926

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 Kisugu Ushs 000	Total Ushs 000
Year ended 30 June 2024					
Security expenses	276,000	154,080	231,120	1,712	662,912
Year ended 30 June 2023					
Security expenses	376,800	154,080	265,920	1,712	798,512

As at 30 June 2024, 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 2024			
Property rentals	9,313,070	46,565,350	–
As at 30 June 2023			
Property rentals	8,260,951	41,304,755	–

NOTES continued

27. INTANGIBLE ASSETS

	2024 Ushs 000	2023 Ushs 000
Cost		
At start of year	41,184,964	36,703,008
Additions	2,306,278	4,481,956
At end of year	43,491,242	41,184,964
Amortisation		
At start of year	(12,653,237)	(8,762,931)
Charge for the year	(4,067,699)	(3,890,306)
At end of year	(16,720,936)	(12,653,237)
Net carrying amount	26,770,306	28,531,727

28. 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 1 July 2022	25,266,375	7,814,782	11,467,181	16,059,413	23,221,670	83,829,421
Additions	132,149	84,052	2,253,160	586,394	7,673,628	10,729,383
Transfers from WIP	-	-	-	-	763,694	763,694
Disposals	-	(16,770)	(147,057)	(875,633)	(905,340)	(1,944,800)
Revaluation gains	983,033	-	-	-	-	983,033
Write offs	-	-	-	-	-	-
Reclassification	-	281	-	-	-	281
At 30 Jun 2023	26,381,557	7,882,345	13,573,284	15,770,174	30,753,652	94,361,012
Additions	6,955	38,302	1,625,223	1,359,354	2,248,654	5,278,488
Transfers from WIP	-	-	-	-	-	-
Disposals	-	(32,539)	(2,752,821)	(526,752)	(763,886)	(4,075,998)
Revaluation gains	991,510	-	-	-	-	991,510
Reclassification	-	-	-	-	-	-
At 30 Jun 2024	27,380,022	7,888,108	12,445,686	16,602,776	32,238,420	96,555,012
Depreciation						
At 1 July 2022	-	4,289,962	6,439,958	3,808,226	19,230,316	33,768,462
Charge for the year	640,340	731,878	1,566,806	1,900,628	4,688,194	9,527,846
Reclassification	-	281	-	4,844,459	(4,844,459)	281
Disposals	-	(16,720)	(147,057)	(810,197)	(832,073)	(1,806,047)
Write offs	-	-	-	-	-	-
At 30 June 2023	640,340	5,005,401	7,859,707	9,743,116	18,241,978	41,490,542
Charge for the year	351,845	706,793	1,998,896	1,865,549	5,121,529	10,044,612
Reclassification	-	-	-	-	-	-
Disposals	-	(29,352)	(2,752,821)	(498,253)	(717,271)	(3,997,697)
At 30 June 2024	992,185	5,682,842	7,105,782	11,110,412	22,646,236	47,537,457
Net carrying amount						
At 30 June 2024	26,387,837	2,205,266	5,339,904	5,492,364	9,592,184	49,017,555
At 30 June 2023	25,741,217	2,876,944	5,713,577	6,027,058	12,511,674	52,870,470

NOTES continued

28. 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 26. Below is the disclosure value if these spaces were measured using the cost model.

	Land and Buildings Ushs 000
Cost	
At 1 July 2022	25,266,375
Additions	132,148
At 30 Jun 2023	25,398,523
Additions	6,955
At 30 Jun 2024	25,405,478
Depreciation	
At 1 July 2022	–
Charge for the year	640,340
At 30 June 2023	640,340
Charge for the year	351,845
At 30 June 2024	992,185
Net carrying amount	
At 30 June 2024	24,413,293
At 30 June 2023	24,758,183

29. RIGHT OF USE ASSETS

	2024 Ushs 000	2023 Ushs 000
Cost		
At start of year	5,247,263	5,003,902
Additions	1,113,135	–
Modifications	3,514	243,361
Disposal	(1,117,710)	–
At end of year	5,246,202	5,247,263
Depreciation		
At start of year	2,698,601	2,289,436
Modifications	1,755	(399,162)
Charge for the year	921,203	808,327
Disposal	(799,050)	–
At end of year	2,822,509	2,698,601
Net carrying amount	2,423,693	2,548,662

