



PARLIAMENTARY PENSION SCHEME

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Licence No: RBS.0059

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## Abbreviations /Acronyms

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

## SCHEME INFORMATION

### Registered Office

Development House  
Plot 09-11 Parliament Avenue  
P. O. Box 7178  
Kampala, Uganda

### Bankers:

Centenary Bank (U) Limited  
Corporate Branch  
Mapera House  
P. O. Box 5421  
Kampala, Uganda

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

Diamond Trust Bank  
Kampala Road  
P. O. Box 3072  
Kampala, Uganda

### Custodian

Stanbic Bank (U) Limited  
Crested Towers  
Hannington Road  
P. O. Box 7131  
Kampala, Uganda

### Asset managers

Gen Africa  
Aha Towers  
Lourdel Road  
P. O. Box 75200  
Kampala, Uganda

UAP Old Mutual Financial Services  
Nakawa Business Park  
Plot 3-5 New Portbell Road  
P. O. Box  
Kampala, Uganda

Britam Asset Managers  
Britam Centre  
Plot 2A, Nakasero  
Akii- Bua Road  
P. O. Box 6583,  
Kampala, Uganda

**Legal services**

Office of the General Counsel  
Parliamentary Commission  
P.O. Box 7178  
Kampala, Uganda

**Auditor**

Auditor General  
P. O. Box 7083, KAMPALA.

**Actuarial Services**

Zamara Actuaries, Administrators & Consultants Ltd,  
Argwings Kodhek Road  
P.O. Box 52439  
Nairobi, Kenya

Actuarial Services (EA) Ltd,  
Plot 1113 Kayahwe Rd,  
P. O. Box 10472  
Nairobi, Kenya.

## ABOUT THE FUND

### **Vision:**

A Society of dignified retired members of the Scheme.

### **Mission:**

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

### **Values:**

The Core values of Parliamentary Pension Scheme are:

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

### **Strategic Objectives:**

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

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## OTHER SERVICES

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### Member Education

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

### Loans

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

### Medical Treatment

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

### Mortgage

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

### Access to Midterm Benefits

The Scheme pays out midterm benefit of up to 20% to qualifying Members.

Medical Insurance Cover

Members contributing 2% of their basic salary to cater for medical Insurance at retirement.

Voluntary savings

Members can voluntarily save more with the Schemes.



## PPS At A GLANCE

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Members of the Scheme

1,398



Members' Contributions

UgX. 48.291 bn



Total revenue

UgX. 55.025 bn



Net Asset Value

UgX. 425.260 bn



Benefits paid

UgX. 9.135 bn



Funding level

**102.7%**

## CHAIRMAN'S STATEMENT

On behalf of the Board of Trustees and Management of Parliamentary Pension Scheme, I welcome you all to the 12<sup>th</sup> Annual General Meeting. It is my pleasure to present the Annual report and Financial Statements for Parliamentary Pension Scheme for the year ended 30<sup>th</sup> June 2023.

## Review of the Business Environment

### Operating Environment

During the Financial year 2022/2023, the economy grew by 5.5% compared to 4.6% last year. This year's performance compares favorably with the average growth rate for Sub-Saharan Africa estimated at 3.6% for calendar year 2023<sup>1</sup>.

The good performance was majorly driven by the Services sector which grew at 6.2%, compared to 4.1% in the previous year. Agriculture also performed strongly growing by 5.0%, despite the dry spell in the first quarter of the financial year. Industry grew at 3.9%, driven largely by manufacturing and construction activities<sup>1</sup>.

The "Arts, Entertainment, and Recreation increased by 4.0% compared to 2.2% last year. Activities related to information and communication increased by 10.4% compared to 7.4% last year. The education sector also saw an increase to 3.4% compared to 1.5% of last year<sup>2</sup>.

There was gradual decline of prices for some of the essential commodities, mainly on account of a slowdown in price increments for food, petrol and diesel as well as a reduction in transport prices. This was attributed to favorable weather conditions which increased supplies across the country. The annual headline and core inflation fell from 5.5% in June 2022 to 4.8% in June 2023<sup>3</sup>. The central bank rate was 10%.

In order to support economic growth, Government provided long-term and affordable capital through the Uganda Development Bank, Emyooga, the Agricultural Credit Facility

and the Small Business Recovery Fund to large, medium, small and micro enterprises. In boosting household incomes as well as developing micro-enterprises, the Parish Development Model (PDM) was introduced.

In order to support Private Sector growth, the Government opened up industrial parks' development, promoted Small and Medium Enterprises (SMEs) and facilitated tourism.

The inflation within the EAC partner states was on a downward trend. In Uganda, Tanzania, Rwanda and Kenya's annual headline inflation trended downwards in June 2023. This was mainly driven by the slow down in prices of food as well as a reduction in fuel prices<sup>3</sup>.

All currencies of the EAC partner states depreciated against the US dollar except for Uganda which appreciated. Burundi recorded the highest depreciation<sup>3</sup>.

The East African Economies grew by 5.0%, 6.2% and 5.1% for Kenya, Rwanda and Tanzania respectively<sup>4</sup>.

In Kenya, the Nairobi All Share Index (NASI) improved performance from negative 21.53% in June 2022 to negative 14.04% in June 2023. The Local Share Index (NSE 20) further improved from negative 12.64% in June 2022 to negative 2.42% in June 2023<sup>5</sup>. The 91-day Treasury bills posted an average yield of 9.63%. The average inflation was 8.77% by June 2023. The Kenyan shilling slightly depreciated by 1.8 % against the US dollar<sup>3</sup>.

There was an improved performance of stocks at the Uganda Securities Exchange. The All-Share Index (ALSI) improved from negative 23.27% in June 2022 to negative 11.53% in June 2023. The Local Share Index [LSI] improved from negative 21.13% in June 2022 to positive 0.03% in June 2023<sup>5</sup>. The 91-day Treasury bills registered an average interest rate of 10.06% during the year. During the Financial year 2022/2023, the shilling appreciated by 0.6% to the US dollar<sup>3</sup>.

In Tanzania, the All-Share Index [ASLI] improved from negative 5.58% in 2022 to negative 4.00% in June 2023, while the local share Index [TSI] dropped from 7.53% in 2022 to 4.15% in June 2023<sup>5</sup>. The 91-day Treasury bills registered an average interest rate of 3.26% during the year. The average inflation was 3.6%. The Tanzanian shilling depreciated by 0.3% to the US dollar.

In Rwanda, the ALSI performance dropped from negative 0.11% in June 2022 to negative 2.71% in June 2023, while the local share Index [RLS] performed well from negative

0.52% in June 2022 to positive 5.11% in June 2023<sup>5</sup>. The 91-day Treasury bills registered an average interest rate of 7.09% during the year. The average inflation was 20.4%. The Rwandan Franc depreciated by 2.2% to the US dollar<sup>3</sup>.

## Outlook

The global economy was projected by the IMF to grow from 3.1% last year to 2.1% in 2023 and 2.4% in 2024. Global growth was projected to slow significantly in the second half of 2023, with weakness continuing into 2024. The resilience that global economic activity exhibited earlier this year were expected to fade due to continued monetary policy tightening to rein in high inflation, before a lukewarm recovery expected in 2024. Tight global financial conditions and subdued external demand are expected to weigh on growth across emerging markets and developing economies (EMDEs). Global growth will be weaker than anticipated due to more widespread banking sector stress, persistent inflation, continued overlapping shocks of the pandemic, the Russian Federation's invasion of Ukraine, and the sharp tightening of global financial conditions<sup>4</sup>.

Projected growth in China this year was revised upward following a faster-than-expected reopening of the economy, which boosted near-term consumer spending, particularly on services. Regional growth in 2024 and 2025 in EAP is expected to edge down to 4.6% and 4.5% respectively. The growth in China is expected to sluggish due to slower recovery in industrial production<sup>4</sup>.

Following a solid recovery in 2022, growth in the Middle East and North Africa reduced from 5.9% to 2.2% in 2023. The reduction in growth was due to lower oil prices and production, high inflation, dollar shortages, and fiscal and monetary policy tightening. The outlook for 2024 remains bleak due to further policy tightening, rising violence and social tensions, perhaps arising from the high levels of unemployment in much of the region.

In the Sub-Saharan Africa, recoveries from the pandemic remain incomplete in many countries, with elevated costs of living tempering the growth of consumption. Fiscal space has narrowed further, while surging import bills and higher debt burdens have heightened financing needs. Although the baseline projection for 2024-25 predicts a pickup in growth, per capita incomes are expected to expand much more slowly than needed to make progress in reducing extreme poverty<sup>4</sup>.

The growth in the three largest economies in Sub-Saharan Africa, Nigeria, South Africa, and Angola was projected to reduce from 4.2% in 2022 to 3.9% in 2023-24. This was due to smaller production of metals, oil and agricultural commodities reduced by an expected weakening of global commodity prices.

Growth in Nigeria, was projected at 3.0% in 2024. Foreign exchange restrictions, high living costs, security challenges, and limited fiscal space are expected to further constrain the growth momentum in 2024<sup>4</sup>.

Growth in South Africa was projected at 1.5 % in 2024 as power cuts are expected to be more severe than previously projected. Persisting structural problems are expected to prevent a much-needed pickup in growth<sup>4</sup>.

In Angola, recovery is forecasted to pick up to 3.3% in 2024, driven by a strong performance in the nonoil sectors, particularly services and agriculture<sup>4</sup>.

In East Africa region, growth for 2024 is projected at 6.0%, 8.0%, and 6.3% for Kenya, Rwanda and Tanzania respectively<sup>6</sup>. The growth will be supported by the oil sector ramping up investments, sustained recovery of tourism and agricultural production and exports.

The Uganda's economy is on an upwards trend and is expected to grow by 6.7% in 2024. The easing of the spillovers of the Covid- 19 effects and the opening of the China economy will drive growth in the Ugandan economy.

The growth will be supported by strategies such as increased domestic revenue mobilization, effective implementation of the Parish Development Model and Emyooga initiatives, enhancing access to global and regional markets, support for the private sector by reducing the cost of doing business through construction of the Standard Gauge Railway, development of small scale solar-powered irrigation schemes to address climate change and ensure food security<sup>1</sup>.

## Performance review



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

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

The investment income before tax increased from UgX. 3.90 billion to UgX. 49.9 billion, representing a 1,179% increase compared to a decline of 92% in 2022. The increase was

attributed to the good performance of fixed income investments. The nominal investment income before tax increased from UgX. 41.4 billion to UgX.55.03 billion. The assets under management steadily increased from UgX. 349.128 billion to UgX. 425.260 billion, representing a 22% growth rate. The Fund posted a return on average investable fund of 13.11% before tax but after fair value adjustments and 10.98% after tax and fair value adjustments.

The benefits paid out amounted to UgX. 9.13 billion compared to UgX. 8.11 billion paid out last year.

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

## Achievements

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

1. Promptly paid out retirement benefits Members.
2. Paid out Death benefits amounting to UgX. 437 million.
3. Disbursed Loans totaling to UgX. 18.69 billion to 170 members.
4. Enhanced capacity of the Board of Trustees and staff through training.
5. Implemented the Strategic Plan 2018-2023 for year five.
6. Registered good attendance of Members at the Annual General Meeting.
7. Developed the Mid-term Benefits regulations.
8. Member's Charter in place.

## Challenges

Members' slow response and failure to update their files.

## Appreciation

On behalf of the Board, I express my sincere appreciation to the Members for their untiring efforts and support to the Scheme. The Board is grateful to the Parliamentary Commission for the timely remittance of Members' contributions, subvention grant, office space for the Secretariat, the provision of Human Resource, Legal and Procurement advisory services to the Scheme. In a special way, we extend our appreciation to the Commission for the support they have given in the management of the Loan product.

The Board of Trustees has with the support of the Committees efficiently executed their oversight role that ensured proper running of the Scheme operations. I take this opportunity to thank them and coopted members of the respective Board Committee for their commitment to serve the Scheme.

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

I take this opportunity to thank Management and Staff of the Parliamentary Pension Scheme for their dedicated service and commitment to the Scheme business.

