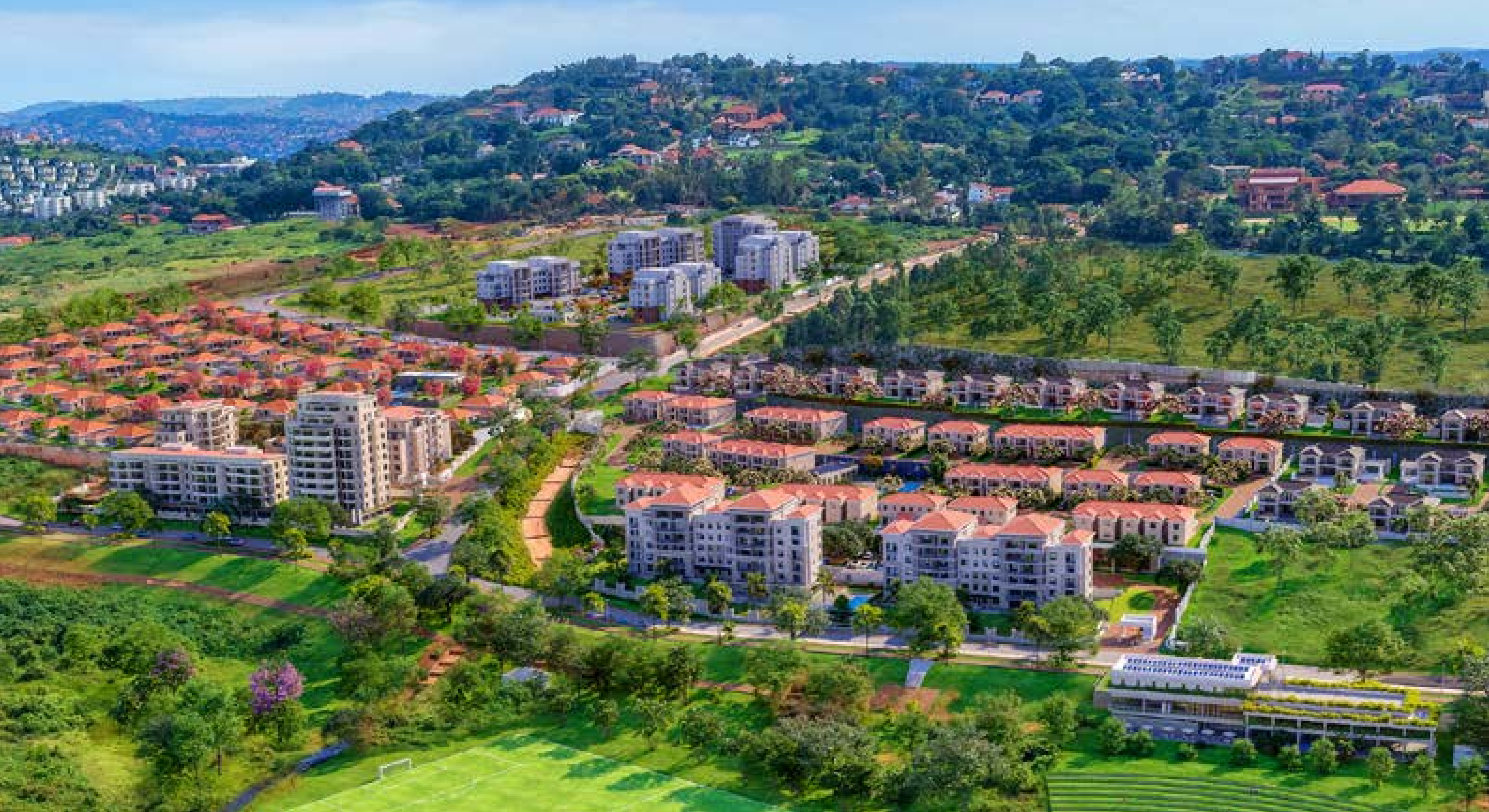
The National Social Security Fund
Annual Report & Financial Statements
for the year ended 30 June 2025

NSSF
a better life

40 Years Making Lives Better

40 Years of building Uganda's future

Powering Growth, Empowering Generations.



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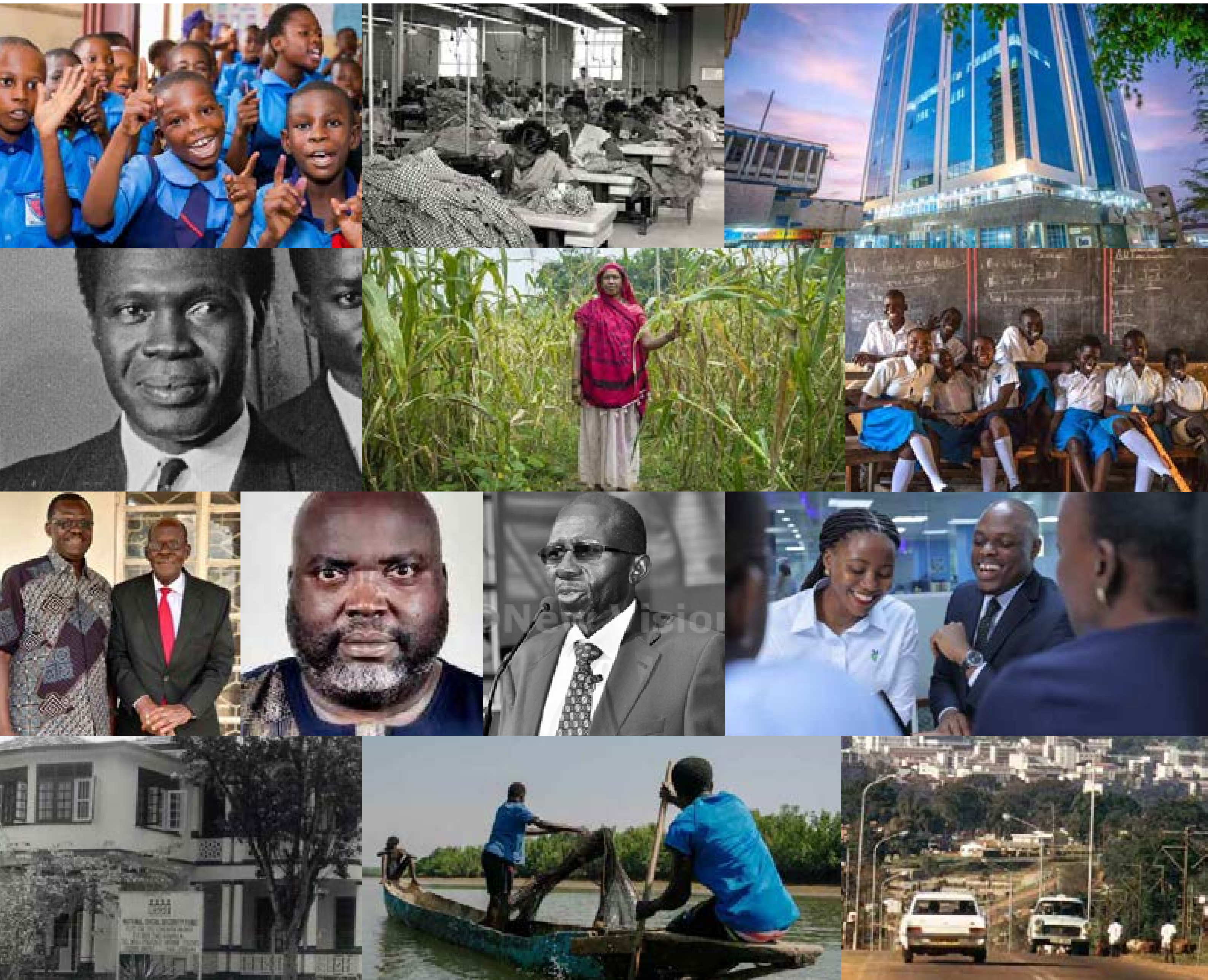

FUND INFORMATION

DIRECTORS

Dr.	David Ogong	Chairman
Mr.	Ramathan Ggoobi	Member
Mr.	Richard Bigirwa	Member
Mr.	Aggrey David Kibenge	Member
Ms.	Peninnah Tukamwesiga	Member
Dr.	Sam Lyomoki	Member
Dr. Eng.	Silver Mugisha	Member
Ms.	Annet Birungi	Member
Ms.	Annet Mulindwa Nakawunde	Member
Mr.	Patrick M. Ayota	Managing Director

REGISTERED OFFICE

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

AUDITOR

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

DELEGATED AUDITOR

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

ADVOCATES

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

NANGWALA REZIDA & CO. ADVOCATES
Plot 9, Yusuf Lule Road
P. O. Box 10304
Kampala, Uganda