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

NOTES continued

30. TAX CLAIMABLE

	2024 Ushs 000	2023 Ushs 000
At start of year	44,130,983	34,140,625
Tax withheld at source during the year	16,164,711	9,990,358
At end of year	60,295,694	44,130,983

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

31. OTHER PAYABLES

	2024 Ushs 000	2023 Ushs 000
Accounts payable	68,804,852	69,396,801
Accrual for legal costs	2,453,674	2,712,355
Lease liabilities	2,549,918	2,906,654
WHT payable	322,767	504,725
Alcon provision	814,522	814,522
	74,945,733	76,335,057

The Alcon provision suit arose from the termination of the contract for construction of Workers House executed by the Fund and Alcon International Limited, a company registered in the Republic of Kenya. The suit was registered in 1998 under High Court Civil Suit No. 1255/1998 – Alcon International Limited (registered in Uganda) – vs-National Social Security Fund & Anor.32.)

The claim in Court by Alcon International Limited registered in Uganda “Alcon Uganda” was for USD 8,497,429.38 (United States Dollars Eight Million Four Hundred Ninety-Seven Thousand Four Hundred Twenty Nine and Thirty-Eight cents.) being sums due for unpaid certificates of works, plant & machinery, materials and damages.

Alcon Uganda obtained an award for the sums claimed against the Fund. However, the Supreme Court in 2013, overturned the award after finding that the construction contract was fraudulently assigned by Alcon Kenya to Alcon Uganda without the consent of the Fund. The Supreme Court ordered the transmission of the matter back to the High Court for disposal of the case filed by Alcon Uganda in 1998. The High Court dismissed the suit after finding that Alcon Uganda, the party in Court did not have a cause of action against the Fund based on a contract that they were not privy to and their participation in the fraudulent assignment.

A complaint was lodged with the Uganda Police Force, by which Alcon Uganda seeks to recover the plant, machinery and materials left at the site after the contract was terminated. Investigations are ongoing. The plant, machinery and materials were valued at the point of termination of the contract and assigned a value of USD 64,252 (United States Dollars Sixty-Four Thousand Two Hundred Fifty-Two only). The provision of USD 218,429 translating to Ushs 815 million is the present value of the equipment left at the site at the time of contract termination. Management has provided for this figure to cater for the costs, if any, that may be incurred if investigations culminate into a case filed against the Fund.

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

	2024 Ushs 000	2023 Ushs 000
At 1 July	2,906,654	3,195,430
Additions	1,113,135	–
Modifications	5,345	459,403
Disposal	(485,044)	–
Accretion of interest	366,879	337,093
Repayments of interest	(346,541)	(147,492)
Repayments of principal	(1,010,510)	(937,780)
At 30 June	2,549,918	2,906,654

NOTES continued

31. OTHER PAYABLES continued

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:

	2024 Ushs 000	2023 Ushs 000
Maturity period		
Due within 1 year	434,821	1,025,283
Due with 1 to 5 years	1,576,550	1,854,788
Due over 5 years	538,547	26,583
Total liability	2,549,918	2,906,654

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:

	2024 Ushs 000	2023 Ushs 000
Interest expense on lease liabilities	366,879	337,093
Depreciation expense of right-of-use assets	921,201	808,327
	1,288,080	1,145,420

32. CONTRACT LIABILITIES

		2024 Ushs 000	2023 Ushs 000
Advance payments for housing	(a)	8,366,157	8,683,726
Advance payments for activities	(b)	9,392,492	6,465,730
Deferred rental income and security deposits	(c)	630,091	567,489
		18,388,740	15,716,945

(a) Advance payments for housing

These relate to advance payments on the Lubowa housing project and Mbuya Housing project.

(b) Advance payments for activities

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 UGX 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. Inclusive of the Ushs 9.4Billion, is Ushs 8.9 Billion of funds availed by MasterCard for the Hi-innovator program.

The balance 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.