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

## Chief Operations Manager

The Scheme was well directed by the Board of Trustees, received all Members' contributions for the year and diligently undertook investments guided by the Investment Policy Statement and approved asset allocation for 2022-2023. The staff capacity was enhanced through training and skill acquisition, enabling the staff to handle Scheme business efficiently.

The investment environment during the year FY 2022/2023 was not critically affected by increased global uncertainties, reflecting financial sector stability concerns in the advanced economies, volatile financial markets, weaker global growth outlook, continuing geopolitical tensions particularly the war in Ukraine, and continued tightening of monetary policy in advanced economies. Most currencies in emerging and developing economies weakened against the U.S. Dollar, due to the tightening of U.S. monetary policy. The Kenyan shilling greatly depreciated against the dollar and there was reduction in the prices of stocks. Nevertheless, inflation in the advanced economies continued to decline, following continued easing of global supply chain constraints, and declines in commodity prices particularly of oil and food. There was poor performance of the equity market while there was a good performance on the bond market due to a fall in the interest rate on bonds which led to its better performance during the year. The high performance of the total returns was affected by the unrealized gains due to the positive market changes in the bond market. The nominal income returns were higher compared to the previous year by 32.7%. The Scheme is solid and a going concern<sup>7</sup>.

Some operations such as Parliament open day and help desks were significantly affected by observance of the standard operating procedures to combat the spread of the new variant Omicron Covid-19 pandemic.

## Financial highlights and review

The Scheme assets increased by 21.84% in 2023 compared to 16.37% in 2022. The increase in growth was attributed to good performance of the fixed income investments and increase in contributions during the year. The contributions increased from UgX. 44.7 billion in 2022 to 48.3 billion in 2023. The slight Increase was due to percentage increase in Members contributions from 15% to 18%.

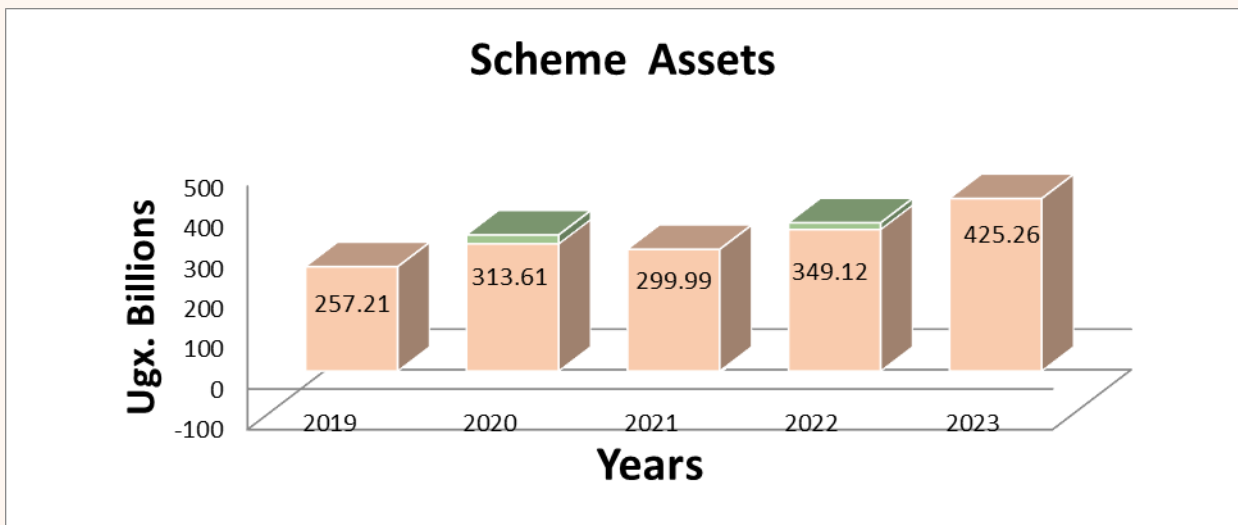


Members earn interest on their scheme credit at a rate determined by the Board of Trustees. Additional contribution of 2% for the Post Retirement Medical Fund was introduced in April 2023. The fund size was UgX. 541 million by June 2023.

The Parliamentary Pensions Act was amended and assented to in February 2023 introducing the reforms in member contributions mentioned above.

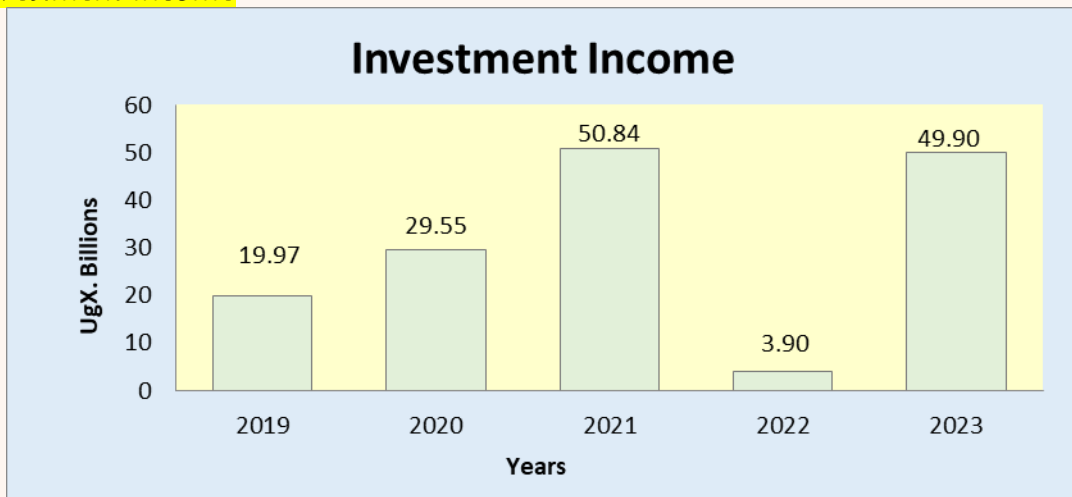
The graphs below show the 5-year performance trends of the Scheme

**Scheme Assets**



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

**Investment Income**



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

## Funding Level

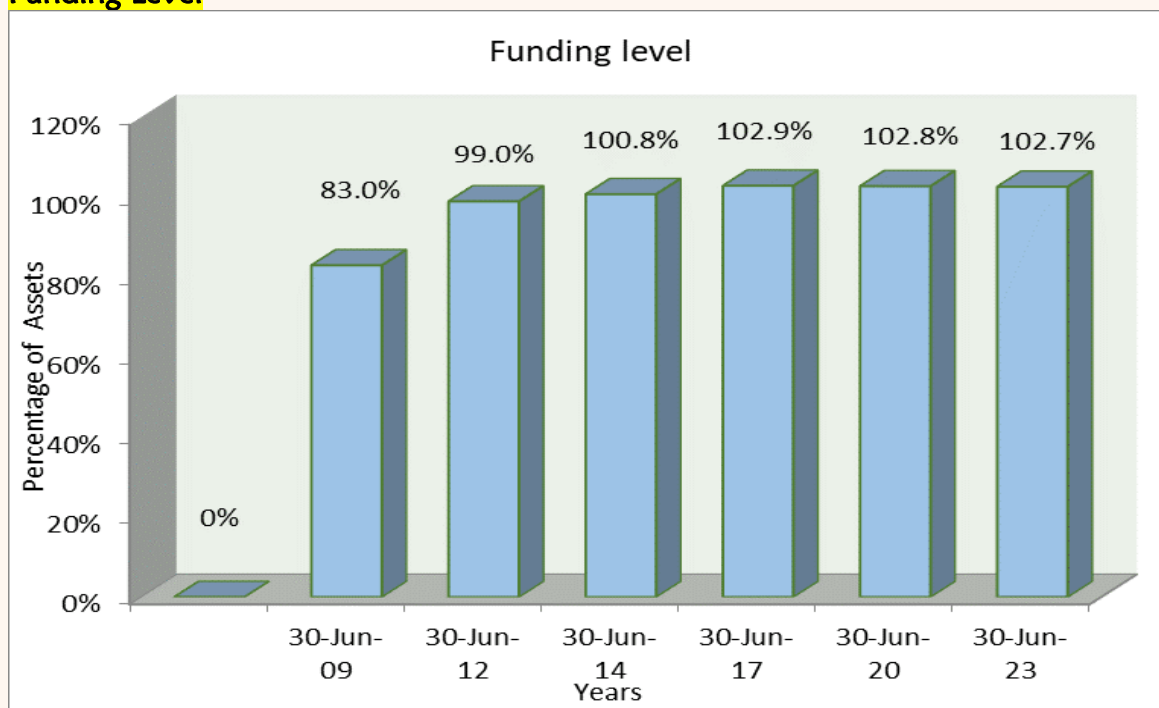


Figure 3: Funding Level since 2007

## SUSTAINABILITY REPORT

The Scheme's sustainability and business success is linked to the Investment Policy Statement developed with a goal to create shared prosperity and promote the wellbeing of the societies in which we operate. The Scheme has invested in companies with good governance structures. The Scheme has developed a policy of Corporate social responsibility which will further guide sustainability activities for the future.

## RISK MANAGEMENT AND CONTROL

The Board of Trustees is ultimately responsible for the overall management of the Scheme to deliver superior benefits to members without exposing it to undue risks. The Scheme's activities expose it to a variety of risks such as credit risk, market risk, interest rate risk, currency risk, non-financial risk, business risk and exchange rate risk. The overall risk management programme focuses on the identification and management of these risks in order to minimise adverse effects.

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

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

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

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

## ACKNOWLEDGEMENT

I take this chance to thank the Board of Trustees for the guidance they have offered to Management and staff. I thank the Members for the exceptional cordial relationship they have accorded to the Scheme during the year. I also thank the staff, for their committed services to the Scheme. Much appreciation goes to the Regulator for the continued support and guidance given to the Scheme to ensure compliance and safe guard of the Members' fund. The Scheme also acknowledges contributions from other key players in the pension industry such as the Investment Managers, Custodians, Auditors, Insurers and other Pension Schemes.

The audited Financial Statements for the year ended 30<sup>th</sup> June 2023, are herewith presented to Members on Pages **25 to 55**.

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

## BOARD OF TRUSTEES' STATEMENT

### CORPORATE GOVERNANCE

#### BOARD OF TRUSTEES



Hon. Arinaitwe Rwakajara  
**CHAIRMAN**



Hon. Nalule Aisha Kabanda



Hon. Akampulira Prossy



Hon. Dr. Francis Epetait



Mr. Nangoli Bernard



Hon. Musasizi Henry



Mr. Kirunda Solomon



Hon. Adolf Kasaija Mwesige  
**SECRETARY**

## Board Size, Composition and Appointment

The Scheme is governed on behalf and in the interest of Members by Eight [8] Trustees appointed in accordance with Section 18 of the Parliamentary Pensions Act. The Board of Trustees and their respective constituencies are listed in Table 1 below:

**Table 1: Board of Trustees**

NO.	NAME	DESIGNATION	DATE OF APPOINTMENT
1.	Hon. Arinaitwe Rwakajara	Chairman	14 <sup>th</sup> July 2021
2.	Hon. Akampulira Prossy	Member	21 <sup>st</sup> July 2021
3.	Hon. Musasizi Henry	Member	9 <sup>th</sup> July 2021
4.	Hon. Dr. Francis Epetait	Member	27 <sup>th</sup> August 2021
5.	Hon. Asha A.K. Nalule	Member	1 <sup>st</sup> July 2021
6.	Mr. Kirunda Solomon Wilson	Member	30 <sup>th</sup> June 2022
7.	Mr. Nangoli Bernard	Member	24 <sup>th</sup> June 2022
8.	Hon. Mwesige Adolf Kasaija	Ex officio/Board Secretary	12 <sup>th</sup> August 2021

## Statement of Corporate Governance

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

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

## Role of the Board

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

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

## **Skills, Training and Experience**

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

## **Board Meetings**

The Board meets on a quarterly basis as guided by the approved Annual Board Calendar. The meetings have an agenda informed by priority decisions and discussions necessary to drive the Scheme forward. Board business is based on areas of operations of the Scheme namely Benefits, Administration, Investments and Financial Performance, Human Resource and Assurance on internal controls. During the year, the Board held 8 meetings to review investments performance, develop Strategic documents for effective management of the Scheme and payment of Member benefits among others.