BIRUNGYI, BARATA & ASSOCIATES
Plot 14 Archer Road Kololo
P. O Box 21086
Kampala, Uganda

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

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

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

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

KASIRYE, BYARUHANGA & CO. ADVOCATES
Plot 33, Clement Avenue
P. O. Box 10946
Kampala, Uganda

FUND INFORMATION continued

BANKERS

STANDARD CHARTERED BANK UGANDA LIMITED
Speke Road
P. O. Box 7111
Kampala, Uganda

STANBIC BANK UGANDA LIMITED
Plot 17 Hannington Road
P. O. Box 7131
Kampala, Uganda

HOUSING FINANCE BANK
Plot 25 Kampala Road
P. O. Box 1539
Kampala, Uganda

TROPICAL BANK LIMITED
Plot 27 Kampala Road
P. O. Box 9485
Kampala, Uganda

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

UNITED BANK FOR AFRICA (UGANDA) LIMITED
Plot 2, Jinja Road
P. O. Box 7396
Kampala, Uganda

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

FINANCE TRUST BANK LIMITED
Plot 121 & 115, Block 6, Katwe
P. O. Box 6972
Kampala, Uganda

EXIM BANK UGANDA LIMITED
Plot 6, Hannington Road
P. O. Box 36206
Kampala, Uganda

I&M BANK (UGANDA) LIMITED
(FORMERLY ORIENT BANK UGANDA LIMITED)
P. O. Box 3072
Kampala, Uganda

POST BANK UGANDA LIMITED
Plot 4/6 Nkurumah Road
P. O. Box 7189
Kampala, Uganda

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

BANK OF BARODA UGANDA LIMITED
Plot 18 Kampala Road
P. O. Box 7197
Kampala, Uganda

ABSA BANK UGANDA LIMITED
Plot 2A & 4A, Nakasero Road
P. O. Box 7101
Kampala, Uganda

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

CENTENARY RURAL DEVELOPMENT BANK
Plot 44-46 Kampala Road
P. O. Box 1892
Kampala, Uganda

DIAMOND TRUST BANK UGANDA LIMITED
Plot 17/19, Kampala Road
P. O. Box 7155
Kampala, Uganda

EQUITY BANK UGANDA LIMITED
Plot 34, Church House Kampala Road
P. O. Box 10184
Kampala, Uganda

GUARANTY TRUST BANK UGANDA LIMITED
Plot 56 Kiira Road
P. O. Box 7323
Kampala, Uganda

KCB BANK UGANDA LIMITED
Plot 7 Kampala Road
P.O. Box 7399
Kampala, Uganda

NCBA BANK UGANDA LIMITED
Rwenzori Towers
P. O. Box 28707
Kampala, Uganda

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

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30 June 2025 which discloses the state of affairs of the National Social Security Fund ('the Fund' or "NSSF"), in accordance with Section 32 of the National Social Security Fund Act, Cap 230 Laws of Uganda (the NSSF Act).

1. INCORPORATION

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

2. PRINCIPAL ACTIVITY

The Fund was established by an Act of Parliament which provides for its membership, payment of contributions to, and payment of benefits out of the Fund. NSSF is a provident fund that pays out contributions in lump sum. It is open to all employees in the private sector including Non-Governmental Organisations that are not covered by the Government's pension scheme. It is a scheme instituted for the protection of employees against the uncertainties of social and economic life. The Fund is financed by employees' and employers' contributions. The total contribution is 15% of the employees' gross salary, of which the employer is entitled to recover 5% from the employee. In addition, Section 13 of the National Social Security Fund Act, (Cap 230) introduced a mandate for the Fund to collect voluntary contributions. This culminated into a new product called Smart Life which was launched in November 2024.

3. SIGNIFICANT ACTIVITIES

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

4. BENEFITS PAID

During the year ended 30 June 2025, the Fund paid benefits to 43,501 beneficiaries (2024: 44,250 beneficiaries).

5. RESULTS FROM OPERATIONS

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

6. INTEREST TO MEMBERS

Interest is computed based on the opening balances of the members' funds less benefits paid during the year. The interest rate used to allocate interest for the year ended 30 June 2025 was 13.50% (2024: 11.50%).

7. FUND RESERVES

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

8. UNALLOCATED MEMBERS' FUNDS

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

9. DIRECTORS

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

10. AUDITORS

In accordance with Section 32 (2) of the NSSF Act, the financial statements are required to be audited every year by the Auditor General of Uganda or an auditor appointed by him to act on his behalf. For the year ended 30 June 2025, KPMG Certified Public Accountants was appointed to act on behalf of the Auditor General.

REPORT OF THE DIRECTORS continued

11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved at the meeting of the Directors held on 16 September 2025.

By Order of the Board,

MS AGNES TIBAYEITA ISHARAZA
Corporation Secretary

22 September 2025

NSSF'S 13TH BOARD OF DIRECTORS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

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

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

These financial statements:

- were approved by the Board of Directors on 16 September 2025;
- are, to the best of the Directors' knowledge and belief, confirmed to be complete and correct; and
- fairly represent the net assets of the Fund as at 30 June 2025 as well as the results of its activities for the year then ended in accordance with IFRS Accounting Standards and the NSSF Act.

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

The Directors confirm that for the year ended 30 June 2025, the National Social Security Fund has submitted all regulatory and other returns and any other information by all applicable regulations.

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

DR. DAVID OGONG	**MR. PATRICK M. AYOTA**	**DR. ENG. SILVER MUGISHA**
Chairman	Managing Director	Director
Date: 16 September 2025		

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NATIONAL SOCIAL SECURITY FUND FOR THE YEAR ENDED 30 JUNE 2025

THE RT. HON. SPEAKER OF PARLIAMENT

INTRODUCTION

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

OPINION

I have audited the financial statements of National Social Security Fund (NSSF) set out on pages 12 to 74, which comprise the Statement of Net Assets Available for Benefits as at 30th June 2025, the Statement of Changes in Net Assets Available for Benefits, Statement of Changes in Fund Reserves and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policies.

In my opinion, the accompanying financial statements present a true and fair view of the financial position of the Fund as at 30th June 2025, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the NSSF Act, Cap 230 of the Laws of Uganda.

BASIS OF OPINION

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

KEY AUDIT MATTERS

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

The Key Audit Matter	How the matter was addressed in our audit
Valuation of Investment Properties The disclosures associated with valuation of investment properties are set out in the financial statements in the following notes; • Note 3(h): Summary of material accounting policies (Investment Properties); • Note 4(i): Determination of fair value; • Note 26: Investment Properties. The Fund has significant investment properties whose estimated fair values require significant judgement. Significant judgement is applied in determining the valuation techniques used by the external valuers and evaluation of the assumptions applied in determination of unobservable inputs relevant in estimating of the fair value of investment properties. I assessed this as a key audit matter due to the significant judgment exercised by the directors of the Fund and the complexity involved in the determination of the fair value of investment properties.	I undertook the following procedures: (i) Obtained an understanding of the Fund's approach and process to the valuation of the investment properties. (ii) Tested controls over managements' review of the fair valuation models and inputs in the models thereon. (iii) Evaluated the appropriateness of the methods used for fair valuation to assess whether they were consistent with the requirements of IFRS 13. (iv) Challenged the assumptions made by management in the valuation, including (a) Selecting significant observable inputs in the fair valuation methods, such as legal title to the land, rental yield rate and price per acre to external data sources and or observable supporting source documents. (b) Verifying assumptions such as future vacancy factor to industry information published by property managers for reasonableness. (v) Performed a retrospective review for a sample of transactions to ascertain managements' history in estimating fair values.

REPORT OF THE AUDITOR GENERAL continued

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

OTHER MATTER

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

1. LACK OF TORS FOR BOARD REPRESENTATION IN INVESTMENT IN ASSOCIATES

International Accounting Standards (IAS) 28: Investments in Associates and Joint Ventures, defines an associate as an entity over which the investor has significantinfluence, that is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If an entity holds, directly or indirectly, 20 per cent or more of the voting power of the investee, it is presumed that the entity has significant influence. The existence of significant influence by an entity is also usually evidenced by representation on the board of directors or equivalent governing body of the investee.

I noted that the Fund had five Investments in Associates, three of which were as a result of having a shareholding of above 20% and thus qualifying to have significant influence while the other two, are a result of the Fund having representation on the board of directors of those investee companies.

However, during my review, I noted that the Fund lacked documented Terms of Reference (ToRs) or other guidelines specifying the role, authority, and responsibilities of the Fund's board representatives in the associate companies and how the Fund's significant influence would be exercised.

The above creates ambiguity in roles and performance measurement of its representative, which could weaken the Fund's representation and hence significant influence at the investees.

The Accounting Officer explained that the Fund follows the King IV Corporate Governances and only has significant influence (not control) over the associates. The appointed board member is expected to largely act independently. The Board has however authorized the preparation of a guiding policy to evaluate and document the guiding principles of selection and terms of reference for board members.