33. MEMBER LIABILITIES

(a) Accumulated member fund

	2024 Ushs 000	2023 Ushs 000
At start of year	19,067,610,941	16,961,837,142
Contributions received during the year	1,931,779,931	1,716,505,860
Interest on arrears	6,819,975	4,066,734
Interest allocation for the year	2,064,520,976	1,583,760,410
Members' fund liability before benefit payments	23,070,731,823	20,266,170,146
Benefits paid during the year		
Age benefits	(602,176,148)	(381,409,881)
Withdrawal benefits	(56,956,936)	(240,354,333)
Exempted employee benefits	(105,521,306)	(115,262,906)
Invalidity benefits	(40,013,699)	(43,058,874)
Survivors' benefits	(30,578,388)	(37,302,695)
Emigration grant benefits	(108,926,299)	(108,998,682)
Mid-term age benefits	(174,498,255)	(266,738,222)
Mid-term disability benefit	(2,054,844)	(5,433,612)
Total benefits payments	(1,120,725,875)	(1,198,559,205)
At end of year	21,950,005,948	19,067,610,941

(b) Interest allocated to members:

	2024 Ushs 000	2023 Ushs 000
Prior year over/ (under) provision of interest to members	629,194	7,432,616
Interest for the year payable to members	2,073,359,442	1,583,812,110
Total interest available to members	2,073,988,636	1,591,244,726
Allocated as follows:		
To members funds		
Opening provision balance	629,194	7,432,616
Interest payable to members for the year	2,063,891,783	1,576,327,794
	2,064,520,977	1,583,760,410
To reserves		
Interest payable to members for the year	9,467,659	7,484,316
Total provision	2,073,988,636	1,591,244,726

The accumulated members' funds are made up of members' accounts which comprise all standard, voluntary 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 2024, the Minister for Finance, Planning & Economic Development approved an interest rate of 11.50% (2023: 10%) to be calculated and added to the members' funds.

This declaration results in interest payable for the year in excess of amounts available for the payment of interest from reserves brought forward, the net increase in the Fund for the year and net contributions for the year by Ushs 126 billion (2023: Ushs 794 billion)

The Directors are confident that the Fund's accumulated deficit would be reversed in the short term through net increases in the Fund.

NOTES continued

33. MEMBER LIABILITIES continued

Below is the movement in accumulated deficit.

	2024 Ushs 000	2023 Ushs 000
At start of year	(794,068,813)	15,372,770
Net increase in the Fund	1,479,622,138	(291,494,928)
Net dealings with members	(811,054,056)	(517,946,655)
At end of year	(125,500,731)	(794,068,813)

34. MEMBERS RESERVE ACCOUNTS

Included in the accumulated members' fund balance is Ushs 91 billion (2023: Ushs 82 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.

Unallocated members' contributions

	2024 Ushs 000	2023 Ushs 000
At start of year	82,327,472	74,843,156
Provision for interest on unallocated members' contributions	9,467,659	7,484,316
At end of year	91,795,131	82,327,472

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

	2023 Ushs 000	2023 Ushs 000
At start of year	57,734,971	50,250,655
Charged to surplus or deficit	9,467,659	7,484,316
At 30 June	67,202,630	57,734,971

As at 30 June 2024, the reserve account included unallocated members' contributions and interest thereon amounting to Ushs 91 billion (2023: Ushs 82 billion), comprising contributions amounting to Ushs 24.4 billion (2023: Ushs 24.4 billion) and interest thereon amounting to Ushs 67.2 billion (2023: Ushs 57.7 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 (2023: Nil). However, as stated in note 32 above, interest was accrued on these balances and credited in the reserve account accordingly.