## **Board Evaluation, Training and induction**

During the year, the Scheme received new Board of Trustees who were inducted in the fields in pension Management and standards of good governance. The new Board of Trustees attended a Trustee Development Certification programme and various other trainings. They also attended conferences to enhance their pension knowledge.

## **Conflict of Interest**

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

## **Board Committees**

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

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

Hon. Nalule Asha A. Kabanda	-	Chairperson
Mr. Kirunda Solomon	-	Member
Hon. Maxwell Akora	-	Member
Mr. Patrick Wanyama Ngolobe	-	Member
Hon. Mugume Roland	-	Co-opted Member

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

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

Hon. Akampurira Prossy Mbabazi	-	Chairperson
Mr. Nangoli Bernard	-	Member
Hon. Alice Alaso Asianut	-	Co-opted Member

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

- **Benefits Administration Committee (BAC)**

Mr. Solomon Kirunda	-	Chairperson
Hon. Akampurira Prossy Mbabazi	-	Member
Hon. Nalule Asha A. Kabanda	-	Member
Hon. Winfred Kiiza	-	Co-opted Member

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

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

Hon. Dr. Francis Epetai	-	Chairperson
Hon. Musasizi Henry	-	Member
Mr. Fred Bawuna	-	Co-opted Member
Mr. Ouma Moses	-	Co-opted Member

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

## CORPORATE GOVERNANCE

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

Finance and Administration Committee	-	4 meetings
Investment and Custody Committee	-	5 meetings
Audit and Risk Committee	-	3 meetings
Benefits Administration Committee	-	4 meetings
Loans Committee	-	3 meeting

### Management

The Scheme is internally administered by a team of Thirteen (13) qualified staff under the supervision of the Chief Operations Manager.

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

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



## SCHEME MEMBERSHIP

At the end of the financial year, the Scheme had a membership of 1,398 comprised of 1,138 active members (women 441 and 697 men), 2 deferred members, 191 pensioners and 67 beneficiaries as summarized in Table 2 below:

**Table 2: Membership of the Scheme as at 30<sup>th</sup> June 2023**

	Active Members		Deferred Mem- bers		Pensioners		Beneficiaries	
	MPs	Staff	MPs	Staff	Staff	MPs	Staff	MPs
1st July 2022	552	429	0	3	40	153	8	35
New Entrants	3	163	0	0	3	0	4	20
Deceased	(2)	(1)	0	0	(3)	(2)	0	0
Leavers	(1)	(2)	0	(1)	0	0	0	0
Retired	0	(3)	0	0	0	0	0	0
As at 30th June 2023	552	586	0	2	40	151	12	55
<b>Membership as at 30 June 2023</b>	<b>1,140</b>				<b>258</b>			

*Note: Deferred Members are Members who joined another Government Institution on permanent and pensionable service.*

## Financial Review

The Scheme had net assets worth Ugx. **425,260,228,982** as shown in the statement of Net assets in Table 3 below:

**Table 3: Net Assets as at the period ended 30<sup>th</sup> June 2023**

	Jun-23	Jun-22
	UgX	UgX
	'000	'000
Contributions	48,291,883	44,709,532
Benefits to Members	(9,135,370)	(8,105,072)
<b>Net additions from Members</b>	<b>39,156,513</b>	<b>36,604,460</b>
Net return on investments	37,262,028	12,753,869
Net administration deficit	(286,585)	(225,116)
<b>Net (Increase) /decrease in fund</b>	<b>76,131,956</b>	<b>49,133,213</b>
Net assets at start of the year	349,128,272	299,995,059
<b>Net assets at end of the year</b>	<b>425,260,228</b>	<b>349,128,272</b>
<b>Increase / (reduction) in growth</b>	<b>21.84%</b>	<b>16.37%</b>

The Table 3 (a) below shows the explanations for the variances in the performance as at June 2022.

Table 3(a): Explanations for the variances in the performance as at June 2023

	Jun-23	Jun-22	Cause of the Variance
	UgX	UgX	
	'000	'000	
Contributions	48,291,883	44,709,532	Increase in the Number of Members.
Benefits to Members	(9,135,370)	(8,105,072)	Increase in benefits paid out during the year
<b>Net additions from Members</b>	<b>39,156,513</b>	<b>36,604,460</b>	
Net Returns on Investments	37,262,028	12,753,869	Better performance of investments during the year
Net Administration deficit	(286,585)	(225,116)	Better budget utilization during the year.
<b>Net Increase in fund</b>	<b>76,131,956</b>	<b>49,133,213</b>	
Net assets at start of the year	349,128,272	299,995,059	
<b>Net assets at end of the year</b>	<b>425,260,228</b>	<b>349,128,272</b>	

#### CUSTODY AND INVESTMENT ARRANGEMENTS

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

#### LOANS TO MEMBERS

The Scheme disbursed loans worth UgX. 18.688 billion to 170 members and the return on the loan portfolio was UgX. 3.223 billion contributing 5.85% of the total investment income.

## INTEREST TO MEMBERS

During the 11<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> February 2023, the Board of Trustees declared interest rate of 8% for the financial year 2021/2022. The provisional interest for the current year 2022/2023 of UgX. 23.797 billion has been provided for and posted to the members' statements.

## FUNDING STATUS

The Board of Trustees conducts periodic actuarial valuation of Scheme assets in accordance with Section 71 of Uganda Retirement Benefits Regulatory Act. The Actuarial Valuation done as at 30<sup>th</sup> June 2023 indicated that the Scheme was financially sound with a funding level of **102.7%**.

## INVESTMENT REPORT AND STRATEGY

### Investment Policy

The Board has adopted a moderate risk approach to drive the investment strategy of the Scheme. The Investment Policy Statement (IPS) for the period 2021 – 2025 has been used to guide the Board on Investments during the FY 2022/2023.

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

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

## Strategic Asset Allocation

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

Asset Class	Minimum (%)	Strategic Weight (%)	Maximum (%)
Term or Fixed Deposit	0.00	2.00	10.00
Cash and Demand Deposits	0.00	0.00	5.00
Uganda Treasury Bonds	40.00	60.00	80.00
Treasury Bills	5.00	15.00	
Uganda Corporate Bonds	0.00	2.00	5.00
Listed Equities (Domestic and Regional)	0.00	5.00	15.00
CIS approved by CMA	5.00	10.00	20.00
Any Other Asset Classes - Loans to Members *	0.00	5.00	5.00
Private Equity	0.00	1.00	2.00

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

## Investment Environment

The majority of the Investments were held in Uganda at 96% while 4% was in Kenya.

There was an improvement in economy attributed to continued recovery in aggregate demand due to the full re-opening of the economy after the Covid-19 pandemic. The Commercial banks' lending rates was 20.4% during the last quarter of the financial year 2022/ 2023. Interest rates on Treasury Bills for the 182- and 364-day tenors were 11.68% and 12.5%, respectively. The Central Bank Rate (CBR) remained unchanged at 10% during the period ended June 2023<sup>8</sup>. The Ugandan Shilling appreciated by 1.2% against the US Dollar by the end of financial year 2023 closing at 3,707.79/USD. This was mainly driven by an increase in the demand for the dollar from importers<sup>3</sup>.

In the Financial year, 2022/2023, the Kenyan economy sustained the growth momentum that started in 2021, after the recovery from the effects of the COVID-19 pandemic that

had significantly slowed down economic activity with a quarterly growth of 5%. However, the magnitude of growth was somewhat subdued by suppressed agricultural production, owing to adverse weather conditions during the year. In addition, Kenya is facing liquidity challenges, foreign exchange restrictions, high debt burden, default of the Euro bonds pushing away foreign investors. This has made trading at NSE was very difficult leading to a fall in the equity prices coupled with the depreciation of the Kenya shilling leading to exchange losses. Interest rate on government securities increased marginally with the 91 Treasury bill at 9.63% while 182 bill at 11.95%. The Kenya central bank rate was at 10.50%. The poor performance in the Stock and Equity markets slightly lowered the Scheme's return on investments during the reporting period.

### Strategy

During the year ended June 2023, there were no investments in corporate bonds as none were issued. The Member loans were maintained in the Investment portfolio at an average of 5.75% of total investment assets. The Scheme increased its investments in long term Treasury bonds to benefit from the high interest rate and low withholding tax rate on bonds of 10 years and above. More investments were made in Unit Trusts to take advantage of the tax relief. The strategy on regional equities was a conservative one. The Scheme sold 11% of the shares and funds were invested in long term and high yield bonds. The Scheme focused on holding few counters that would give high yielding returns and those that would easily rebound back in case of adverse changes in the market conditions. The Scheme was granted administrative approval by URBRA to increase the loan portfolio from 5% to 7% for a period of one year up to 31<sup>st</sup> December 2023.

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

**Table 4: Net asset breakdown**

Asset Class	Amount (UgX.Bn)	Proportions (%)	Amount (UgX.Bn)
	Jun-23	Jun-23	Jun-22
Equities	16.54	3.89	24.84
Government Bonds	322.83	75.91	236.27
Treasury Bills	4.95	1.16	0.00
Corporate Bonds	0.00	0.00	0.00
Loans	24.35	5.73	19.27
Fixed Deposit	9.03	2.12	18.29
Unit Trusts	46.39	10.91	36.02
Net current assets / Liabilities	1.170	0.28	14.438
<b>Total</b>	<b>425.260</b>	<b>100.00</b>	<b>349.128</b>

## Investment Performance

The gross investment income earned during the year increased from 41.44 billion to 55.03 billion in June 2023, representing 30.6% growth. This was due to increased volume in fixed income and Unit Trust investments during the year.

The net investment return increase from 3.90 billion in the previous year to UgX.49.9 billion, representing 1,179% increase before tax but after fair value adjustments. The net investment return after tax and fair value adjustments was UgX. 41.79 billion compared to UgX. 12.49 billion in FY 2021/2022.

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

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

Asset Class	Amount (UGX.bn)	Proportions (%)	Amount (UGX.bn)
	Jun-23	Jun-23	Jun-22
Equities	1.614	2.93	1.83
Government Bonds	44.422	80.73	35.26
Treasury Bills	0.494	0.90	0.05
Corporate Bonds	0.000	0.00	0.049
Loans	3.223	5.86	2.313
Unit Trusts	4.751	8.63	1.33
Fixed Deposit	0.521	0.95	0.61
<b>Total</b>	<b>55.03</b>	<b>100.00</b>	<b>41.44</b>

The return on investable assets before tax but after fair value adjustments was 13.11% compared to 1.23% in 2022. The return after tax and fair value adjustments is 10.98% in 2023 compared to 3.93% the previous year.

Signed on behalf of the Board of Trustees by: -



.....  
CHAIRPERSON, BOARD OF TRUSTEES

Date:.....

.....  
MEMBER, BOARD OF TRUSTEES

Date:.....

.....  
MEMBER, BOARD OF TRUSTEES

Date:.....

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The PPS Act, URBRA Act and regulations oblige the Trustees to make available to Scheme members and other parties, audited financial statements for each year which show a true and fair view of the financial transactions of the Scheme during the reporting period and of the amount and disposition at the end of the Scheme year of the assets and liabilities.

The Trustees are further required to ensure that the Scheme keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme and safeguarding the assets of the Scheme.

### **Responsibilities**

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by URBRA Act and regulations, and for such internal controls as Trustees determined necessary to enable the preparation of financial statements, whether due to fraud or error.

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

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

### **Approval of the Annual Financial Statements**

The Board of Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and



prudent judgments and estimates, in conformity with IFRS and Scheme rules. The Trustees are of the opinion that the financial statements give a true and fair view of the financial affairs of the Scheme and its operating results.

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

The Board of Trustees believes that all their representations made to the independent auditors in the representation letter during their audit were valid and appropriate. The independent report of the auditor is presented on pages **21-24**.