Recommendation

I advised the Fund to expedite the development and approval of formal Terms of Reference for the board representatives in associates, which should be discussed and signed off, by each board representative in the investees upon appointment.

REPORT OF THE AUDITOR GENERAL continued

2. INSUFFICIENT COLLATERAL FOR THE RESTRUCTURED LOAN TO UGANDA CLAYS

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

A review of the valuation reports of the properties pledged as collateral for the loan revealed that they had a market value UGX.15.4Bn, which is 25% below the loan amount at restructure. It was further noted that the legal mortgage registered on the properties to secure the Fund's rights for the loan was UGX.11Bn, leaving an unsecured exposure of UGX.9.6Bn in the event of default by Uganda Clays Limited.

The Accounting Officer explained that the collateral pledged against the loan was last valued in January 2022. An updated valuation would be undertaken during the year to establish the current market value of the pledged security. He further explained that, Uganda Clays Limited remains a going concern, with positive operational prospects expected to strengthen its ability to meet obligations over time.

Recommendation

I advised the Accounting Officer to adequately monitor the performance of Uganda Clays Limited on its restructured agreement and consider obtaining additional collateral for the unsecured loan.

OTHER INFORMATION

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

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

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

I have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

REPORT OF THE AUDITOR GENERAL continued

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

OTHER REPORTING RESPONSIBILITIES

In accordance with Section 18 (1) of the National Audit Act, Cap 170, I report to you, based on my work described on the audit of Financial Statements, that the activities, financial transactions and information reflected in the financial statements that have come to my notice during the audit, are in all material respects, in compliance with the authorities which govern them.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

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

There were no material findings to report on.

EDWARD AKOL
Auditor General

19 September, 2025

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Note	2025 Ushs'000	2024 Ushs'000
CONTINUING OPERATIONS			
Revenue			
Interest income	5	2,878,445,196	2,340,316,273
Real estate income	6(b)	16,640,971	13,294,351
Dividend income	7	238,136,365	175,003,840
Total revenue		**3,133,222,532**	**2,528,614,464**
Other income/(losses) - net			
Fair value gains on investments	8(a)	649,125,282	384,860,648
Foreign exchange (losses)/gains	8(b)	(273,734,689)	255,060,394
Other income	8(c)	6,195,067	11,260,945
Total other income - net		**381,585,660**	**651,181,987**
Expenditure			
Administrative expenses	9	(164,967,300)	(158,869,054)
Impairment losses on financial assets	10	(9,299,765)	(2,511,336)
Other operating expenses	11	(39,074,764)	(44,764,760)
Amortisation of intangible assets	27	(4,192,921)	(4,067,699)
Depreciation on property and equipment and right of use assets	28,29	(10,843,033)	(10,965,815)
Total expenditure		**(228,377,783)**	**(221,178,664)**
Finance costs	12	(2,055,766)	(654,969)
Interest to members	33(b)	(2,796,865,226)	(2,073,359,442)
Surplus before income tax		**487,509,417**	**884,603,376**
Income tax expense	14(a)	(242,397,121)	(216,035,294)
Surplus after tax		**245,112,296**	**668,568,082**
Dealings with members			
Contributions received during the year	33	2,127,776,708	1,931,779,931
Benefits paid	33	(1,322,627,710)	(1,120,725,875)
		805,148,998	**811,054,056**
Net increase in the fund for the year		**1,050,261,294**	**1,479,622,138**

The notes on pages 16 to 74 are an integral part of these financial statements.

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	Note	2025 Ushs'000	2024 Ushs'000
ASSETS			
Cash and bank balances	15	105,938,710	113,362,846
Deposits with commercial banks	16	45,279,644	274,103,373
Trade and other receivables	17	217,823,301	127,222,635
Equity securities externally managed	18	–	6,234,633
Debt instruments at amortised cost	20	20,472,000,581	17,012,664,250
Equity investments internally managed	21	3,170,099,158	2,488,034,950
Loans and advances	22	5,787,602	6,059,266
Investment in associates at fair value	23	231,851,071	429,155,827
Inventories	24	383,341,404	368,442,619
Tax claimable	30	79,636,108	60,295,694
Financial asset receivable	19	102,971,984	99,267,475
Capital work-in-progress	25	367,750,100	336,744,837
Right of use assets	29	2,341,622	2,423,693
Intangible assets	27	24,649,376	26,770,306
Property and equipment	28	50,009,890	49,017,555
Investment properties	26	750,052,401	733,179,683
TOTAL ASSETS		**26,009,532,952**	**22,132,979,642**
LIABILITIES			
OTHER LIABILITIES			
Other payables	31	75,716,431	74,945,733
Contract liabilities	32	27,008,688	18,388,740
TOTAL OTHER LIABILITIES		**102,725,119**	**93,334,473**
MEMBER LIABILITIES			
Accumulated member's funds	33	25,546,931,286	21,950,005,948
Member reserve accounts	34	104,187,474	91,795,131
Accumulated surplus/(deficit)	33(b)	119,611,565	(125,500,731)
TOTAL MEMBER LIABILITIES		**25,770,730,325**	**21,916,300,348**
NET ASSETS		**136,077,508**	**123,344,821**
Represented by:			
FUND RESERVES	33(c)	**136,077,508**	**123,344,821**

The notes on pages 16 to 74 are an integral part of these financial statements.

These financial statements were approved for issue by the Board of Directors on 16 September 2025 and signed on its behalf by:

DR. DAVID OGONG
Chairman

DR. ENG. SILVER MUGISHA
Director

MR. PATRICK M. AYOTA
Managing Director

STATEMENT OF CHANGES IN FUND RESERVES

	Fund Reserves* Ushs'000
Year ended 30 June 2024	
At start of the year	**111,935,984**
Special contributions and fines and penalties received	11,408,837
At end of the year	**123,344,821**
Year ended 30 June 2025	
At start of the year	**123,344,821**
Special contributions and fines and penalties received	12,732,687
At end of the year	**136,077,508**

Fund Reserves relate to accumulated special contributions received in accordance with Section 12, Section 36 and Section 37 of the National Social Security Fund Act, (Cap 230).

The notes on pages 16 to 74 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	2025 Ushs'000	2024 Ushs'000
Net cash flows used in operating activities	35	**(231,011,066)**	**(118,910,918)**
Investing activities			
Purchase of software	27	(2,071,992)	(2,306,278)
Additions to property, plant and equipment	28	(10,230,259)	(5,278,489)
Proceeds from disposal of property, plant and equipment		161,821	674,037
Additions to investment properties	26	(655,310)	(40,755,414)
Additions to capital work-in-progress	25	(31,005,263)	(62,902)
Purchase of equity investments internally managed	21	(18,039,783)	(294,829,905)
Additions to the financial asset receivable	19	(3,755,335)	(426,762)
Purchase of equity investments externally managed	18	(618,800)	(8,104,347)
Proceeds from disposal of equity investments internally managed	21	–	516,652
Proceeds from disposal of equity investments externally managed	18	–	2,837,289
Purchase of debt instruments at amortised cost	20	(4,215,942,085)	(2,927,866,504)
Maturities of debt instruments at amortised cost	20	791,708,153	543,837,214
Placement of deposits with commercial banks	16	(561,137,704)	(922,324,306)
Maturities of deposits with commercial banks maturing after 3 months	16	639,864,310	930,836,531
Maturities of loans and advances	22	1,666,667	1,666,667
Redemption of investments in associates	23	2,325,681	–
Interest received from debt instruments at amortised cost	20	2,526,101,369	2,053,973,198
Interest received from loans and advances	22	706,129	586,044
Interest received from commercial bank deposits	16	21,686,771	21,699,023
Increase in investment in associate	23	(7,592,289)	(6,831,987)
Dividends received		119,866,001	46,456,016
Net cash flows used in investing activities		**(746,961,918)**	**(605,704,223)**
Financing activities			
Repayment of principal amount lease liabilities	31	(935,205)	(1,010,510)
Benefits paid out to members	33	(1,322,627,710)	(1,120,725,875)
Contributions received from members	33	2,127,776,708	1,931,779,931
Interest recovered on arrears	33	7,323,112	6,819,975
Special contributions received		12,732,687	11,408,837
Net cash flows generated from financing activities		**824,269,592**	**828,272,358**
(Decrease)/Increase in cash and cash equivalents		**(153,703,392)**	**103,657,217**
Cash and cash equivalents at the start of year	15	295,127,787	191,470,570
Effect of movement of exchange rates on cash held		–	–
Cash and cash equivalents at end of year	15	**141,424,395**	**295,127,787**

The notes on pages 16 to 74 are an integral part of these financial statements.