35. NET CASH USED IN OPERATING ACTIVITIES

	Note	2024 Ushs 000	2023 Ushs 000
Net increase in the fund for the year		1,479,709,043	(291,494,928)
Income tax expense	14(a)	216,035,294	193,233,582
Net dealings with members		(811,054,056)	(517,946,655)
Tax on fixed income investments	20, 16	130,553,222	171,795,697
Interest to members	33(b)	2,073,988,636	1,583,812,110
Depreciation on property and equipment and right of use assets	28, 29	10,965,815	10,336,173
(Gain)/loss on disposal of property and equipment	8	78,301	17,704
Increase in allowance for expected credit losses	10	2,852,945	(1,551,945)
Amortisation of intangible assets	27	4,067,699	3,890,306
Fair value gain on associates	23	(33,338,334)	(48,560,309)
Staff loans fair value adjustment	22	(36,662)	(106,129)
Unrealised foreign exchange losses on equity investments internally managed	21	13,614,315	200,884,646
Unrealised foreign exchange losses on debt instruments at amortised cost	20	(270,193,630)	831,661,941
Unrealised foreign exchange (gains) / losses on externally managed investments	18	(2,004,095)	8,838,286
Unrealised foreign exchange losses on deposits with commercial banks	16	253,059	(14,645)
Fair value gains on inventories and owner occupied property and equipment	24, 28	(10,315,170)	(12,010,659)
Fair value gains on investment properties	26	(68,617,062)	(43,427,857)
Fair value (gains) / losses on equity investments externally managed	18	(3,874,366)	8,458,789
Fair value gains on equity investments internally managed	21	(267,617,081)	98,194,316
Finance costs charged to lease liabilities	31	366,879	337,093
Interest income on loans and advances	22	(821,266)	(1,046,317)
Interest income on debt instruments at amortised cost	20	(2,313,031,008)	(2,023,502,192)
Interest income on commercial bank deposits	16	(24,290,194)	(18,268,159)
IFRS 16 modifications and loss on disposal of leases	8(c)	(162,798)	(181,084)
Interest on unallocated contributions	34	9,467,659	7,484,316
Changes in working capital			
Inventories		(16,499,109)	(54,498,469)
Trade and other receivables	17	(23,246,220)	(2,392,309)
Withholding tax claimable	14(c)	25,323,522	(9,990,358)
Tax deposit recovered	30	(16,164,711)	-
Other payables and contract liabilities	31	(7,778,769)	(9,629,433)
Cash generated from operating activities		98,231,858	84,323,511
Taxes incurred		(216,035,294)	(193,233,582)
Interest paid on leases		(346,541)	-
Net cash used in operating activities		(118,236,882)	(108,910,071)

36. 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 23, Associates.

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

(a) Interest income

	2024 Ushs 000	2023 Ushs 000
(i) Housing Finance Bank Uganda Limited		
Interest income on loans and advances	821,130	1,012,517
Interest income on term deposits	4,890,559	6,105,793
	5,711,689	7,118,310
(ii) Government of Uganda		
Interest income on treasury bonds	1,564,344,075	2,021,100,856
	1,570,055,764	2,028,219,166

(b) Income tax expense

Government of Uganda		
Income tax expense for the year	216,035,294	193,233,582

(c) Key management compensation

Salaries and short-term benefits	7,764,044	6,820,098
Directors' remuneration (Note 35 (d))	1,856,453	1,895,881
Post-employment benefits	304,451	777,929
	9,924,948	9,493,908

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)	1,856,453	1,895,881
Board expenses	1,199,231	1,294,930
	3,055,684	3,190,811

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	63,950	1,139,406
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NOTES continued

36. RELATED PARTY DISCLOSURES continued

(f) Loans and advances due from related parties

	2024 Ushs 000	2023 Ushs 000
Housing Finance Bank Uganda Limited	5,833,333	7,500,000
Uganda Clays Limited	20,600,381	20,600,381
Staff loans to key management staff	120,438	300,658
Allowance for credit losses	(20,677,974)	(20,864,019)
	5,876,178	7,537,020

(g) Fixed deposits with related party

Housing Finance Bank Uganda Limited	72,032,956	21,691,144
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(h) Dividends due from related parties

Housing Finance Bank Uganda Limited	16,283,657	14,614,952
Uganda Clays Limited	–	145,187
Umeme Limited	30,172,359	20,383,290
	46,456,016	35,143,429

(i) Debt instruments with related parties

Government of Uganda	10,772,744,004	9,034,716,676
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(j) Financial Asset Receivable

	99,267,475	98,840,713
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The Government has 100% control of the Fund. The Fund invests in treasury bonds issued by the Government which have the terms and conditions disclosed in Note 19. 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 7.8 billion (2023: Ushs 7.8 billion)

37. 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.

URA has since filed an application in the Court of Appeal for leave to appeal which is pending hearing.

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.

37. CONTINGENT LIABILITIES continued

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

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. Temangalo Tea Estates Limited has since lodged an appeal with the Court of Appeal.

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 hearing on 22nd October 2024.

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.

38. 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 assess 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.

38. USE OF ESTIMATES AND JUDGEMENTS continued

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 39(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 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.
- (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.
- (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 40.
- (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 38.
- (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 26.

39. FINANCIAL RISK MANAGEMENT

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

- Market risk;
- Liquidity risk;
- Credit risk; and
- Capital management risk.