These financial statements were approved by the Board of Trustees on **24<sup>th</sup> October 2023** and are to the best of the Board of Trustees' knowledge and belief, confirmed to be complete and correct and fairly represent the net assets of the fund as at 30th June 2023 as well as the results of its activities for the period then ended in accordance with IFRS.

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

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

.....  
**CHAIRPERSON, BOARD OF TRUSTEES**

Date:.....

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**MEMBER, BOARD OF TRUSTEES**

Date:.....

.....  
**MEMBER, BOARD OF TRUSTEES**

Date:.....

## INDEPENDENT REPORT OF THE AUDITORS TO THE MEMBERS OF THE PARLIAMENTARY PENSION SCHEME

### Opinion

We have audited the financial statements of the Parliamentary Pension Scheme (PPS) for the year ended 30th June 2023. These financial statements comprise of the statement of changes in Net Assets, Statement of Net Assets, Statement of Changes in Member Funds, Statement of Cash Flow together with accompanying statements, notes and accounting policies.

In our opinion, the financial statements present fairly in all material respects, the financial position of the Parliamentary Pension Scheme as at 30th June 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the Parliamentary Pensions Act, 2007 as amended, Public Finance and Management Act 2015, the Uganda Retirement Benefits Regulatory Authority Act 2011 (Financial Reporting and Disclosure Requirements) Regulations, 2016.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Uganda and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

### Key Audit Matters (KAMs)

Key audit matters are those matters that in our professional judgments were of most significance of our audit of the financial statements of the current period. These matters were addressed in context of our audit of financial statements as whole, and in forming our opinion, and we do not provide separate opinion on these matters. We have determined there are no matters to be reported as key audit matters.

## Other Matters

### Impairment of Loans

*Paragraph B5.5.7- Timing of recognizing lifetime expected credit losses of IFRS 9 – financial Instruments states that;* “The assessment of whether lifetime expected credit losses should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition (irrespective of whether a financial instrument has been repriced to reflect an increase in credit risk) instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.” Additionally, paragraph B5.5.2 states that; “Lifetime expected credit losses are expected to be recognized before a financial instrument becomes past due.”

We noted that the scheme had loans-(financial instrument) of Ugx 24,354,571,917 both Long term and short-term as at 30 June 2023 as reflected in notes 9.7.1.3 and 9.8.1.5. There was no impairment provision recognized against the loans in the financial statements.

Management explained that they set up a loan protection fund and in line with the Loans Policy, 2% is charged on every loan issued and this contributes to the Loan protection fund. Additionally, the Scheme purchased an insurance policy on loan defaults due to death and permanent disabilities.

Management stated that due to the fact they have adequate measures to control the risk of default as explained above, they concluded that they have made a disclosure in the financial statements- for the non-application of the impairment requirements under IFRS 9.

### **The Board of Trustees responsibilities for the financial statements**

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

In preparing financial statements, the Board of Trustees is responsible for assessing Scheme ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Board of Trustees either intends to liquidate the Scheme or to cease operation or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance

with International Standards on Auditing will always detect a material misstatement when it exists.

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also;

- Identify and assess the risks of material misstatement of financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Board of Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on other legal and regulatory requirements

As required by the URBRA Act, 2011 we report to you based on our audit, the following instance of non-compliance:

### Late filing of Withholding Tax (WHT) returns

According to Section 123 of the Income Tax Act 2017 as Amended “A withholding agent shall pay to the commissioner any tax that has been withheld or that should have been withheld under this Part within fifteen days after the end of the month in which the payment subject to withholding tax was made by the withholding agent.”

From our review of the withholding tax returns, we noted that there was late filing of Withholding Tax Returns for the 12 months.

We advise management to ensure that all tax returns are filed on time to avoid the penalties. The penalties have been automated instantly once a tax payer files beyond the required timeline. In case of inadequate time, the scheme should request for an extension of time to furnish a return of income as laid out in section 94 of the Income Tax Act 1997 as amended.

We also report to you the following:

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

The engagement partner on the audit resulting in this independent auditor’s report is CPA Ann Namatovu Muguluma – P0291.

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CPA Ann Namatovu Muguluma

Date: \_\_\_\_\_

Place: Kampala, Uganda

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Notes	30 Jun-23 UgX	30 Jun-22 UgX
<b>Income from dealing with members</b>			
Member Contributions	1.1	16,638,332,048	14,901,818,199
Government Contributions	1.2	31,653,551,214	29,807,713,892
<b>Total Contributions</b>		<b>48,291,883,262</b>	<b>44,709,532,091</b>
<b>Outgoing from dealings with members</b>			
Benefits to Members	2	(9,135,370,204)	(8,105,072,258)
<b>Net additions / (withdrawals) from the dealings with members</b>		<b>39,156,513,058</b>	<b>36,604,459,833</b>
<b>Returns on Investments</b>			
Investment Income	3	55,025,922,706	41,441,593,611
Fund expenses	4	(3,836,082,859)	(2,697,954,449)
<b>Net investment income before tax</b>		<b>51,189,839,847</b>	<b>38,743,639,162</b>
<b>Other comprehensive incomes</b>			
Change in the value of the Equities	8.1	(4,530,631,206)	(7,414,926,096)
Changes in the value of Bonds	7.4	10,379,804,331	(26,353,194,808)
Foreign exchange gain/(loss)	8.5	(355,738,966)	(567,209,694)
Profit/Loss on sale of Investments	8.4	(235,991,468)	(492,129,364)
<b>Gain (Loss) in the value in the investments</b>		<b>5,257,442,691</b>	<b>(34,827,459,962)</b>
<b>Change available for members before Tax and guaranteed Interest</b>		<b>95,603,795,596</b>	<b>40,520,639,033</b>
Other incomes	5	3,479,453,929	2,909,164,925
Management expenses	6	(3,766,039,586)	(3,134,281,098)
Net Administrative Deficit	13	(286,585,657)	(225,116,173)
<b>Increase in Net Asset before tax</b>		<b>95,317,209,939</b>	<b>40,295,522,860</b>
Income Tax (Charge)/ Credit	27	(20,024,003,021)	8,579,556,179
<b>Increase in Net Asset after tax during the Year</b>		<b>75,293,206,918</b>	<b>48,875,079,039</b>



PARLIAMENTARY PENSION SCHEME  
 ANNUAL REPORT AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2023

Guaranteed Interests to Members	16	(23,797,375,295)	(18,921,194,501)
		<hr/>	<hr/>
Net Increase (Decrease) in Net Assets		<u>51,495,831,623</u>	<u>29,953,884,538</u>

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Chairman, Board of Trustees

Date: .....

.....

Member, Board of Trustees

Date: .....

.....

Member, Board of Trustees

Date .....

STATEMENT OF NET ASSETS AS AT 30 JUNE 2023

	Notes	30 Jun-23 UgX	30 Jun-22 UgX
<b>Non-Current Assets</b>			
Property Plant and Equipment	22	434,971,661	506,058,501
Computer Software	23.4	497,437,066	735,141,451
Medium/ Long term Investments	7.1	345,311,156,062	267,525,476,371
<b>Sub total</b>		<b>346,243,564,789</b>	<b>268,766,676,323</b>
<b>Current Assets</b>			
Short term Investments	9	78,778,279,739	67,157,525,812
Receivables	10	523,642,024	807,437,247
Tax Asset	30.1	0	291,113,898
Withholding Tax Receivable	30.1	24,016,060	12,472,849
Deferred Tax Asset	31		10,246,761,403
Cash and Bank balances	11	5,427,275,282	3,714,527,678
<b>Subtotal</b>		<b>84,753,213,105</b>	<b>82,229,838,887</b>
<b>Current Liabilities</b>			
Creditors and Accruals	12	3,932,301,830	1,867,280,623
General Reserve Account	18	961,917	961,917
Tax Liability	30.1	135,051,514	0
Deferred Tax Liability	31	1,668,233,651	0
<b>Subtotal</b>		<b>5,736,548,912</b>	<b>1,868,242,540</b>
<b>Total Net Current Assets</b>		<b>79,016,664,193</b>	<b>80,361,596,347</b>
<b>Net Total Assets</b>	21	<b>425,260,228,982</b>	<b>349,128,272,670</b>

.....  
Chairman, Board of Trustees

Date: .....

.....  
Member, Board of Trustees

.....  
Member, Board of Trustees

Date: .....

Date .....



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Notes	30 Jun-23 UgX	30 Jun-22 UgX
<b>Cash-flows from operating activities</b>			
Contributions during the year	1.1/2	48,291,883,262	44,709,532,091
Taxes paid	28	(1,746,573,180)	(1,033,654,388)
Gain (Loss) in the Value of Investments		5,257,442,691	(34,827,459,962)
Other incomes		3,479,453,929	2,909,164,925
Expenses paid		(12,805,190,819)	(13,937,307,805)
Increase (Decrease) in Payables		2,065,021,207	(6,606,346,482)
Decrease (increase) in Receivables		(11,336,958,704)	(37,549,945,709)
<b>Net cash from operating activities</b>		<b><u>33,205,078,704</u></b>	<b><u>(46,336,017,331)</u></b>
<b>Cash-flows from investing activities</b>			
Investment income (net)		49,180,899,003	36,282,622,124
(Increase)/ Decrease in investment		(80,549,014,084)	11,073,452,131
Purchase of assets	22	(124,215,700)	(1,199,483,276)
<b>Net cash used in investing activities</b>		<b><u>(31,492,330,781)</u></b>	<b><u>46,156,590,979</u></b>
<b>Net Increase / (decrease) in cash and cash equivalents</b>		<b>1,712,747,604</b>	<b>(179,426,352)</b>
<b>Movement in cash and cash equivalents</b>			
<b>Cash balance at start of the year</b>		<b>3,714,527,678</b>	<b>3,893,954,030</b>
<b>Net Increase / (decrease) during the year</b>		<b><u>1,712,747,604</u></b>	<b><u>(179,426,352)</u></b>
<b>Cash balance at June 30</b>		<b><u>5,427,275,282</u></b>	<b><u>3,714,527,678</u></b>

STATEMENT OF CHANGES IN THE MEMBERS FUND AS AT 30 JUNE 2023

	Notes	Jun-23 UgX	Jun-22 UgX
Accumulated fund at the start of the year		347,346,333,539	298,246,138,327
Actuarial Surplus at the start of the year	14	(8,553,842,000)	(8,553,842,000)
Unvested reserve	15	(37,591,448)	(37,591,448)
Net change available for members		51,782,417,280	30,179,000,711
Guaranteed interest to members	16	23,797,375,295	18,921,194,501
Unvested reserve	15	37,591,448	37,591,448
Accumulated Actuarial Reserve	14	8,553,842,000	8,553,842,000
<b>Members Accumulated fund as at June 30.</b>		<b>422,926,126,114</b>	<b>347,346,333,539</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

### Accounting policies

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

#### (a) Basis of preparation

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

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

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

#### (b) Contributions and Contributions receivable

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

#### (c) Benefits payable

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

#### (d) Cash and cash equivalents

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

#### (e) Revenue recognition

Revenue is recognised on accrual basis.

#### (f) Investment income

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

### **(g) Funding policy**

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

The benefits of members are based on the accumulated Scheme credit. This rate is reviewed by the Board of Trustees based on investment performance.

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

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

### **(h) Presentation currency**

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

### **(i) Financial instruments**

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

#### **Recognition**

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

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

## **Measurement:**

### **Amortised cost measurement.**

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

### **Mark to market**

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

### **Fair value measurement principles**

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

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

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

### **De-recognition**

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

## Impairment

At each statement of net assets date, the scheme assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when the objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

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

During the year there was no evidence of impairment loss. Any impairment losses are made through the Statement of Other Comprehensive Incomes.

## Valuation of the unlisted equities

The Scheme as at 30 June 2023 did not have unlisted equities.