1. FUND INFORMATION AND SIGNIFICANT ACTIVITIES

(a) Fund information

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

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

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

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

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

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

The Fund is also listed in Class 1 of the Public Enterprises Reform and Divestiture Act as an entity in which the Government of Uganda (GoU) shall retain 100% control.

(b) Significant activities

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

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

(c) Investment policy

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

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

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

1. FUND INFORMATION AND SIGNIFICANT ACTIVITIES continued

The Fund seeks to achieve the following objectives:

- To earn a total return of at least 2% above the preceding ten-year average inflation of 4.20% (2024:4.31%).
- To minimise the risk of large losses within any one asset class, investment type, industry or sector distributions, maturity date, or geographic location, which could seriously impair the Fund's ability to achieve its funding and long-term objectives.
- To preserve the actuarial soundness of the Fund in order to meet benefit obligations.
- To provide sufficient liquidity to ensure payment to eligible members when due.
- To ensure long-term solvency.
- To prudently manage the inherent investment risks that are related to the achievement of investment goals.
- To invest efficiently, bearing in mind the impact of management and transaction costs on the return of the assets.

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

Asset Class	Strategic Asset Allocation	Actual Asset Allocation 2025 Ushs'000	Actual Percentage Allocation 2025	Actual Asset Allocation 2024 Ushs'000	Actual Percentage Allocation 2024
Fixed Income	70.00% to 94.00%	**20,523,067,827**	**80.5%**	17,292,826,889	80.4%
Equities	5.00% to 20.00%	**3,388,076,928**	**13.3%**	2,923,425,410	13.3%
Real Estate	1.00% to 10.00%	**1,602,291,845**	**6.2%**	1,536,091,591	6.3%

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

2. BASIS OF PREPARATION

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

The financial statements have been prepared on a historical cost basis except as otherwise indicated below. The financial statements are presented in Uganda Shillings (Ushs), which is the Fund's functional currency, and all values are rounded off to the nearest thousand (Ushs'000), except where otherwise indicated.

3. MATERIAL ACCOUNTING POLICIES

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

(a) Investment in associates

Associates are all entities over which the Fund has significant influence but not control or joint control. This is generally the case where the Fund holds between 20% and 50% of the voting rights of the underlying entity. Investments in associates are initially recognised at cost and subsequently measured at fair value, in accordance with IAS 26.32. Changes in fair value are recognised in the statement of changes in net assets available for benefits.

(b) Foreign currencies

The Fund's financial statements are presented in Uganda Shillings, which is also the Fund's functional currency. Transactions in foreign currencies during the year are translated into Uganda Shillings at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Uganda Shillings at the exchange rates ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Uganda Shillings at the date when the fair value was determined.

Foreign currency gains and losses arising from settlement or translation of monetary items are recognised in other income / (losses) within the statement of changes in net assets available for benefits.

3. MATERIAL ACCOUNTING POLICIES continued

(c) Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES continued

(d) Financial instruments

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

(i) *Financial assets*

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

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

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

Category	Example
Fair value through profit or loss (FVPL)	Equity instruments (Notes 18 and 21)
Amortised cost	Loans and advances (Note 22) Deposits with commercial banks (Note 16) Trade and other receivables (Note 17) Debt instruments at amortised cost (Note 20) Cash and cash equivalent (Note 15)

Financial assets are not reclassified subsequent to their initial recognition.

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

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

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

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

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

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

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

The business models of the Fund are as follows.

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

3. MATERIAL ACCOUNTING POLICIES continued

(d) Financial instruments continued

(i) *Financial assets* continued

Held for Trading

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

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

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

Financial asset receivable

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

Subsequent measurement

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

The Fund’s financial assets comprise of the following:

- Cash and cash equivalent (Note 15)
- Debt instruments at amortised cost (Note 20)
- Equity instruments (Notes 18 and 21)
- Loans and advances (Note 22)
- Trade and other receivables (Note 17)
- Deposits with commercial banks (Note 16)

Derecognition

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

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

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

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

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

3. MATERIAL ACCOUNTING POLICIES continued

(d) Financial instruments continued

(i) *Financial assets* continued

Impairment of financial assets

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

- Disclosures for significant assumptions (Note 38)
- Debt instruments at amortised cost (Note 20)
- Loans and advances (Note 22)
- Trade and other receivables (Note 17)
- Deposits with commercial banks (Note 16)

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

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

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

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

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES continued

(d) Financial instruments continued

(ii) *Financial liabilities*

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

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

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

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

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

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

(e) Fair value measurement

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

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

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

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES continued

(e) Fair value measurement continued

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

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

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

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions – Note 4 and 38;
- Quantitative disclosures of fair value measurement hierarchy – Note 40;
- Financial instruments (including those carried at amortised cost) – Notes 15,16, 17, 18, 19, 20, 21, 22, 23 and 40;
- Investment property – Note 26; and
- Capital work-in-progress – Note 25
- Inventories – Note 24

(f) Property and equipment

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

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

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

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES continued

(f) Property and equipment continued

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

(g) Intangible assets

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

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

Intangible assets are amortised at a rate of 10% p.a.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of changes in net assets available for benefits when the asset is derecognised.

(h) Investment properties

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

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. All of the Fund's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair values of investment properties are included in surplus or deficit in the period in which they arise, including the corresponding tax effect.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. When the use of property changes from owner occupied to investment property, the property is re-measured at fair value and reclassified as investment property.

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

(i) Inventories

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

(j) Impairment of non-financial assets

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

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

3. MATERIAL ACCOUNTING POLICIES continued

(j) Impairment of non-financial assets continued

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

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

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

(k) Employee benefits

(i) *Gratuity*

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

(ii) *Staff provident fund*

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

(l) Provisions

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

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

(m) Income tax

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

3. MATERIAL ACCOUNTING POLICIES continued

(m) Income tax continued

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

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

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

(n) Cash and cash equivalents

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

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

Bank overdrafts

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

(o) Capital work-in-progress

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

(p) Members' funds

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

- The Fund recognises a liability to pay benefits to members composed of contributions declared on the account of each member and interest accumulated on each account in accordance with the obligations laid out in the NSSF Act.
- Interest is allocated to each members' account at the rate declared by the Minister for each member in consultation with the Board of Directors each year and is recognised in the statement of net assets available for benefits.
- Interest payments to members: Interest payable on members' accumulated contributions is calculated based on the opening accumulated contributions (standard contribution plus interest) less benefits paid during the year. The effective interest rate used to compute interest accrued to members is approved by the Minister of Finance, Planning & Economic Development in accordance with Section 35 (1) and (2) of the NSSF Act and is treated as an expense.
- The recognition of the expense and respective interest provision is based on the requirement under the NSSF Act to recognise member balances as a debt obligation.
- *Benefit payments to members:* Benefits payments to members are made upon meeting criteria for payment as set out in the NSSF Act. Such payments recognised as a charge in the statement of changes in net assets available for benefits, and as a reduction from members' funds when paid.
- *Contributions from members:* Member contributions remitted by their employers are recognised in the statement of changes in net assets available for benefits when received. Contributions due but not yet received at the end of the financial year are not accrued but accounted for and recognised in subsequent years when received.

(q) Fund Reserves

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

3. MATERIAL ACCOUNTING POLICIES continued

(q) Fund Reserves continued

The special contributions and fines and penalties are credited directly to the reserve account. Transfers from the reserve account require the approval of the Minister of Finance in accordance with the NSSF Act.

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

(r) Leases

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

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

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

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

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

The right-of-use assets are presented within Note 29 and are subject to impairment in line with the Fund's policy as described in Note 3 (j) Impairment of non-financial assets.

Right-of-use assets (meeting the definition of investment property)
The Fund's accounting policy for investment properties is disclosed in Note 3 (h).

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

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

The Fund's lease liabilities are presented within other payables in Note 31.

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

3. MATERIAL ACCOUNTING POLICIES continued

(r) Leases continued

The Fund as a lessor

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

(s) Current/non-current distinction

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

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

Disclosures for the amounts expected to be recovered or settled in no more than twelve months after the reporting period and after more than twelve months for each asset and liability line item are in Note 39 (b).