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

Risk management framework

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

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Fund through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Fund's Audit and Risk Committee is responsible for monitoring compliance with the Fund's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Fund. The Audit and Risk Committee is assisted in these functions by Internal Audit and Risk functions. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

(a) Market risk

Market risk is the risk that changes in market prices, such as 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 Eastern and Southern African Trade and Development Bank (TDB Bank), Housing Finance Bank, Yield Fund and TPS Uganda 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		
2024		
Equity securities externally managed	+/-5%	+/-311,732
Equity investments internally managed	+/-5%	+/-124,401,748
2023		
Equity securities externally managed	+/-5%	+/-3,813,706
Equity investments internally managed	+/-5%	+/-92,926,696

NOTES continued

39. 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 2024. All balances are in Ushs 000's.

	USD	Kshs	Tshs	Rwf	Total
Cash and bank balances	2,191,727	765,122	150,883,650	3,027,151	156,867,650
Deposits due from commercial banks	–	–	–	–	–
Equity securities externally managed	–	3,620,657	–	–	3,620,657
Trade and other receivables	4,953,122	41,095,076	41,579,480	1,103,576	88,731,254
Debt instruments at amortised cost	15,623,481	4,773,664,333	1,424,605,249	26,027,184	6,239,920,247
Equity investments internally managed	215,908,588	739,492,692	611,172,952	36,670,913	1,603,245,145
Total assets	238,676,918	5,558,637,880	2,228,241,331	66,828,824	8,092,384,953
Financial liabilities					
Other payables	–	–	–	–	–
Currency gap					
At 30 June 2024	238,676,918	5,558,637,880	2,228,241,331	66,828,824	8,092,384,953

The Fund had the following foreign currency positions as at 30 June 2023. All balances are in Ushs 000's

	USD	Kshs	Tshs	Rwf	Total
Cash and bank balances	33,326,902	31,269,844	80,292,301	–	144,889,047
Deposits due from commercial banks	–	–	–	–	–
Equity securities externally managed	–	33,246,950	16,329,029	–	49,575,979
Trade and other receivables	4,749,382	17,978,705	–	4,148,445	26,876,532
Debt instruments at amortised cost	117,589,717	3,307,378,168	1,717,317,476	34,233,584	5,176,518,945
Equity investments internally managed	196,703,933	618,669,738	571,331,184	38,409,800	1,425,114,655
Total assets	352,369,934	4,008,543,405	2,385,269,990	76,791,829	6,822,975,158
Financial liabilities					
Other payables	–	–	–	–	–
Currency gap					
At 30 June 2023	352,369,934	4,008,543,405	2,385,269,990	76,791,829	6,822,975,158

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.

Currency	Change in currency rate in % 2024	Effect on surplus 2024 Ushs '000	Change in currency rate in % 2023	Effect on surplus 2023 Ushs '000
USD	±5%	±11,933,846	±5%	±17,618,497
KES	±5%	±277,931,894	±5%	±200,427,170
TZS	±5%	±111,412,067	±5%	±119,263,499
RWF	±5%	±3,341,441	±5%	±3,839,591

39. FINANCIAL RISK MANAGEMENT continued

(a) Market risk continued

Currency risk continued

The following exchange rates applied during the year:

	Average rate		Rate at year end	
	2024 Ushs	2023 Ushs	2024 Ushs	2023 Ushs
KES	26.39	29.69	28.70	26.11
USD	3,787.10	3,761.05	3709.52	3668.5
TZS	1.50	1.61	1.41	1.535
RWF	3.02	3.48	2.83	3.16

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 financial assets held at variable interest rates relate to the corporate bonds for African Development Bank (ADB). These balances are not significant when compared with the total financial assets of the Fund as at year-end, hence a change of 1 basis point in the interest rate for these instruments would have an insignificant effect on the statement of changes in net assets available for benefits.

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.