## Re-classifications;

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

### (j) Impairment on loans

Anticipated defaults on loans is provided for in the loan protection fund. In line with the Loans Policy, a 2% charge on every loan given contributes to a default fund. As at 30<sup>th</sup> June 2023 the balance on the loan protection (default) fund account was UgX. 1,249,949,981. The Scheme purchases an insurance policy on loan defaults due to death and permanent disabilities.

### (k) Government grants

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

### (l) Property and equipment

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

### **The depreciation rates:**

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

Furniture and fitting	12.5%
Motor vehicles	25.0%
Office equipment	20.0%
Computer equipment	33.3%
Computer software	33.3%

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

### **(m) Foreign currency transactions**

Transactions in foreign currencies are converted into Uganda Shillings (Ugx) at the exchange rate ruling on the transaction dates. Gains or losses resulting from these

Transactions are recognised in the Statement of Changes in Net Assets under other Comprehensive Incomes. Gains or losses as a result of revaluation as at 30 June 2023 have been recognized in the Statement of Changes in Net Assets under other Comprehensive Incomes.

### **(n) Employment benefits**

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

### **(o) Expenses**

Expenses are accounted for on an accrual basis.

### **(p) Revaluation of assets**

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

### **(q) Income tax**

The computation of the tax has been done based on annual computation method where withholding tax on fixed deposits is not treated as a final tax and used prorata to time. The income on dividends where withholding tax charged is at

5% for the companies on the NSE and 15% for companies on the USE has been treated as a final tax.

**(r) Comparatives**

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

URBRA under section 16A of the Investment of Scheme funds changed methodologies for investment reporting. "For the purposes of investment reporting, bonds shall be valued bonds at amortization using clean pricing, the deposits and bills at amortization and the equities at fair value." During the year ended 30<sup>th</sup> June 2023, the Board has valued the bonds using Mark to Market given the short-term tenure of Parliament of 5 years which dictates huge pay outs at the expiry of each term. Valuation of bonds at amortization assumes holding to maturity approach which may not be prudent for Parliamentary Pension Scheme in consideration of the liquidity needs every 5 years.

**1 Contribution income**

**1.1 Member's contribution**

	Jun-23 UgX	Jun-22 UgX
Staff Contributions	4,972,449,248	3,800,078,199
MPs Contributions	11,665,882,800	11,101,740,000
<b>Total Members' Contributions</b>	<b>16,638,332,048</b>	<b>14,901,818,199</b>

**1.2 Government Contribution**

	Jun-23 UgX	Jun-22 UgX
Government's contributions for staff	9,433,301,214	7,604,233,892
Government's contributions for MPs	22,220,250,000	22,203,480,000
<b>Total government's contributions</b>	<b>31,653,551,214</b>	<b>29,807,713,892</b>

**2 Benefit to members**

	Jun-23 UgX	Jun-22 UgX
Staff - Retirement Lump-sum	702,812,217	380,112,717
Staff - Death in service benefit	655,365,586	557,272,917
Staff - Withdrawal benefit	661,994,900	276,258,929
MPs - Death in service benefit	1,102,847,002	20,687,398
MPs - Withdrawal benefit	64,887,419	1,185,790,818



Pensions	5,947,463,080	5,684,949,479
<b>Total benefits to members</b>	<b>9,135,370,204</b>	<b>8,105,072,258</b>

### 3 Investment income

	Jun-23 UgX	Jun-22 UgX
Interest on treasury bills	493,612,435	50,573,217
Interest on fixed deposits	521,246,899	668,702,076
Interest from corporate bonds	0	4,951,526
Interest from unit trusts	4,751,068,300	1,326,798,040
Interest from government bonds	44,422,550,841	35,248,255,950
Dividend income	1,613,975,459	1,828,527,836
Interest income from loans	3,223,468,772	2,313,784,966
<b>Total Investment income</b>	<b>55,025,922,706</b>	<b>41,441,593,611</b>

### 4 Fund expenses

	Jun-23 UgX	Jun-22 UgX
Annual general meeting and Board election	223,597,100	218,281,800
Fund management fees	1,160,426,623	852,309,329
Board of Trustees costs	4.1 1,142,952,573	1,033,837,237
Audit fees	24,980,000	24,980,000
Board of Trustees meetings	229,243,200	119,189,520
Organization structures	83,165,587	80,925,540
URBRA levy	1,060,000	1,500,000
Benefits administrations costs	923,921,475	358,133,637
Actuarial valuation fees	46,736,301	8,797,386
<b>Total fund expenses</b>	<b>3,836,082,859</b>	<b>2,697,954,449</b>

#### 4.1 Board of Trustees costs

	Jun-23 UgX	Jun-22 UgX
Board of Trustees capacity building	842,852,573	757,542,237
Honorarium	300,100,000	276,295,000
<b>Total Board of Trustees costs</b>	<b>9.4 1,142,952,573</b>	<b>1,033,837,237</b>

### 5 Other incomes

	Jun-23 UgX	Jun-22 UgX
Grant revenue	3,254,438,980	2,728,081,004
Other sundry incomes	23,767,034	20,643,205
Investment income from operational funds	201,247,915	160,440,716
<b>Total other incomes</b>	<b>3,479,453,929</b>	<b>2,909,164,925</b>

## 6 Management expenses

	Jun-23 UgX	Jun-22 UgX
Personnel costs	2,572,845,302	2,189,836,392
Staff capacity building	495,546,027	431,138,274
Vehicle repairs and maintenance costs	21,356,616	37,867,645
Office administration supplies	156,300,298	142,332,572
Bank charges	16,737,438	12,474,463
Depreciation	503,253,905	320,631,752
<b>Total management expenses</b>	<b>3,766,039,586</b>	<b>3,134,281,098</b>

## 7 Investments

### 7.1 Long term investments

		Jun-23 UgX	Jun-22 UgX
Government treasury bonds	7.2	311,850,657,208	228,604,833,446
Loan portfolio	7.3	16,922,947,048	14,078,679,602
Shares and equities	8.0	16,537,551,806	24,841,963,323
<b>Total long-term investments</b>		<b>345,311,156,062</b>	<b>267,525,476,371</b>

### 7.2 Government treasury bonds (Government of Uganda)

	Jun-23 UgX	Jun-22 UgX
Two-Year Government Treasury Bond	1,511,196,992	0
Three-Year Government Treasury Bond	15,923,252	604,076,383
Four -Year Government Treasury Bond	0	0
Five-Year Government Treasury Bond	4,133,601,338	18,709,618,596
Ten-Year Government Treasury Bond	96,560,040,655	81,276,476,562
Fifteen-Year Government Treasury Bond	137,240,386,456	85,187,746,370
Twenty -Year Government Treasury Bond	72,389,508,515	42,826,915,535
<b>Total government treasury bonds</b>	<b>311,850,657,208</b>	<b>228,604,833,446</b>

### 7.3 Long term outstanding loan portfolio

	Jun-23 UgX	Jun-22 UgX
Loans (More than one year)	16,922,947,048	14,078,679,602
<b>Total long term outstanding loan portfolio</b>	<b>16,922,947,048</b>	<b>14,078,679,602</b>

#### 7.4 Changes in the value of bonds

The changes in the value of Bonds arise as a result of the increase or decrease in the market price of the government bonds in the active market. The market prices are obtained as published by the Central Bank of Uganda for the bonds being traded in the market. In the period ended 30<sup>th</sup> June 2023, the fund increased its investment in government bonds which had high yields. During the year there was a reduction in interest rates by the Central Bank, it increased the value of the existing bonds. The net increase (unrealized gains) in value of the bonds was Ugx. 10,379,804,331 as reported in the Statement of Changes in Net Assets.

#### 8.0 Investment in shares

The Scheme invested in equities as follows;

Equities at the Uganda Securities Exchange (USE)	Number of shares	2023 UgX	2022 UgX
Bank of Baroda (U) Ltd	27,502,950	437,021,875	1,566,365,040
DFCU (U) Ltd	4,198,728	1,108,464,192	2,309,300,400
Stanbic Bank (U) Ltd	119,430,690	3,105,197,940	2,627,475,180
MTN	6,838,500	1,162,545,000	1,173,345,965
Umeme	4,880,592	2,147,460,480	1,166,510,293
<b>Total Market value of Equities at the Uganda Securities Exchange (USE)</b>	<b>162,851,460</b>	<b>7,960,689,487</b>	<b>8,842,996,878</b>
Equities at the Nairobi securities Exchange (NSE)			
Atlas Development and Support Services	98,000	0	0
Bamburi	121,440	79,984,166	133,300,938
Barclays Bank Kenya	235,390	72,595,840	78,604,788
Cooperative Bank of Kenya	423,302	134,974,545	496,034,975
Diamond Trust Bank	207,080	269,801,923	330,535,686
East African Breweries Ltd	76,483	309,840,607	186,325,474
Equity Group Holding	1,766,749	1,766,233,090	3,114,702,662
Jubilee Holdings Ltd	4,667	21,955,945	38,700,793
Kenya Commercial Bank	2,549,977	1,952,745,325	3,906,521,671
NIC Bank (K)	480,057	487,444,925	362,034,130
Safaricom Ltd	7,546,018	3,451,418,390	7,315,929,521
Stanlib Fahari I-Reit	189,200	29,867,563	36,275,807
<b>Equities at the Nairobi Securities Exchange (NSE)</b>	<b>13,698,363</b>	<b>8,576,862,319</b>	<b>15,998,966,445</b>
<b>Total</b>	<b>176,549,823</b>	<b>16,537,551,806</b>	<b>24,841,963,323</b>

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

### 8.1 Changes in the value of equities (shares)

The change in the value of equities (shares) arises as a result of the increase or decrease in the market price of the shares in the active market. The market prices are obtained as published by the Uganda Securities Exchange and the Nairobi Securities Exchange. In the financial year ended 30 June 2023, there was a reduction in market prices for equities that resulted into a cumulative unrealized loss of UgX. 4,530,631,206 as reported in the Statement of Changes in Net Assets.

### 8.2 Valuation of equities (shares)

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

### 8.3 Bonus shares

The Scheme received 22,919,125 bonus shares from Bank of Baroda worth UgX. 364,184,896 as at 30<sup>th</sup> June 2023.

### 8.4 PROFIT / LOSS ON SALE OF INVESTMENT

During the year, the Scheme sold equity shares as shown in Table 5 below:

#### Shares sold as at 30<sup>th</sup> June 2023

Company	Number of shares sold
Bank of Baroda	14,995,738
Kenya Commercial Bank	682,000
Cooperative Bank	1,000,000
Equity Bank	500,000
Safaricom Limited	2,000,000

The sale of shares was done to invest the funds in other asset classes so as to improve the performance of the portfolio. The proceeds from the sale of equity holdings resulted into a net loss of Ugx. 235,991,468. The net loss has been reported in the Statement of Changes in Net Assets.

### 8.5 Foreign exchange gain/ (loss)

During the year, the Scheme registered a net unrealized net loss of UgX.355, 738,966. This arose from the revaluation of Kenyan dividends and the currency translation of Kenya Shillings. The net unrealized loss has been reported in the Statement of Changes in Net Assets.