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

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

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

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

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

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

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES continued

(u) Changes in accounting policies and disclosures

(i) *New accounting standards, amendments and interpretations effective during the year ended 30 June 2025*

Effective date	New accounting standards or amendments
1 January 2025	Lack of Exchangeability – Amendments to IAS 21

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

(ii) *New standards and interpretations not yet effective and not yet adopted for the year ended 30 June 2025*

Effective date	New accounting standards or amendments
1 January 2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7.
1 January 2026	Annual Improvements to IFRS Accounting standards – Volume 11 (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)
01 January 2027	IFRS18 Presentation and Disclosure in Financial Statements
01 January 2027	IFRS 19 Subsidiaries without Public Accountability disclosures
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

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

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

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

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

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

The Fund is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of Fund's statement of changes in net assets, the statement of cash flows and the additional disclosures required for MPMs. The Fund is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

4. DETERMINATION OF FAIR VALUE

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

(i) *Investment properties*

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

4. DETERMINATION OF FAIR VALUE continued

(ii) *Capital work-in-progress*

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

(iii) *Investment in debt and equity instruments*

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

5. INTEREST INCOME

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

	2025 Ushs'000	2024 Ushs'000
Interest income on short term deposits with banks	17,655,482	26,463,998
Interest income on government bonds	2,858,744,669	2,312,659,481
Interest income on corporate bonds	–	371,527
Interest income on loans and receivables	2,045,045	821,267
	2,878,445,196	**2,340,316,273**

6. REAL ESTATE INCOME

(a) Rental income

	2025 Ushs'000	2024 Ushs'000
Workers House	6,820,832	5,954,022
Social Security House	2,740,463	3,359,048
Service charge	2,724,123	2,323,000
Solana - Lubowa	1,336,152	–
Others – Naguru, Mbarara and Jinja	1,010,939	1,019,786
	14,632,509	**12,655,856**

(b) House sales

Net gains on sale of property	**2,008,462**	**638,495**
Net real estate income	**16,640,971**	**13,294,351**

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

(c) Contract balances

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

	2025 Ushs'000	2024 Ushs'000
Contract liabilities, which are included in other liabilities (Note 32)	24,022,969	8,366,157

The contract liabilities relate to cash deposits made my customers on the Lubowa Solana residences.

(d) Performance obligations and revenue recognition policies

The revenue from house sales is measured based on the sale price per house in comparison to the fair value of the house at the point of the sale. The Fund recognises revenue at a point in time upon full completion of payment and transfer of title to the customer.

7. DIVIDEND INCOME

	2025 Ushs'000	2024 Ushs'000
Safaricom Limited	15,011,448	19,033,979
Stanbic Bank Uganda Limited	13,484,552	7,688,222
CRDB Tanzania Limited	18,612,913	15,555,418
Twiga Limited	7,792,470	5,458,206
National Microfinance Bank	13,718,972	12,450,915
Kenya Commercial Bank	15,705,001	–
MTN Uganda Limited	61,855,193	40,470,768
Equity Group Holdings Plc	21,548,897	18,598,090
Trade and Development Bank (TDB)	–	4,953,122
East African Breweries Limited	6,797,456	1,872,036
Bank of Kigali	3,283,569	4,010,798
Tanzania Breweries	14,894,334	10,993,860
Airtel Uganda Limited	36,176,210	21937760
Dividend income from other internally managed equities	8,742,040	6,228,676
Dividend income earned from fund managers	513,310	5,751,990
	238,136,365	**175,003,840**

8. OTHER INCOME/ (LOSSES) - NET

	2025 Ushs'000	2024 Ushs'000
(a) Fair value gains/(losses)		
Fair value gains on investment properties and owner occupied property (Note 26 and Note 28)	18,680,000	78,932,231
Fair value gains on externally managed equity securities (Note 18)	1,347,204	3,874,366
Fair value gains on internally managed equity securities (Note 21)	713,051,409	267,617,081
Gains on bond switches	–	1,098,636
Fair value (losses)/gains on investments in associates (Note 23)	(83,953,331)	33,338,334
	649,125,282	**384,860,648**
(b) Foreign exchange gains/ (losses)		
Foreign exchange (losses)/gains on debt instruments at amortised costs (Note 20)	(208,066,640)	270,193,630
Foreign exchange (losses)/gains on externally managed equity securities (Note 18)	(74,904)	2,004,095
Foreign exchange losses on internally managed equity securities (Note 21)	(56,285,399)	(13,614,315)
Foreign exchange (losses)/gains on dividends receivable	(2,723,123)	1,997,753
Other foreign exchange losses	(6,584,623)	(5,520,769)
Foreign exchange (losses)/ gains	**(273,734,689)**	**255,060,394**

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

(c) Other income

	2025 Ushs'000	2024 Ushs'000
Gain on disposal of property, plant and equipment	97,839	595,736
IFRS 16 modification gain and gain on disposal of assets	44,447	162,796
Notional income on staff loans	49,106	36,661
Miscellaneous income	6,003,675	10,465,752
	6,195,067	**11,260,945**

8. OTHER INCOME/ (LOSSES) - NET continued

(c) Other income continued

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

Inclusive of the IFRS 16 disclosure is Ushs 44.447 Million (2024: Ushs 162.796 Million) relating to modifications and a disposal gain of Ushs 44.447 Million as detailed below:

	Modification Ushs'000	Disposal Ushs'000	Total Ushs'000
2025			
Accumulated Depreciation	–	167,046	167,046
Lease Liability	275	229,597	229,872
ROU	–	(352,471)	(352,471)
	275	**44,172**	**44,447**
2024			
Accumulated Depreciation	(1,757)	799,050	797,293
Lease Liability	(5,345)	485,044	479,699
ROU	3,514	(1,117,710)	(1,114,196)
	(3,588)	**166,384**	**162,796**

9. ADMINISTRATIVE EXPENSES

	2025 Ushs'000	2024 Ushs'000
Employee benefits expenses – (Note 9 (a))	120,746,688	114,582,691
Staff medical insurance	3,058,822	2,761,693
General staff and training expenses	7,857,835	8,266,305
Advertising and promotion	6,968,944	5,459,916
Audit expenses	306,055	200,831
Bank charges and commission	153,484	23,562
Board expenses	1,543,875	1,199,231
Cleaning expenses	1,485,769	798,615
IT connectivity and internet	1,641,132	1,112,331
Directors' allowances	1,693,013	1,856,453
Professional fees	5,700,844	6,841,045
Legal fees	947,992	1,566,888
Motor vehicle fuel costs, maintenance and repairs	2,929,682	2,713,459
Printing and stationery	302,006	597,349
Subscriptions	1,106,091	1,093,989
Telephone, fax, telex and post	1,370,711	1,658,463
Travel and subsistence costs	6,084,818	6,582,862
Commission and brokerage fees	410,392	1,402,567
Other administrative expenses	659,147	150,804
	164,967,300	**158,869,054**

9. ADMINISTRATIVE EXPENSES continued

	2025 Ushs'000	2024 Ushs'000
a) Employee benefits expenses		
Salaries and wages	96,290,806	91,036,410
Social security contributions	9,750,487	9,307,629
Contributions to the staff provident fund	10,204,535	9,596,949
Gratuity	164,346	304,451
Leave pay	1,687,857	1,542,542
Mortgage Benefit	2,063,846	2,208,993
NSSF Staff Provident Fund expenditure	300,000	300,000
Overtime expenses	284,811	285,717
	120,746,688	**114,582,691**

The average number of employees were: 617 (2024: 610)

10. IMPAIRMENT LOSSES/ (REVERSALS) ON FINANCIAL ASSETS

	Note	2025 Ushs'000	2024 Ushs'000
Deposits due from banks	16	(3,071,573)	2,484,063
Trade and other receivables	17	1,481,357	3,018
Financial asset receivable	19	50,826	–
Debt instruments at amortised cost	20	10,839,155	210,300
Loans and advances	22	–	(186,045)
		9,299,765	**2,511,336**

11. OTHER OPERATING EXPENSES

	2025 Ushs'000	2024 Ushs'000
Rent and rates*	909,044	834,805
Electricity and water	2,591,378	2,315,261
Repairs and maintenance	14,315,790	14,078,043
Insurance	3,500,522	3,320,500
Security expenses	3,024,008	3,073,734
Research and library expenses	7,506,162	19,992,516
Fund manager expenses	–	299,031
Innovation and advisory	7,216,504	830,340
Transaction charges	11,356	20,530
	39,074,764	**44,764,760**

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

12. FINANCE COSTS

	2025 Ushs'000	2024 Ushs'000
Interest expense on lease liabilities	294,373	366,879
Interest expense on bank overdraft	1,761,393	288,090
	2,055,766	**654,969**

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

13. EXPENSES BY NATURE

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

	2025 Ushs'000	2024 Ushs'000
Amortisation of intangible assets (Note 27)	4,192,921	4,067,699
Depreciation on property and equipment and right of use assets (Note 27 and 28)	10,478,196	10,965,814
Auditors' remuneration (Note 9)	306,055	200,831
Directors' emoluments (Note 9)	1,693,013	1,856,453
Foreign exchange losses (Note 8(b))	(273,654,784)	255,060,394
Fair value gains on internally managed equity securities (Note 21)	713,051,409	267,617,081
Fair value gains on externally managed equity securities (Note 18)	1,347,204	3,874,366
Fair value gains on investment property and inventories (Note 24 and Note 26)	18,014,811	78,932,231