	< 3 months Ushs 000	3–12 months Ushs 000	> 1 year Ushs 000	Non-Interest bearing Ushs 000	Total Ushs 000
2024					
Assets					
Cash and bank balances	126,697,233	–	–	58,984,935	185,682,168
Deposits with commercial banks	181,764,941	96,030,046	–	–	277,794,987
Trade and receivables	–	–	–	127,222,635	127,222,635
Financial asset receivable	–	–	–	99,267,475	99,267,475
Debt instruments at amortised cost	35,878,651	304,162,930	16,672,622,670	–	17,012,664,251
Loans and advances	–	–	26,737,240	–	26,737,240
Total assets	344,340,825	400,192,976	16,699,359,910	285,475,045	17,729,368,756
Liabilities					
Other payables	–	–	–	74,945,733	74,945,733
Total liabilities	–	–	–	74,945,733	74,945,733
Gap as at 30 June 2024	344,340,825	400,192,976	16,699,359,910	210,529,312	17,654,423,023

NOTES continued

39. 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
2023					
Assets					
Cash and bank balances	142,015,268	–	–	48,655,086	190,670,354
Deposits with commercial banks	800,215	104,480,650	–	–	105,280,865
Trade and receivables	–	–	–	103,948,952	103,948,952
Financial asset receivable	–	–	–	98,840,713	98,840,713
Debt instruments at amortised cost	30,005,694	254,374,666	13,943,490,191	–	14,227,870,551
Loans and advances	–	–	28,504,113	–	28,504,113
Total assets	172,821,177	358,855,316	13,971,994,304	251,444,751	14,755,115,548
Liabilities					
Other payables	–	–	–	76,335,057	76,335,057
Total liabilities	–	–	–	76,335,057	76,335,057
Gap as at 30 June 2023	172,821,177	358,855,316	13,971,994,304	175,109,694	14,678,780,491

(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 2024 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 2024						
Financial assets						
Cash and bank balances	185,682,168	–	–	–	–	185,682,168
Deposits with commercial banks	–	181,764,941	96,030,046	–	–	277,794,987
Trade and other receivables	–	76,418,456	5,993,640	44,810,539	–	127,222,635
Financial asset receivable	–	–	–	–	99,267,475	99,267,475
Debt instruments at amortised cost	–	35,878,651	304,162,930	16,672,622,670	–	17,012,664,251
Loans and advances	–	–	–	6,136,858	20,600,381	26,737,239
Total financial assets	185,682,168	294,062,048	406,186,616	16,723,570,067	119,867,856	17,729,368,755
Financial liabilities						
Other payables	–	322,767	71,693,348	2,391,072	538,546	74,945,733
Financial liabilities	–	322,767	71,693,348	2,391,072	538,546	74,945,733
Liquidity gap	185,682,168	293,739,281	334,493,268	16,721,178,995	119,329,310	17,654,423,022

39. FINANCIAL RISK MANAGEMENT continued

(b) Liquidity risk continued

Exposure to liquidity risk continued

	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 2023						
Financial assets						
Cash and bank balances	190,670,354	–	–	–	–	190,670,354
Deposits with commercial banks	–	800,215	104,480,650	–	–	105,280,865
Trade and other receivables	–	78,167,428	7,783,706	17,997,818	–	103,948,952
Financial asset receivable	–	–	–	–	98,840,713	98,840,713
Debt instruments at amortised cost	–	30,005,694	254,374,666	13,943,490,191	–	14,227,870,551
Loans and advances	–	–	–	7,903,731	20,600,381	28,504,112
Total financial assets	190,670,354	108,973,337	366,639,022	13,969,391,740	119,441,094	14,755,115,547
Financial liabilities						
Other payables	–	504,725	73,134,439	2,669,310	26,583	76,335,057
Financial liabilities	–	504,725	73,134,439	2,669,310	26,583	76,335,057
Liquidity gap	190,670,354	108,468,612	293,504,583	13,966,722,430	119,414,511	14,678,780,490

(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.

39. FINANCIAL RISK MANAGEMENT continued

(c) Credit risk continued

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 2024 and 30 June 2023 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.

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

	2024 Ushs 000	2023 Ushs 000
Cash and bank balances	185,682,168	190,670,354
Deposits with commercial banks	274,103,373	104,073,315
Trade and other receivables	76,418,456	78,167,428
Financial asset receivable	99,267,475	98,840,713
Debt instruments at amortised cost	17,012,664,250	14,227,870,551
Loans and advances	6,059,266	7,640,094
	17,654,194,988	14,707,262,455