## 9. Short term investments

		Jun-23 UgX	Jun-22 UgX
Fixed deposits investments	9.1	9,032,233,645	18,288,169,287
Treasury bills investments	9.3	4,948,847,348	0
Unit trusts	9.2	46,387,750,774	36,016,517,025
Loan portfolio	9.5	7,431,624,869	5,190,449,180
Treasury bonds due in 12 months	9.4	10,977,823,103	7,662,390,320
<b>Total short-term investments</b>		<b>78,778,279,739</b>	<b>67,157,525,812</b>

### 9.1 Fixed deposits (Commercial banks)

		Jun-23 UgX	Jun-22 UgX
Fixed deposits (maturing within 0-12 months)		8,525,500,900	18,204,823,749
Interest receivable on fixed deposits		506,732,745	83,345,538
<b>Total fixed deposits</b>		<b>9,032,233,645</b>	<b>18,288,169,287</b>

### 9.2 Unit trusts

		Jun-23 UgX	Jun-22 UgX
Unit trusts (maturing within 0-12 months)		40,680,160,217	34,689,718,985
Interest receivable on unit trusts		5,707,590,557	1,326,798,040
<b>Total unit trusts</b>		<b>46,387,750,774</b>	<b>36,016,517,025</b>

### 9.3 Treasury bills (Bank of Uganda)

		Jun-23 UgX	Jun-22 UgX
364-Day treasury bills		4,553,957,400	0
Interest receivable on treasury bills		394,889,948	0
<b>Total treasury bills</b>		<b>4,948,847,348</b>	<b>0</b>

### 9.4 Government treasury bonds interest receivable in 12 months

		Jun-23 UgX	Jun-22 UgX
Two-Year Government Treasury Bond		64,469,538	0
Three-Year Government Treasury Bond		1,613,503,892	11,169,211
Five-Year Government Treasury Bond		122,527,500	405,433,899
Ten-Year Government Treasury Bond		3,317,152,473	3,106,619,143
Fifteen-Year Government Treasury Bond		4,143,200,693	3,527,630,742
Twenty -Year Government Treasury Bond		1,716,969,007	611,537,325
<b>Total government treasury bonds interest receivable in 12 months</b>		<b>10,977,823,103</b>	<b>7,662,390,320</b>

## 9.5 Short term outstanding loan portfolio

	Jun-23 UgX	Jun-22 UgX
Loans recoverable	7,165,682,240	4,965,446,940
Interest receivable	265,942,629	225,002,240
<b>Total short term outstanding loan portfolio</b>	<b>7,431,624,869</b>	<b>5,190,449,180</b>

## 10. Receivables

		Jun-23 UgX	Jun-22 UgX
Dividend income receivable		444,094,421	656,814,169
NALECO SACCO		39,447,000	39,447,000
Other debtors		39,311,118	111,176,078
Contributions receivable	10.1	789,485	0
<b>Total receivables</b>		<b>523,642,024</b>	<b>807,437,247</b>

### 10.1 Contributions receivable

		Jun-23 UgX	Jun-22 UgX
Contributions due for 30 days	10	789,485	0
<b>Total contributions receivable</b>		<b>789,485</b>	<b>0</b>

## 11 Cash and cash equivalents

	Jun-23 UgX	Jun-22 UgX
Centenary Bank	2,249,478,600	1,376,232,352
Standard Chartered Bank (Operations)	1,566,873,644	33,325,270
Orient Bank	0	952,994,437
Diamond Trust Bank	1,249,949,981	0
Stanbic (Loans)	331,559,142	843,541,392
Stanbic Bank (UGX)BTM	0	507,950,694
Stanbic Bank (UGX)UAP	2,046,973	0
Stanbic Bank (UGX)GA	58,609	10,507
Stanbic Bank (KES)BTM	0	5
Stanbic Bank (KES)UAP	26,692,330	0
Stanbic Bank (KES)GA	3	21
Cash book	616,000	473,000
<b>Total cash and cash equivalents</b>	<b>5,427,275,282</b>	<b>3,714,527,678</b>

## 12 Creditors and accruals

	Notes	Jun-23 UgX	Jun-22 UgX
Benefits payable	12.1	1,911,774,124	722,445,992
Pensions payable		285,186,585	195,275,412
Commission payables		511,365	6,429,678
Staff gratuity		591,037,716	371,361,638
Sundry creditors		1,143,792,040	571,767,903
<b>Total creditors and accruals</b>		<b>3,932,301,830</b>	<b>1,867,280,623</b>

### 12.1 Benefits payable

	Jun-23 UgX	Jun-22 UgX
MPs Death in Service Benefits due for over a year.	1,102,847,002	0
MPs Death in Service Benefits due in 60 days	2,258,681	51,043,893
Staff Death in service Benefits due in 60 days	655,365,586	0
Staff Death in service Benefits due over a year.	30,737,973	568,741,285
Staff Withdrawal Benefits due for less than a year.	17,904,068	0
Staff Withdrawal Benefits due for over a year.	102,660,814	102,660,814
<b>Total benefits payable</b>	<b>12 1,911,774,124</b>	<b>722,445,992</b>

## 13 Movement in the administrative reserve account

	Jun-23 UgX	Jun-22 UgX
Administrative reserve at the start of the year	824,048,875	1,037,415,044
Movement in the revaluation reserve	4,895,819	11,750,004
Administrative deficit/surplus for the year	(286,585,657)	(225,116,173)
<b>Administrative reserve as at 30 June</b>	<b>542,359,037</b>	<b>824,048,875</b>

#### 14 Movement in the actuarial revaluation reserve account

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

	Jun-23 UgX	Jun-22 UgX
Actuarial surplus at the start of the year	8,553,842,000	8,553,842,000
<b>Accumulated actuarial reserve as at 30 June</b>	<b>8,553,842,000</b>	<b>8,553,842,000</b>

**Note:** The Scheme has undertaken an actuarial valuation as at June 2023 and the changes will be incorporated in the Annual Report for the period June 2023.

#### 15 Movement in unvested reserve account

	Jun-23 UgX	Jun-22 UgX
Unvested reserve at the start of the year	37,591,448	37,591,448
<b>Accumulated unvested reserve as at 30 June</b>	<b>37,591,448</b>	<b>37,591,448</b>

#### 16 Interest to members

The PPA provides a guaranteed interest rate of 8% and a provision of Ugx. 23,797,375,295 for the year ended 30 June 2023 was made. The amount reported is derived by computing 8% interest on individual members' balances on a monthly basis and accumulated over the period for all members.

	Jun-23 UgX	Jun-22 UgX
Guaranteed Interest (8%)	23,797,375,295	18,921,194,501
<b>Total guaranteed interest</b>	<b>23,797,375,295</b>	<b>18,921,194,501</b>

#### 16.1 Declared interest

During the 11<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> February 2023, the Board of Trustees maintained interest of 8% for the financial year 2021/2022

#### 17 Revaluation account

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



	Jun-23 UgX	Jun-22 UgX
Revaluation of the motor vehicle	4,895,819	16,645,823
Changes in the administrative reserve	(4,895,819)	(11,750,004)
<b>Revaluation reserve as at 30 June</b>	<b>0</b>	<b>4,895,819</b>

## 18 General reserve account

	Jun-23 UgX	Jun-22 UgX
General reserves account at the start of the year	961,917	961,917
<b>General reserve as at 30 June</b>	<b>961,917</b>	<b>961,917</b>

## 19 Loan protection fund

During the year, a loan protection fund of 2% was charged on all loans disbursed. Part of it was used to purchase an insurance policy on default due to death or permanent disability.

	Jun-23 UgX	Jun-22 UgX
Loan protection fund at the start of the year	952,994,437	694,860,168
2% loan protection fee accumulated for the year	380,090,688	331,898,000
Insurance policy purchased	(112,580,000)	(100,923,507)
Bank charges	(698,630)	(442,750)
Interest earned on account balance	30,143,486	27,602,526
<b>Loan protection fund as at 30 June</b>	<b>1,249,949,981</b>	<b>952,994,437</b>

## 20 Post-Retirement Medical Fund

Section 11 of the PPA (amendment) 2022 established a Parliamentary Post-Retirement Medical Fund, to provide medical care upon retirement. The Board is mandated to receive an amount not exceeding two (2%) per cent of the total Members' contributions in respect of Post-Retirement Medical Insurance. The contributions were made effective 1<sup>st</sup> April 2023.

	Jun-23 UgX
Post Retirement Medical Fund at the start of the year	0
2% Member contributions during the Year	541,793,850
<b>Post Retirement Medical Fund as at June 30.</b>	<b>541,793,850</b>

21 Total net assets

		Jun-23	Jun-22
		UgX	UgX
Members accumulated fund		422,926,126,114	347,346,333,539
Administrative reserves	13	542,359,037	824,048,875
Loan Protection fund	19	1,249,949,981	952,994,437
Post-Retirement Medical Fund	20	541,793,850	0
Revaluation Reserve	17	0	4,895,819
<b>Total net assets as at June 30.</b>		<b>425,260,228,982</b>	<b>349,128,272,670</b>

## 22 Property and equipment

	Furniture & Fittings 12.50%	Computer Equipment 33.30%	Office Equip- ment 20%	Motor Vehicle 25%	Total
Cost:	UgX	UgX	UgX	UgX	UgX
As at July 01, 2022	120,907,706	70,127,870	223,923,200	344,656,100	759,614,876
Additions from WIP	0	69,788,740	9,322,000		79,110,740
Fully depreciated assets as at June 2023	(1,450,000)	(7,000,000)	(45,014,735)	(47,000,000)	(100,464,735)
Additions during the Year	12,390,000	32,714,960	0		45,104,960
<b>As at June 30, 2023</b>	<b><u>131,847,706</u></b>	<b><u>165,631,570</u></b>	<b><u>188,230,465</u></b>	<b><u>297,656,100</u></b>	<b><u>783,365,841</u></b>
<b>Depreciation:</b>					
As at July 01, 2022	83,328,427	47,435,396	134,994,440	66,908,852	332,667,115
Fully depreciated assets as at June 2023	(1,450,000)	(7,000,000)	(45,014,735)	(47,000,000)	(100,464,735)
Charge for the year	14,817,320	43,541,009	37,009,267	79,309,858	174,677,454
<b>As at June 30, 2023</b>	<b><u>96,695,747</u></b>	<b><u>83,976,405</u></b>	<b><u>126,988,972</u></b>	<b><u>99,218,710</u></b>	<b><u>406,879,834</u></b>
<b>Net Book value:</b>					
As at June 30, 2022	<u>37,579,279</u>	<u>22,692,474</u>	<u>88,928,760</u>	<u>277,747,248</u>	<u>426,947,761</u>
WIP as June 30, 2022					79,110,740
<b>As at June 30, 2023</b>	<b><u>35,151,959</u></b>	<b><u>81,655,165</u></b>	<b><u>61,241,493</u></b>	<b><u>198,437,390</u></b>	<b><u>376,486,007</u></b>
WIP as June 30, 2023					58,485,654
<b>Net Property, Plant &amp; Equip- ment</b>					<b><u>434,971,661</u></b>

### Note:

The costs for the fully depreciated assets and their accumulated depreciation values have been removed



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## 22.1 Property and equipment(continued)

The purchased assets during the year ended 30 June 2023 comprise of the following:

No.	Asset class	Asset	Note	Amount
				UgX
1	Computer equip- ment	3 Desk Computer	22	19,547,880
2		3 Printers	22	7,538,480
3		3 UPS	22	5,628,600
4		<b>Computer equipment</b>		<b>32,714,960</b>
6	Furniture and fit- tings	2 Office chairs	22	4,400,000
7		2 Book shelves	22	4,990,000
8		1 Office desk	22	3,000,000
9		<b>Furniture and fittings</b>		<b>12,390,000</b>
	<b>Total</b>			<b>45,104,960</b>

The assets transferred from WIP to PPE schedule as at June 2023:

No.	Asset class	Asset	Note	Amount
				UgX
1	Office Equipment	Road jump starter	22	4,720,000
2	Office equipment	Meeting recorder	22	4,602,000
3	Computer equip- ment	Application server	22	69,788,740
	<b>Total</b>			<b>79,110,740</b>

The WIP comprises of the following assets as in the PPE schedule as at June 2023:

No.	Asset class	Asset	Note	Amount
				UgX
1	Computer equip- ment	Server	22	33,587,654
2		Fire wall Computer	22	18,172,000
	Computer equip- ment		22	
3	Computer equip- ment	Quarter rack		6,726,000
	<b>Total</b>			<b>58,485,654</b>

## 23 Computer software

### 23.1 Oracle software, Document Management System (DMS) and website

	2023	2022
	33.30%	33.30%
Cost:	UgX	UgX
As at 1 July	126,336,700	202,881,700
Additions (DMS)	-	-
Fully depreciated oracle software	0	(76,545,000)
Additions website	-	-
<b>As at June 30, 2023</b>	<b><u>126,336,700</u></b>	<b><u>126,336,700</u></b>
<b>Amortization:</b>		
As at 1 July	84,140,249	118,615,128
Accumulated depreciation of oracle software	0	(76,545,000)
Charge for the year	42,196,451	42,070,121
<b>As at 30 June 2023</b>	<b><u>126,336,700</u></b>	<b><u>84,140,249</u></b>
<b>Net Book value:</b>		
As at 30 June 2023	<b><u>0</u></b>	<b><u>42,196,451</u></b>

### 23 .2 Fund Master Software

<b>Cost:</b>		
As at July	860,000,000	-
Transfer from WIP	0	860,000,000
<b>As at 30 June</b>	<b><u>860,000,000</u></b>	<b><u>860,000,000</u></b>
<b>Amortization:</b>		
As at July	167,055,000	-
Charge for the year	286,380,000	167,055,000
<b>As at 30 June</b>	<b><u>453,435,000</u></b>	<b><u>167,055,000</u></b>
<b>Net Book value:</b>		
As at 30 June	<b><u>406,565,000</u></b>	<b><u>692,945,000</u></b>

### 23.3 Work in progress

The Scheme signed a contract to install a software system for the Offsite backup. By the end of the year, it was still work in progress.