14. TAX

(a) Income tax expense

	2025 Ushs'000	2024 Ushs'000
Current income tax expense	242,397,121	216,035,294
Deferred income tax expense	–	–
	242,397,121	**216,035,294**

The income tax expense relates to rental income tax from rental income on commercial properties and withholding tax deducted at source from income earned from investments in treasury bills and bonds, fixed deposits and dividends in accordance with sections 127 and 128 of the Income Tax. No other income tax is charged because the Fund has accumulated trading losses amounting to Ushs 2,420 billion as at 30 June 2025 (2024: Ushs 2,560 billion). The tax on the Fund's surplus after interest transfer to member's funds differs from the theoretical amount that would arise using the basic rate of 30% as follows:

	2025 Ushs'000	Effective tax rate	2024 Ushs'000	Effective tax rate
Surplus before tax net of dealings with members	487,509,417		884,603,376	
Tax calculated at 30% (2024: 30%)	146,252,825	30%	265,381,013	30%
Tax effect of:				
Expenses relating to income taxed at source	26,685,396	6%	25,523,598	3%
Other non-deductible expenses	463,361,203	95%	315,980,302	36%
Effect of differential between the income tax statutory rate and the WHT rate on government securities	(330,409,055)	(68%)	(261,207,128)	(30%)
Prior year deferred tax (over)/under provision	11,597,667	2%	20,750,876	2%
Unrecognised deferred tax credit (Note 14(b))	(75,090,915)	(15%)	(150,393,367)	(17%)
Tax charge	**242,397,121**	**50%**	**216,035,294**	**24%**

14. TAX continued

(b) Deferred income tax asset

Deferred income tax is calculated on all temporary differences using the liability method at the principal tax rate of 30% (2024: 30%).

	At start of year Ushs'000	Charge/(Credit) to changes in net assets available for benefits Ushs'000	At end of year Ushs'000
Year ended 30 June 2025			
Deferred income tax assets			
Unrealised foreign exchange losses	(38,658,418)	(92,829,600)	(131,488,018)
Impairment allowance on financial assets	(15,450,378)	(2,786,679)	(18,237,057)
Provision for litigation	244,357	–	244,357
Lease liability under IFRS 16	(458,588)	(88,312)	(546,900)
Fair value gain on investments on associate	46,776,215	(25,186,000)	21,590,215
Bonus provision	(6,722,306)	(1,155,100)	(7,877,406)
Tax losses carried forward	(767,929,631)	41,876,378	(726,053,253)
	(782,198,749)	**(80,169,313)**	**(862,368,062)**
Deferred income tax liabilities			
Unrealised foreign exchange gains	115,036,481	(65,978,703)	49,057,778
Fair value gains on investment properties	189,884,971	5,604,000	195,488,971
Fair value changes on equity instruments	108,652,948	213,915,423	322,568,371
Right of use Asset	(18,165)	(302,409)	(320,574)
Unrealised gains in investments with fund managers	(4,791,961)	404,161	(4,387,800)
Accelerated depreciation	5,078,261	1,617,756	6,696,017
	413,842,535	**155,260,228**	**569,102,763**
Net deferred income tax asset	**(368,356,214)**	**75,090,915**	**(293,265,299)**
Year ended 30 June 2024			
Deferred income tax assets			
Unrealised foreign exchange losses	(479,056,194)	440,397,776	(38,658,418)
Impairment allowance on financial assets	(14,696,977)	(753,401)	(15,450,378)
Provision for litigation	244,357	–	244,357
Lease liability under IFRS 16	(348,524)	(110,064)	(458,588)
Fair value gain on investments on associate	36,774,715	10,001,500	46,776,215
Bonus provision	(5,367,105)	(1,355,201)	(6,722,306)
Tax losses carried forward	(415,027,586)	(352,902,045)	(767,929,631)
	(877,477,314)	**95,278,565**	**(782,198,749)**
Deferred income tax liabilities			
Unrealised foreign exchange gains	165,038,809	(50,002,328)	115,036,481
Fair value gains on investment properties	166,205,302	23,679,669	189,884,971
Fair value changes on equity instruments	28,367,824	80,285,124	108,652,948
Right of use Asset	258,722	(276,887)	(18,165)
Unrealised gains in investments with fund managers	(5,954,271)	1,162,310	(4,791,961)
Accelerated depreciation	4,811,347	266,914	5,078,261
	358,727,733	**55,114,802**	**413,842,535**
Net deferred income tax asset	**(518,749,581)**	**150,393,367**	**(368,356,214)**

14. TAX continued

(b) Deferred income tax asset continued

The net deferred income tax asset of Ushs 293 billion (2024: Ushs 368 billion) has not been recognised in these financial statements because it is not probable that future taxable profit will be available against which the Fund can utilise the benefits therefrom. At 30 June 2025, tax losses carried forward amounted to Ushs 2,420 billion. Despite the Fund making surplus earnings, Section 22(1) and 25 of the Income Tax Act allows a deduction of interest incurred during the year of income in respect of a debt obligation. In addition, the Fund obtained a ruling from Uganda Revenue Authority in 2001 advising that interest declared to members is tax deductible. Details of this and the current status of the open tax matter are disclosed in Note 37. The Fund follows this ruling when preparing income tax computations and it is unlikely that the Fund will have taxable profits against which the deferred income tax asset can be utilised.

15. CASH AND BANK BALANCES

	2025 Ushs'000	2024 Ushs'000
Cash at bank	105,662,932	184,456,454
Cash at hand	275,778	257,909
Mobile money float	–	967,805
	105,938,710	**185,682,168**
Overdraft	–	(72,319,322)
Net cash and bank	**105,938,710**	**113,362,846**

The Fund utilises the services of several commercial banks to collect contributions from employers each month. Collecting banks are required to transfer amounts collected at the end of every week to the Fund's custodian, Stanbic Bank and Standard Chartered Bank. There are no transfer charges and the banks do not pay interest on amounts held except for Standard Chartered Bank, Citibank and Stanbic Bank which pay interest at the rates of 7%, 5% and 1% (2024: 7%,5% and 1%) respectively.

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

Overdraft

The Fund utilises an overdraft facility with a limit of Ushs 100 Billion from Stanbic Bank Uganda Limited to finance the settlement of investments in periods with intermittent cashflow. The Fund can drawdown as and when depending on the need, with a maximum period of 30 days. All draw down notices are backed up by a sufficient value of the Fund's maturing investments within the coming 30 day period. The facility is created on an account to which the specific investment will be maturing. In general, under the overdraft agreement with Stanbic Bank, the amounts owed by each counter party on a single day in respect of all transactions outstanding are aggregated into a single net amount that is payable to the other party. Interest on amounts drawn are charged at the Central Bank Rate (CBR) plus a margin as determined on the date of each specific drawdown. The Fund's account in Stanbic Bank was overdrawn by Ushs 72.3 Billion as at 30 June 2024 for the sole purpose of financing the purchase of MTN shares worth Ushs 90.9 Billion. The facility was settled by 18 July 2024. The Fund had no overdraft as at 30 June 2025.

	2025 Ushs'000	2024 Ushs'000
Net cash and bank	105,938,710	113,362,846
Deposits with commercial banks due within 3 months (Note 16)	35,485,685	181,764,941
	141,424,395	**295,127,787**

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

16. DEPOSITS WITH COMMERCIAL BANKS

	2025 % in class	2024 % in class	2025 Ushs'000	2024 Ushs'000
Housing Finance Bank Uganda Limited	55.80	25.93	25,613,205	72,032,956
Stanbic Bank Uganda Limited	–	0.00	–	6,075
KCB Bank Uganda Limited	–	10.82	–	30,048,904
Equity Bank Uganda Limited	–	14.43	–	40,077,245
Absa Bank Uganda Ltd	0.02	0.00	9,357	8,611
I&M Bank Uganda Limited	–	11.51	–	31,964,973
Finance Trust Bank	44.18	11.13	20,277,123	30,910,956
Cairo International Bank	–	7.68	–	21,342,767
NCBA Bank	–	18.5	–	51,402,500
Gross deposits	**100**	**100**	**45,899,685**	**277,794,987**
Expected credit loss			**(620,041)**	**(3,691,614)**
Net carrying amount			**45,279,644**	**274,103,373**

The gross deposits with commercial banks are analysed as follows:

	2025 Ushs'000	2024 Ushs'000
Amounts due within three (3) months	35,485,685	181,764,941
Amounts due after three (3) months but less than 1 year	10,404,643	96,030,046
Amounts due after 1 year	9,357	–
Gross deposits	**45,899,685**	**277,794,987**

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

	2025 Ushs'000	2024 Ushs'000
At the beginning of the year	**274,103,373**	**104,073,315**
New placements / deposits	561,137,704	1,103,289,031
Maturities	(786,143,565)	(930,836,531)
Interest accrued	16,657,235	24,290,194
Interest received	(21,686,771)	(21,699,023)
Foreign exchange losses	(1,628)	(253,059)
Allowance for credit losses	3,071,573	(2,484,063)
WHT deducted at source	(1,858,277)	(2,276,491)
At 30 June	**45,279,644**	**274,103,373**

The deposits are carried at amortised cost and made for varying periods of between 1 and 365 days depending on the cash requirements of the Fund. The weighted average effective interest rate on deposits with commercial banks as at 30 June 2025 was 13.94% (2024: 13.11%).