NOTES continued

39. FINANCIAL RISK MANAGEMENT continued

(c) Credit risk continued

Exposure to credit risk continued

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 2024				
Cash and bank balances	15	185,682,168	–	185,682,168
Deposits with commercial banks	16	277,794,987	(3,691,614)	274,103,373
Financial asset receivable	19	99,267,475	–	99,267,475
Debt instruments at amortised cost	20	17,018,325,723	(5,661,473)	17,012,664,250
Loans and advances	22	26,737,240	(20,677,974)	6,059,266
		17,607,807,593	(30,031,061)	17,577,776,532
At 30 June 2023				
Cash and bank balances	15	190,670,354	–	190,670,354
Deposits with commercial banks	16	105,280,866	(1,207,551)	104,073,315
Financial asset receivable		98,840,713	–	98,840,713
Debt instruments at amortised cost	20	14,233,321,724	(5,451,173)	14,227,870,551
Loans and advances	22	28,504,113	(20,864,019)	7,640,094
		14,656,617,770	(27,522,743)	14,629,095,027

Movements in the allowance have been disclosed in Notes 15, 16, 20, 22.

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;

	2024 Ushs 000	2023 Ushs 000
Trade receivables	7,834,395	7,495,113
Dividends receivable	75,910,768	76,213,269
Other receivables	2,052,193	3,859,373
	85,797,356	87,567,755

NOTES continued

39. FINANCIAL RISK MANAGEMENT continued

(c) Credit risk continued

Exposure to credit risk continued

Trade and other receivables continued

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
2024				
Trade receivables*	7,834,395	46%	3,606,484	4,227,911
Dividends receivable	75,910,768	6%	4,184,363	71,726,405
Other receivables	2,052,193	77%	1,588,052	464,141
	85,797,356		9,378,899	76,418,457
2023				
Trade Receivables*	7,495,113	48%	(3,606,485)	3,888,628
Dividends Receivable	76,213,269	5%	(4,184,363)	72,028,906
Other Receivables	3,859,373	42%	(1,609,479)	2,249,894
	87,567,755		(9,400,327)	78,167,428

Movements in the allowance have been disclosed in Note 17.

* 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 2024 and 2023:

	Gross Receivable Ushs' 000	Loss rates	ECL Ushs' 000	Carrying amount Ushs' 000
30 June 2024				
Workers House	293,395	33%	(95,667)	197,728
Social Security House	6,130,588	38%	(2,352,393)	3,778,195
Yusuf Lule parking	520,737	100%	(520,737)	-
Bwebajja	691,165	81%	(558,124)	133,041
Other properties	198,510	40%	(79,563)	118,9467
	7,834,395		(3,606,484)	4,227,909
	Gross Receivable Ushs' 000	Loss rates	ECL Ushs' 000	Carrying amount Ushs' 000
30 June 2023				
Workers House	738,313	23%	(168,265)	570,048
Social Security House	5,419,387	42%	(2,284,798)	3,134,589
Yusuf Lule parking	562,977	100%	(562,977)	-
Bwebajja	675,470	87%	(586,977)	88,493
Other properties	98,966	4%	(3,467)	95,499
	7,495,113		(3,606,484)	3,888,629

NOTES continued

39. FINANCIAL RISK MANAGEMENT continued

(c) Credit risk continued

Exposure to credit risk continued

Trade and other receivables continued

Movements in the allowance have been disclosed in Note 17.

	12-month PD ranges Percentage	Stage 1 12 month ECL UShs '000	Stage 2 Lifetime ECL UShs '000	Stage 3 Lifetime ECL UShs '000	Total UShs '000
As at 30 June 2024					
Cash and bank balances	0-0	-	-	-	-
Deposits with commercial banks	10.25-15.25	3,691,614	-	-	3,691,614
Trade and other receivables	33-100	4,706,736	1,588,052	3,084,112	9,378,900
Financial asset receivable	0-0	-	-	-	-
Debt instruments at amortised cost	2.56-3.62	5,661,473	-	-	5,661,473
Loans and advances	100	-	-	20,677,974	20,677,974
					39,409,960
As at 30 June 2023					
Cash and bank balances	0-0	-	-	-	-
Deposits with commercial banks	15.00-17.15	1,207,551	-	-	1,207,551
Trade and other receivables	4-100	5,149,497	1,609,479	2,641,351	9,400,327
Financial asset receivable	0-0	-	-	-	-
Debt instruments at amortised cost	2.56-3.62	5,451,173	-	-	5,451,173
Loans and advances	100	-	-	20,864,019	20,864,019
					36,923,070