	Jun-23 UgX	Jun-22 UgX
Opening Balance	-	860,000,000
<b>Additions during the year:</b>	-	
Software for the Offsite Back up	90,872,066	0
Transfer of Fund Master software		(860,000,000)
<b>Work in Progress as at June 30.</b>	<b>90,872,066</b>	<b>-</b>

### 23.4 Total computer software

	2023 UgX	2022 UgX
Oracle software	0	42,196,451
Offsite back up system software	90,872,066	
Fund master software	406,565,000	692,945,000
<b>Total computer software as at 30 June</b>	<b>497,437,066</b>	<b>735,141,451</b>

### 24 Tax computation

		2023 UgX	2022 UgX
Investment Income	25.2	55,250,937,655	41,622,677,532
Less: Income where WHT is final tax	25.1	(46,530,138,735)	(37,127,357,003)
<b>Income subject to income tax</b>	<b>25.2</b>	<b>8,720,798,920</b>	<b>4,495,320,529</b>
Less: Fund Expenses	4	(3,836,082,859)	(2,697,954,449)
Less: Operating Expenses	6	(3,766,039,586)	(3,134,281,098)
<b>Add back disallowable:</b>			
Fund Expenses	26	3,230,596,171	2,406,570,743
Operational Expenses	6	3,262,785,681	2,813,649,346
Depreciation	6	503,253,905	320,631,752
Loss (Profit) on sale of Investments	8.5	(235,991,468)	(492,129,364)
Less: Wear and Tear (W&T)		(388,139,332)	(543,795,482)
<b>Taxable Income after W&amp;T</b>		<b>7,491,181,432</b>	<b>3,168,011,977</b>

## 25. Total investment income

### 25.1 Income where WHT is final

	Notes	Jun-23 UgX	Jun-22 UgX
Interest on Treasury Bills	3	493,612,435	50,573,217
Interest from Government Bonds	3	44,422,550,841	35,248,255,950
Dividend income	3	1,613,975,459	1,828,527,836
<b>Total Investment Income where WHT is Final</b>		<b>46,530,138,735</b>	<b>37,127,357,003</b>

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

### 25.2 Income where WHT is not final

	Notes	Jun-23	Jun-22
Interest from Corporate Bonds	3	-	4,951,526
Other Incomes	5	23,767,036	20,643,205
Interest Income from Operations	5	201,247,915	160,440,716
Interest Income from Unit Trusts	3	4,751,068,300	1,326,798,040
Interest on Fixed Deposits	3	521,246,899	668,702,076
Interest Income from Loans	3	3,223,468,772	2,313,784,966
<b>Total Investment Income where WHT is not Final</b>		<b>8,720,798,920</b>	<b>4,495,320,529</b>
<b>Total Investment Income</b>		<b>55,250,937,655</b>	<b>41,622,677,532</b>

## 26 Fund expenses

Section 122 of the ITA states that all expenses where withholding tax is final shall not be allowed for the purposes of computing tax liability/asset for the year. The Scheme has apportioned the fund management fees based on the income approach as at 30 June 2023.

	Notes	Jun-23 UgX	Jun-22 UgX
Total fund Expenses	4	3,836,082,859	2,697,954,449
Total Investment Income	25.2	55,250,937,655	41,622,677,532
Income where WHT is final	25.1	46,530,138,735	37,127,357,003
Investment Income where WHT is not final	25.2	8,720,798,920	4,495,320,529
Proportion of total investment Income where WHT is final		<b>84%</b>	<b>89%</b>



Proportion of total Investment income  
where WHT is not final

16%

11%

**Disallowed Expenses:**

<b>Fund expenses</b>	<b>24</b>	<b>3,230,596,171</b>	<b>2,406,570,743</b>
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Note: Percentage rounded off to whole numbers.

**27 Tax expense**

		Jun-23 UgX	Jun-22 UgX
Taxable Income	24	<u>7,491,181,432</u>	<u>3,168,011,977</u>
Tax Charge at 30%		2,247,354,430	950,403,593
Deferred Tax Charge	31	11,914,995,052	(14,715,933,363)
Add: Tax deducted at source (WHT)		5,861,653,539	5,185,973,591
<b>Tax Expense charge for the year</b>		<u><b>20,024,003,021</b></u>	<u><b>(8,579,556,179)</b></u>

**28 Tax payment**

During the year ended 30 June 2023, the Scheme paid provisional tax of UgX. 1,746,573,180.

**29 Tax payable**

	Notes	2023 UgX	2022 UgX
Tax Charge Payable	27	2,247,354,430	950,403,593
Less: Provisional Tax Paid during the year	28	(1,746,573,180)	(1,033,654,388)
Less: WHT certificates		(74,615,838)	(111,956,669)
<b>Tax (Payable)/ Credit</b>	30	<u><b>426,165,412</b></u>	<u><b>(195,207,464)</b></u>

**30 Tax (Liability)/ asset**

		2023 UgX	2022 UgX
Opening balance		303,586,747	133,539,811
Tax payable for the year	29	(426,165,412)	(195,207,464)
WHT written off		(16,629,836)	(27,002,104)
Add: Withholding tax for the year		102,788,885	113,798,245
<b>Less:</b>			
Less: WHT claimed		(74,615,838)	(111,956,669)
<b>Tax (Liability) / asset at year end</b>		<u><b>(111,035,454)</b></u>	<u><b>303,586,747</b></u>

**Note:** Withholding tax written off relates to tax certificates not received and shall have expired due to passage of time.

### 30.1 Cumulative split of Tax Liability /asset and WHT receivables

	2023 UgX	2022 UgX
Tax Liability(credit) with URA	(135,051,514)	291,113,898
Tax asset at year end	24,016,060	12,472,849
<b>Tax (Liability) asset at year end</b>	<b>(111,035,454)</b>	<b>303,586,747</b>

### 31 Deferred tax

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

	2023 UgX	2022 UgX	
<b>Accelerated tax depreciation</b>			
Carrying value as at 30 June	786,051,007	1,162,089,212	
Tax written down value as at 30 June	(718,706,328)	(982,629,949)	
Difference	67,344,679	179,459,263	
<b>Deferred tax on fixed assets @ 30%</b>	<b>20,203,404</b>	<b>53,837,779</b>	
<b>Changes in fair value</b>			
Changes in fair value	5,849,173,125	(33,768,120,904)	
<b>Deferred Tax @ 30%</b>	<b>1,754,751,938</b>	<b>(10,130,436,271)</b>	
<b>Foreign Exchange losses</b>			
Foreign Exchange losses	(355,738,966)	(567,209,694)	
<b>Deferred Tax @ 30%</b>	<b>(106,721,690)</b>	<b>(170,162,909)</b>	
<b>Deferred tax charge for the year</b>			
	At 1 July	Credit/charge for the year	At 30 June
	2022 UgX	UgX	2023 UgX
Accelerated tax depreciation	53,837,779	(33,634,375)	20,203,404
Changes in fair value	(10,130,436,271)	11,885,188,209	1,754,751,938
Foreign exchange losses	(170,162,909)	63,441,218	(106,721,691)
<b>Net deferred tax as-set/(liability)</b>	<b>(10,246,761,403)</b>	<b>11,914,995,052</b>	<b>1,668,233,651</b>

## 32 Investment allocation

	2023 UgX	2022 UgX
Government Treasury Bond	322,828,480,311	236,267,223,766
Fixed deposits	9,032,233,645	18,288,169,287
Treasury bills	4,948,847,348	-
Unit trusts	46,387,750,774	36,016,517,025
Loans	24,354,571,917	19,269,128,782
Shares and equities	<b>16,537,551,806</b>	24,841,963,323
<b>Total investments (short and long term)</b>	<b>424,089,435,801</b>	<b>334,683,002,183</b>

Investment allocation	2023 UgX	2022 UgX
Gen Africa	<b>201,728,239,477</b>	165,003,201,256
<b>UAP(Britam)</b>	197,516,357,113	148,779,399,991
Parliamentary Pension Scheme	24,844,839,211	20,900,400,936
	<b>424,089,435,801</b>	<b>334,683,002,183</b>

### 32.1 Details of allocation

#### GenAfrica

	2023 UgX	2022 UgX
Government treasury bond	163,902,052,720	124,593,074,857
Fixed deposits	1,801,582,169	3,003,207,611
Unit trusts	26,734,914,335	21,482,853,087
Shares and equities	<b>9,289,690,253</b>	15,924,065,701
<b>Total</b>	<b>201,728,239,477</b>	<b>165,003,201,256</b>

#### UAP (Britam)

	2023 UgX	2022 UgX
Government treasury bond	158,926,427,591	111,674,148,909
Fixed deposits	6,740,384,182	13,653,689,522
Treasury bills	4,948,847,348	0
Unit trusts	19,652,836,439	14,533,663,938
Shares and equities	7,247,861,553	8,917,897,622
<b>Total</b>	<b>197,516,357,113</b>	<b>148,779,399,991</b>



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### 32.1 Investment allocation(continued)

#### Parliamentary Pension Scheme

	2023 UgX	2022 UgX
Loans	24,354,571,917	19,269,128,782
Fixed deposits	490,267,294	1,631,272,154
<b>Total</b>	<b>24,844,839,211</b>	<b>20,900,400,936</b>

### 33. Investment reconciliation (Member fund)

	Value as at 01/07/2022 UgX	Purchases at cost UgX	Capitalized/ interest dis- counts UgX	Sales /Proceeds/ Redemptions /Impairment loss UgX	Changes in the Fair value UgX	Value at 30.06.23 UgX
Fixed depos- its	18,288,169,287	75,753,184,505	506,732,745	(85,515,852,892)	0	9,032,233,645
Treasury bills	0	4,553,957,400	394,889,948	0	0	4,948,847,348
Shares	24,841,963,323	<b>896,844,873</b>	0	(4,670,625,184)	(4,530,631,206)	<b>16,537,551,806</b>
Loans	19,269,128,782	18,688,000,000	265,942,629	(13,868,499,494)	-	24,354,571,917
Unit trusts	36,016,517,025	34,505,000,000	5,707,590,557	(29,841,356,808)	-	46,387,750,774
Treasury bonds	236,267,223,766	90,794,713,430	10,977,823,103	(25,591,084,319)	10,379,804,331	322,828,480,311
<b>Total</b>	<b>334,683,002,183</b>	<b>225,191,700,208</b>	<b>17,852,978,982</b>	<b>(159,487,418,697)</b>	<b>5,849,173,125</b>	<b>424,089,435,801</b>

### 34 Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments as at 30 June 2023.

### 35 Financial risk management

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

#### (a) Liquidity risk

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

#### Management of liquidity risk

The Scheme funds are raised mainly from contributions received from both Sponsor and members of the Scheme.

The Scheme strives to maintain a balance between continuity of funding and flexibility through the use of investment assets with a range of maturities. The Scheme continually assesses liquidity risk by identifying and monitoring changes in funding and adjust investment plans accordingly.