The allowance for expected credit losses is analysed as follows:

	2025 Ushs'000	2024 Ushs'000
At the start of year	3,691,614	1,207,551
(Reversal)/increase of impairment (Note 10)	(3,071,573)	2,484,063
At end of year	**620,041**	**3,691,614**

The allowance relates to the expected credit losses. Refer to Note 39 (c) for details.

17. TRADE AND OTHER RECEIVABLES

	2025 Ushs'000	2024 Ushs'000
Trade receivables	8,113,851	7,834,395
Dividends receivable	167,221,031	75,910,768
Other receivables	1,862,388	2,052,193
Provision for expected credit loss	(10,860,257)	(9,378,900)
Net receivable	**166,337,013**	**76,418,456**
Prepayments	8,547,048	5,993,640
Real estate advance payment*	36,254,423	38,565,446
VAT recoverable	6,534,450	6,045,621
Deferred staff expense	150,367	199,472
	217,823,301	**127,222,635**

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

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

	2025 Ushs'000	2024 Ushs'000
At start of year	9,378,900	9,400,327
Write off during the year	–	(24,445)
Increase in expected credit loss (Note 10)	1,481,357	3,018
At end of year	**10,860,257**	**9,378,900**

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

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

18. EQUITY SECURITIES EXTERNALLY MANAGED

	2025 Ushs'000	2024 Ushs'000
GenAfrica Asset Managers Uganda Limited	–	6,234,633
	–	**6,234,633**

GenAfrica Asset Managers Uganda Limited managed portfolios of equity securities on behalf of the Fund. The contract expired during the period and was not renewed. All assets were transferred to the Fund for internal management.

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

	2025 Ushs'000	2024 Ushs'000
At start of year	**6,234,633**	**76,274,119**
Purchases	618,800	8,104,347
Disposals	–	(2,837,289)
Fair value gains	1,347,204	3,874,366
Foreign exchange (losses)/gains	(74,904)	2,004,095
Transfer to internally managed equities* (Note 21)	(7,258,415)	(81,185,005)
Transfer to associates (Note 23)	(867,318)	–
At end of year	**–**	**6,234,633**

18. EQUITY SECURITIES EXTERNALLY MANAGED continued

			Number of shares held		Market Value	
	% in class 2025	% in class 2024	2025	2024	2025 Ushs'000	2024 Ushs'000
Uganda Securities Exchange						
Stanbic Bank (U) Limited	–	35.05	–	24,744,856	–	916,302
Umeme Limited	–	36.78	–	2,089,924	–	961,365
MTN Uganda	–	28.17	–	4,331,231	–	736,309
	–	**100**			**–**	**2,613,976**
Nairobi Securities Exchange						
Co-operative Bank of Kenya	–	4.89	–	487,100	–	177,189
East African Breweries Limited	–	3.08	–	26,550	–	111,598
Equity Group Holdings Limited	–	24.56	–	734,500	–	888,858
Kenya Commercial Bank	–	25.80	–	1,043,700	–	934,200
NCBA Bank	–	1.44	–	44,286	–	52,134
Safaricom Limited	–	40.04	–	2,926,000	–	1,449,888
Standard Chartered Bank Kenya Limited	–	0.19	–	1,222	–	6,790
	–	**100**			**–**	**3,620,657**
Total					**–**	**6,234,633**

The trading prices at the last date of trading for the years ended 30 June 2025 and 2024 were as follows:

	2025			2024		
	Ushs	Kshs	Tshs	Ushs	Kshs	Tshs
Stanbic Bank (U) Limited	47.48	–	–	37.00	–	–
DFCU Limited	253.00	–	–	225.00	–	–
New Vision Printing and Publishing Company Limited	152.00	–	–	153.00	–	–
Umeme Limited	460.00	–	–	460.00	–	–
Bank of Baroda (Uganda)	34.00	–	–	20.00	–	–
MTN Uganda	261.06	–	–	170.00	–	–
Safaricom Limited	–	25.00	–	–	17.30	–
Kenya Commercial Bank	–	46.60	–	–	31.25	–
East African Breweries Limited	–	48.90	–	–	42.25	–
Equity Group Holdings Limited	–	48.90	–	–	42.25	–
NCBA Bank Limited	–	41.10	–	–	41.10	–
Absa Bank Kenya Limited	–	11.80	–	–	11.80	–
Diamond Trust Bank Kenya Limited	–	49.85	–	–	49.85	–
Standard Chartered Bank Kenya Limited	–	194.00	–	–	194.00	–
Co-operative Bank Kenya Limited	–	12.70	–	–	12.70	–
Tanzania Breweries Limited	–	–	10,480.00	–	–	10,900.00
CRDB Bank Plc	–	–	490.00	–	–	770.00

19. FINANCIAL ASSET RECEIVABLE

	2025 Ushs'000	2024 Ushs'000
Bwebajja - Government Office Campus	103,022,810	99,267,475
Expected credit loss	(50,826)	–
	102,971,984	**99,267,475**

This relates to a Project Development Agreement (PDA) to construct a one-stop office campus under a build, own and transfer arrangement. The construction period is estimated at 4 years and the concession/rent paying period will begin at the completion and handover of the project will be after15 years. The amount above relates to the cost incurred by the Fund to acquire the land and engage a consultant for concept design and is calculated at amortised cost which also approximates fair value.

	2025 Ushs'000	2024 Ushs'000
At start of year	99,267,475	98,840,713
Increase during the year	3,755,335	426,762
At end of year	**103,022,810**	**99,267,475**

20. DEBT INSTRUMENTS AT AMORTISED COST

	2025 Ushs'000	2024 Ushs'000
Treasury bonds	20,488,441,539	17,018,325,723
Treasury bills	59,670	–
Impairment provision	(16,500,628)	(5,661,473)
Net investments	**20,472,000,581**	**17,012,664,250**

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

The allowance for expected credit losses is analysed as follows:

	2025 Ushs'000	2024 Ushs'000
At start of year	5,661,473	5,451,173
Increase during the year	10,839,155	210,300
At end of year	**16,500,628**	**5,661,473**

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

	2025 Ushs'000	2024 Ushs'000
At start of year	**17,012,664,250**	**14,227,870,551**
Purchases	4,215,942,085	2,927,866,504
Maturities	(791,708,153)	(543,837,214)
Interest accrued	2,982,018,588	2,313,031,008
Interest received	(2,526,101,369)	(2,053,973,198)
Foreign exchange (losses)/gains	(208,066,640)	270,193,630
Allowance for credit losses	(10,839,155)	(210,300)
Withholding tax deducted at source as a final tax	(201,909,025)	(128,276,731)
At end of year	**20,472,000,581**	**17,012,664,250**

The yield rates on the treasury bonds as at 30 June 2025 ranged between 15.70% and 18.25% (2024: 13.20% and 20.51%) and the treasury bonds have maturity periods of between 1 and 20 years.