39. 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:

	2024 Ushs 000	2023 Ushs 000
FINANCIAL ASSETS		
Financial assets at fair value		
Equity securities externally managed	6,234,633	76,274,119
Equity investments internally managed	2,488,034,950	1,858,533,926
Total financial assets at fair value	2,494,269,583	1,934,808,045
Financial instruments at amortised cost		
Cash and bank balances	185,682,168	190,670,354
Deposits with commercial banks	274,103,373	104,073,315
Trade and other receivables	76,418,456	78,167,428
Financial asset receivable	99,267,475	98,840,713
Debt instruments at amortised cost	17,012,664,250	14,227,870,551
Loans and advances	6,059,266	7,640,094
Total financial assets at amortised cost	17,654,194,988	14,707,262,455
Total financial assets	20,148,464,571	16,642,070,500
Total current	3,030,473,580	2,307,719,142
Total non-current	17,117,990,991	14,334,351,358
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Other payables	74,622,967	75,830,332
Total financial liabilities	74,622,967	75,830,332
Total current	72,073,049	72,923,678
Total non-current	2,549,918	2,906,654
	74,622,967	75,830,332

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 11.50% was declared for the year 2024 (2023: 10%).

40. 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 2024		30 June 2023	
	Carrying amount Ushs 000	Fair Value Ushs 000	Carrying amount Ushs 000	Fair Value Ushs 000
Debt instruments at amortised cost	17,012,664,250	17,289,702,152	14,227,870,551	14,752,504,091

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 based on observable inputs resulting in a Level 2 classification. Of the Ushs 17.29 Trillion fair value amount, Ushs 16.68 Trillion is at clean price and Ushs 0.61 Trillion is accrued interest.

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:

		Fair value measurement using		
	Total Ushs 000	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 2024				
Asset type				
Equity investments internally managed (Note 20)	2,488,034,950	2,272,126,362	–	215,908,588
Equity securities externally managed (Note 18)	6,234,633	6,234,633	–	–
Investment Properties (Note 26)	733,179,683	–	–	733,179,683
Investment in associates (Note 23)	429,242,732	–	–	429,155,827
Debt instruments at amortised cost	17,289,702,152	–	17,289,702,152	–

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

NOTES continued

40. 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 2023				
Asset type				
Equity investments internally managed (Note 20)	1,858,533,926	1,661,829,993	–	196,703,933
Equity securities externally managed (Note 18)	76,274,119	76,274,119	–	–
Investment Properties (Note 26)	954,372,855	–	–	954,372,855
Investment in associates (Note 23)	387,028,048	–	–	387,028,048
Debt instruments at amortised cost	14,752,504,091	–	14,752,504,091	–

Description	Input	Sensitivity used*	Effect on the Fair value Ushs,000
Workers House and Social Security House	Estimated rental value	2024: 8.76%	1,108,653
		2023: 8.52%	968,793
	Estimated rental expenditure	2024: 10%	484,887
		2023: 10%	391,101
	Vacancy factor	2024: 10%	12,611,5801
		2023: 10%	12,094,712
	Discount factor	2024: 8.76%	10,689,871
		2023: 8.52%	9,971,782
	Land price per acre	2024: 10%	35,512
		2023: 10%	32,958

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 2024 and 30 June 2023 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.

41. RESTATEMENT OF FINANCIAL STATEMENTS

(a) Statement of changes in net assets available for benefits

The Fund changed the statement of changes in net assets available for benefits in the current year with the objective of improving the understandability of the Fund's financial statements to the users of the financial statements. The changes are;

1. To reclassify dealings with members to the bottom of the statement, just after surplus after tax. This is to clearly indicate that dealings from members are not subject to tax.
2. To present interest to members as an expense in the statement of changes in net assets available for benefits. Previously, this was presented as a movement between the accumulated deficit and accumulated members Funds in the statement of Net assets available for benefits without being reflected in the statement of changes in net assets.

(b) Statement of cash flow

The statement of cash flow has been restated to present deposits with commercial banks maturing within three months as cash and cash equivalents. These were previously presented under investing activities.

There is no impact on the statement of net assets as a result of the above restatements.

42. SUBSEQUENT EVENTS

There were no other material events occurring after the reporting date which had an impact on the financial position or results of the Fund.