#### Management of investment risk

Key measures used by the Scheme for managing investment risk are the asset mix limits. Details of the asset mix at the reporting date were as shown in Table 6 below:

**Table 6: Investment asset mix**

Category of asset class	Limit	2023		2022	
	As per IPS	UgX		UgX	
Government securities	40% - 80%	322,828,480,311	75.50	236,267,223,766	70.11
Treasury bills	5% - 80%	4,948,847,348	1.16	-	-
Unit Trusts	5% - 20%	46,387,750,774	10.85	36,016,517,025	10.69
Fixed deposits	0% - 10%	9,032,233,645	2.11	18,288,169,287	5.43
Domestic Equities	0% - 15%	<b>7,960,689,487</b>	1.50	7,669,650,913	2.28
Regional Equities	0% -15%	<b>8,576,862,319</b>	2.28	17,172,312,410	5.10

Others (Loans)	0% - 5%	24,354,571,917	5.70	19,269,128,782	5.72
Cash	0% - 5%	3,859,785,639	0.90	2,304,024,056	0.68
		<b>427,949,221,440</b>	<b>100</b>	<b>336,987,026,239</b>	<b>100</b>

The Table 7 below analyzes assets and liabilities into relevant maturity groupings based on the remaining period to the contractual maturity dates:

**Table 7: Assets and liabilities into relevant maturity groupings**

	Up to 3 months	3-12 months	1 - 5 years	Over 5 years	Total
	UgX.	UgX.	UgX	UgX	UgX.
Government securities	-	10,977,823,103	5,660,721,582	306,189,935,626	322,828,480,311
Treasury Bills	-	4,948,847,348	-	-	4,948,847,348
Fixed deposits	3,000,000,000	6,032,233,645	-	-	9,032,233,645
Domestic Equities	574,071,923	1,388,718,655	<b>2,250,159,823</b>	<b>3,747,739,086</b>	<b>7,960,689,487</b>
Regional Equities	-	2,984,828,590	1,979,608,639	<b>3,612,425,090</b>	<b>8,576,862,319</b>
Loans	-	7,431,624,869	16,922,947,048	-	24,354,571,917
Cash at Bank	5,427,275,282	-	-	-	5,427,275,282
Receivables	-	484,195,024	39,447,000	-	523,642,024
<b>Total Assets</b>	<b>9,001,347,205</b>	<b>34,248,271,234</b>	<b>26,852,884,092</b>	<b>313,550,099,802</b>	<b>383,652,602,333</b>
Other Liabilities and accrued expenses	3,341,264,114	961,917	591,037,716	-	3,933,263,747
Deferred Tax Liability	-	1,668,233,651	-	-	1,668,233,651
Tax liability	135,051,514	-	-	-	135,051,514
<b>Total Liabilities</b>	<b>3,476,315,628</b>	<b>1,669,195,568</b>	<b>591,037,716</b>	<b>-</b>	<b>5,736,548,911</b>
Liquidity gap					
<b>At 30 June 2023</b>	<b>5,525,031,577</b>	<b>32,579,075,666</b>	<b>26,261,846,376</b>	<b>313,550,099,802</b>	<b>377,916,053,421</b>

#### (b) Market risk

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

#### Management of market risks

The authority of management of the market risk is vested with the Scheme's investment managers.

### **Interest rate risk**

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

### **Currency risk**

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

### **(c) Non-financial risk**

In addition to the risks discussed above, the Scheme is also exposed to a number of non-financial risks. Non-financial risk encompasses operational risk and business risk.

### **Operational risk**

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

### **Business risk**

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

## **36 Related party transactions**

There were no related party transactions during the period ended 30 June 2023.



## ACTUARIAL VALUATION REPORT

### Purpose

The actuarial valuation was done in order to determine the funding status of the Scheme as at 30<sup>th</sup> June 2023.

### Valuation Basis

A summary of the valuation assumptions is as follows: -

#### Financial assumptions

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

#### Demographic assumptions

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

Valuation Results	JUNE 2023 (UGX. 000)	JUNE 2020 (UGX. 000)	JUNE 2017 (UGX. 000)	JUNE 2014 (UGX. 000)
Total Value of Assets	422,926,126	312,113,763	152,133,644	66,384,457
Total value of Liabilities	(411,954,126)	(303,559,921)	(147,811,769)	(65,834,199)
Surplus	10,972,000	8,553,842	4,321,874	550,258
Funding Level	102.7%	102.8%	102.9%	100.8%

### Valuator Statement

The Valuator hereby certifies that the Scheme is in a financially sound condition as at 30<sup>th</sup> June 2023.

The actuarial valuation was undertaken by **East African Actuarial Services Limited**.

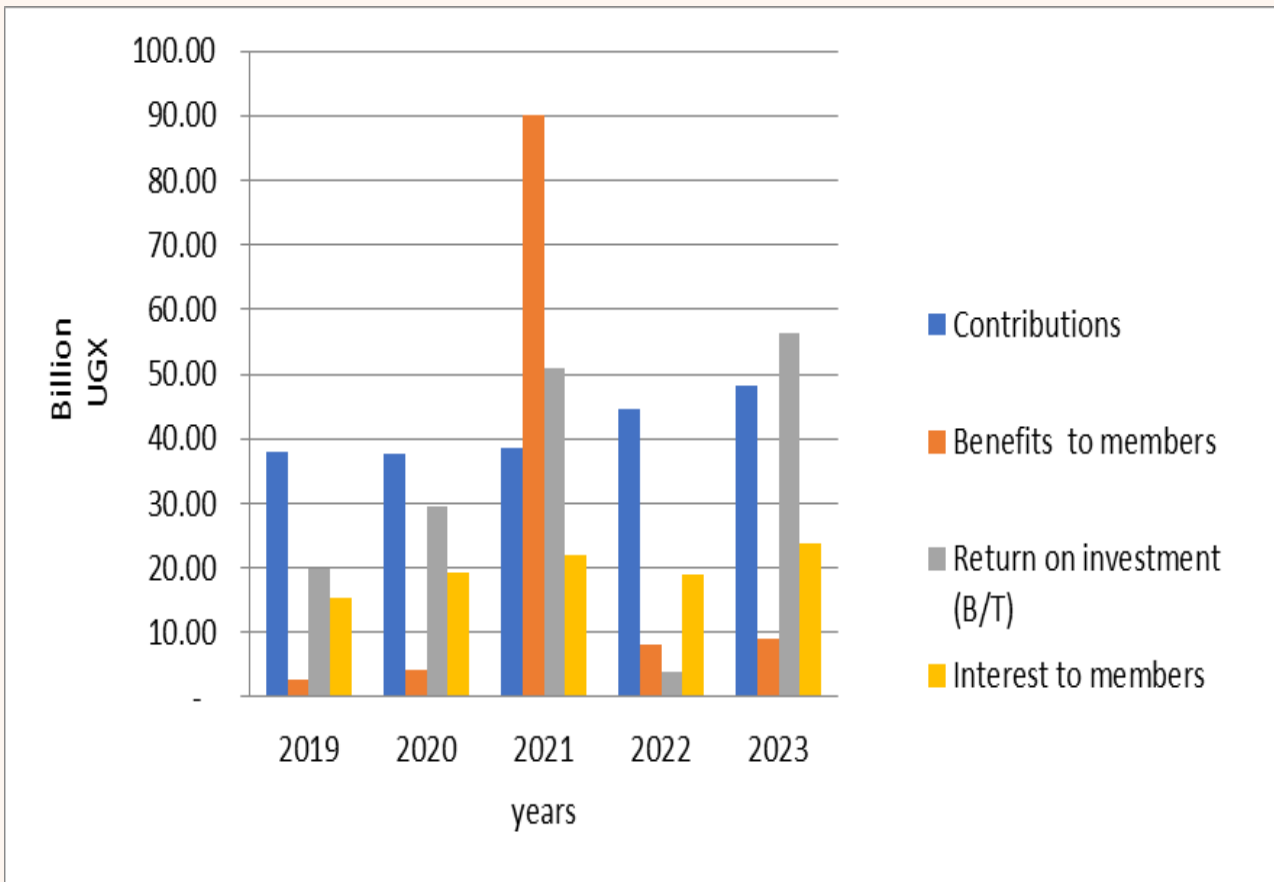
## FIVE YEAR FINANCIAL STATISTICS

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

**Table 9: 5-year financial statistics (in UGX Billion)**

Details	2019	2020	2021	2022	2023
Contributions	37.81	37.67	38.4	44.71	48.29
Benefits to Members	2.78	4.17	90.06	8.11	9.14
Return on Investment (B/T)	19.97	29.55	50.84	3.9	56.45
Interest to Members	15.3	19.24	21.99	18.92	23.79
<b>Total Fund &amp; Reserve</b>	<b>257.21</b>	<b>313.61</b>	<b>299.99</b>	<b>349.12</b>	<b>425.26</b>
Bank Balance	2.22	3.44	3.89	3.71	5.43
Fixed Deposit	20.51	12.02	19.65	18.29	9.03
Treasury Bills	19.34	26.94	0.803	0.000	4.95
Corporate Bonds	0.420	0.290	0.132	0.000	0.00
Government Bonds	149.15	207.87	210.69	236.27	322.83
Quoted Shares	47.95	50.36	64.53	24.84	16.54
Loans	14.65	10.78	11.490	19.270	24.35
Unit Trusts	0.00	0.00	0.00	36.02	46.39
Net Current Liabilities (assets)	2.97	1.91	(11.20)	10.72	(4.26)
<b>Net Assets</b>	<b>257.21</b>	<b>313.61</b>	<b>299.99</b>	<b>349.12</b>	<b>425.26</b>

Figure 4: Summary of 5-year financial statistics



## ONE YEAR FINANCIAL PROJECTIONS

The projection shows the incomes and Benefits to be made by the Scheme for a period of 1-year 2023/2024.

**Table 10: 1 Year Projections (in UGX Billion)**

<b>Income</b>	<b>Amount [Bn] UgX.</b>
Fixed Deposit	0.666
Treasury Bills	0.631
Government Bonds	56.772
Quoted Shares	2.063
Unit Trust	6.071
Loans	4.12
<b>Total Projected Income</b>	<b>70.323</b>
<b>Benefits</b>	
Withdrawals	1.046
Access to Midterm Benefit	32.00
Retirements	0.879
Pensions	6.265
Death in service	1.688
<b>Total Projected benefit</b>	<b>41.878</b>

### Assumptions

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

## ONE YEAR FINANCIAL PERFORMANCE AGAINST PROJECTIONS IN 2022/2023

One-year financial performance of the Scheme against projection for incomes and Benefits to be made by the Scheme for year ended 2022/2023 is shown in Table 11 below:

**Table 11: 1 Year Performance against Projections (in UGX Billion) 2022/2023**

	Projected Income	Actual Income	Variance
	2022/2023	2022/2023	2022/2023
Income	UgX.	UgX.	UgX.
Income on Fixed Deposits.	0.694	0.521	(0.173)
Interest Income on Loans	2.875	3.223	0.348
Income From Treasury Bills	0.314	0.493	0.179
Interest Income from Bonds	28.592	44.423	15.831
Income from Dividends	1.268	1.614	0.346
Income from Unit Trusts	4.135	4.751	0.616
<b>Total Projected Income.</b>	<b>37.878</b>	<b>55.025</b>	<b>17.147</b>
Benefits	Projected Benefits	Actual Benefits	Variance
	UgX	UgX	UgX
Withdrawal benefits	32.590	0.727	(31.863)
Retirement Lumpsum	1.630	0.703	(0.927)
Death in Service benefits	2.280	1.758	(0.522)
Pensions	6.360	5.947	(0.413)
	<b>42.86</b>	<b>9.135</b>	<b>(33.73)</b>

<sup>1</sup>Budget Speech 2023/2024

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

<sup>3</sup>Performance of the Economy Report June 2023

<sup>4</sup>World Bank Report June 2023

<sup>5</sup> Stock Market Report June 2023,

<sup>6</sup> African Development Bank Report June 2023

<sup>7</sup> Monetary Policy Committee June 2023, Kenya

<sup>8</sup> Monetary Policy Committee June 2023, Uganda.