21. EQUITY INVESTMENTS INTERNALLY MANAGED

	2025 in Class	2024 % in Class	2025 % Held	2024 % Held	2025 Ushs'000	2024 Ushs'000
Bank of Baroda (Uganda) Limited	0.4	0.3	2.10	2.10	10,701,045	6,294,732
DFCU Limited	0.5	0.6	8.95	7.56	16,946,861	15,071,319
Safaricom Limited	9.7	8.8	1.10	1.01	307,412,041	217,894,634
Centum Investments Limited	0.0	0.0	0.66	0.73	1,425,292	1,089,924
Stanbic Bank Uganda Limited	3.5	3.4	4.52	4.11	109,929,553	84,521,556
Cooperative Rural Development Bank	7.1	6.1	7.90	0.01	225,501,566	150,865,943
Vodacom TZ shares	0.6	1.2	1.24	0.24	18,628,485	30,130,093
New Vision Printing and Publishing Company Limited	0.1	0.1	22.47	19.61	2,612,250	2,629,436
Bank of Kigali	1.1	1.4	4.70	6.36	35,191,530	36,670,913
Tanzania Breweries Limited	6.0	8.2	4.52	4.32	190,766,445	204,218,695
Equity Bank Holdings Plc	7.7	8.7	4.74	4.69	243,566,678	216,100,123
Jubilee Insurance Limited	0.5	0.6	3.80	3.80	17,236,200	14,138,960
East African Breweries Limited	4.5	4.7	3.53	3.43	143,537,014	117,608,405
Trade and Development Bank	6.8	8.6	2.86	2.79	214,225,178	215,908,588
Tanzania Portland Cement	2.0	2.2	5.28	5.28	64,918,250	54,790,965
British American Invest (Britam)	0.3	0.3	1.56	1.56	8,827,370	6,820,853
CIPLA QC	0.8	0.6	7.38	7.38	23,973,163	14,949,557
Kenya Re-Insurance	0.1	0.0	1.71	0.86	2,631,851	978,045
Kenya Commercial Bank	8.0	6.5	6.11	5.80	254,636,797	160,487,797
National Microfinance Bank (NMB)	6.8	6.9	4.68	4.68	216,829,688	171,167,256
Absa Bank Kenya Plc	0.2	0.2	4.65	0.00	6,954,178	5,228,511
Diamond Trust Bank Limited	0.0	0.0	0.01	0.01	82,004	50,897
I & M Holdings Limited	0.0	0.0	0.92	0.03	272,841	169,173
CFC Stanbic Holdings	0.0	0.0	0.00	0.00	–	–
Co-operative Bank of Kenya Limited	0.0	0.0	0.01	0.01	242,675	–
MTN Uganda Limited	22.6	18.7	12.24	8.84	715,439,751	464,917,281
Standard Chartered Bank Kenya	0.0	0.0	0.00	0.00	33,113	15,294
Airtel Uganda Limited	10.7	11.9	10.55	10.55	337,504,000	295,316,000
NCBA	0.0	–	0.01	0.00	73,339	–
	100	**100**			**3,170,099,158**	**2,488,034,950**

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

21. EQUITY INVESTMENTS INTERNALLY MANAGED continued

The trading prices at the last date of trading for the years ended 30 June 2025 and 2024 were as follows:

	2025					2024				
	Ushs	Kshs	Tshs	Rwf	USD	Ushs	Kshs	Tshs	Rwf	USD
Bank of Baroda (Uganda) Limited	**34.00**	–	–	–	–	20.00	–	–	–	–
DFCU Limited	**253.00**	–	–	–	–	225.00	–	–	–	–
CiplaQC	**89.00**	–	–	–	–	55.50	–	–	–	–
Centum Investments Limited	**323.93**	–	–	–	–	247.71	–	–	–	–
Stanbic Bank Uganda Limited	**47.48**	–	–	–	–	37.00	–	–	–	–
New Vision Printing and Publishing Company Limited	**152.00**	–	–	–	–	153.00	–	–	–	–
MTN Uganda Limited	**261.06**					170.00				
Airtel Uganda Limited	**80.00**	–	–	–	–	70.00	–	–	–	–
Safaricom Limited	–	**25.00**	–	–	–	–	17.30	–	–	–
Kenya Re-Insurance	–	**1.97**	–	–	–	–	1.42	–	–	–
British-American Invest (Britam)	–	**8.06**	–	–	–	–	6.04	–	–	–
Absa Bank Kenya Plc	–	**19.20**	–	–	–	–	–	–	–	–
Diamond Trust Bank (Kenya) Limited	–	**77.25**	–	–	–	–	46.50	–	–	–
I & M Holdings Limited	–	**35.75**	–	–	–	–	21.55	–	–	–
Co-operative Bank of Kenya Limited	–	**17.90**	–	–	–	–	–	–	–	–
Equity Bank Holdings Plc	–	**48.90**	–	–	–	–	42.25	–	–	–
Jubilee Insurance Limited	–	**225.00**	–	–	–	–	179.00	–	–	–
East African Breweries Limited	–	**184.50**	–	–	–	–	146.75	–	–	–
Kenya Commercial Bank	–	**46.60**	–	–	–	–	31.25	–	–	–
Standard Chartered Bank Kenya	–	**299.75**	–	–	–	–	–	–	–	–
NCBA	–	**59.50**	–	–	–	–	–	–	–	–
Vodacom	–	–	**490.00**	–	–	–	–	770.00	–	–
Cooperative Development Bank	–	–	**800.00**	–	–	–	–	520.00	–	–
Tanzania Breweries Limited	–	–	**10,480.00**	–	–	–	–	10,900.00	–	–
Tanzania Portland Cement Limited	–	–	**5,000.00**	–	–	–	–	4,100.00	–	–
National Microfinance Bank (NMB)	–	–	**6,780.00**	–	–	–	–	5,200.00	–	–
Bank of Kigali	–	–	–	**330.00**	–	–	–	–	305.00	–
Trade Development Bank (PTA)*	–	–	–	–	**16,905.00**	–	–	–	–	16,905.00

* The shares are not quoted in an active market and the price used to determine the carrying amount has been determined through techniques as described in Note 37.

21. EQUITY INVESTMENTS INTERNALLY MANAGED continued

During the year, the Fund purchased the following shares:

	Currency	Shares	Average Price	Average Rate	Cost Ushs'000
Year ended 30 June 2025					
Kenya Commercial Bank	Kes	6,811,400	36.84	29.48	7,398,026
Kenya Commercial Bank	Kes	9,522,100	39.48	28.31	10,641,757
					18,039,783
Year ended 30 June 2024					
Trade Development Bank (PTA)	USD	84	15,351.00	3,788.18	4,884,798
MTN Uganda Limited	Ushs	534,971,220	170.00	1	90,945,107
Airtel Uganda Limited	Ushs	1,990,000,000	100.00	1	199,000,000
					294,829,905

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

	2025 Ushs'000	2024 Ushs'000
At start of year	2,488,034,950	1,858,533,926
Acquisition of new shares	18,039,783	294,829,905
Disposal of shares	–	(516,652)
Fair value gains	713,051,409	267,617,081
Foreign exchange losses	(56,285,399)	(13,614,315)
Transfer from externally managed equities (Note18)	7,258,415	81,185,005
At end of year	**3,170,099,158**	**2,488,034,950**

22. LOANS AND ADVANCES

	2025 Ushs'000	2024 Ushs'000
Uganda Clays Limited	22,022,590	20,600,381
Housing Finance Bank	4,166,667	5,833,333
Staff loans	426,686	502,997
	26,615,943	**26,936,711**
Fair value adjustment on staff loans	(150,367)	(199,471)
	26,465,576	**26,737,240**
Allowance for credit losses	(20,677,974)	(20,677,974)
	5,787,602	**6,059,266**

The allowance for credit losses is analysed as follows:

At start of year	20,677,974	20,864,019
Decrease in impairment allowance during the year	–	(186,045)
At end of year	**20,677,974**	**20,677,974**

22. LOANS AND ADVANCES continued

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

	2025 Ushs'000	2024 Ushs'000
At start of year	6,059,266	7,640,094
Principal repayments	(1,666,667)	(1,666,667)
Interest accrued	2,052,026	821,266
Interest received	(706,129)	(586,044)
Fair value adjustment on staff loans	49,106	36,662
Allowance for credit losses	–	(186,045)
At end of year	**5,787,602**	**6,059,266**

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

Housing Finance Bank (the Bank) has two loan facilities with the Fund of Ushs 25 billion at a rate of 11.5% (2024: 11.5%) and Ushs 20 billion at a rate of 13.5% (2024: 13.5%), respectively. These rates are fixed. The loans were granted on 25 February 2011 and 16 October 2009, respectively. The loan of Ushs 25 billion is repayable over a period of 15 years while that of Ushs 20 billion is repayable over 10 years. Instalments are due on a quarterly basis after a grace period of 24 months from the date of the first disbursement. During the grace period, interest accrued is payable. The loans are secured by the Bank's property on Plot 25, Kampala Road and identifiable and performing condominium mortgage book portfolio worth at least Ushs 10 billion of present and future assets representing 25% of the loan sum for the duration of the loan agreement.

Staff loans are loans issued by the Fund to its employees at a discounted interest rate of 6.5% (2024: 6.5%). The loans are issued to employees to acquire/construct houses. The loans are secured by the related property and are repayable over periods of between 15 to 20 years. The staff loan fair valuation is the effect on the values if this was issued at a market rate of 16.25% (2024: 18.50%).

23. INVESTMENTS IN ASSOCIATES AT FAIR VALUE

	Housing Finance Bank Ushs'000	Uganda Clays Limited Ushs'000	TPS Uganda Limited Ushs'000	Umeme Limited Ushs'000	Yield Fund Ushs'000	Total Ushs'000
Year ended 30 June 2024						
At start of year	161,955,255	10,292,322	7,993,351	248,338,426	6,911,852	**435,491,206**
Fair value changes resulting from;						
Operations	27,946,635	(994,933)	721,058	6,258,814	(593,240)	**33,338,334**
Additional investment	–	–	–	6,625,419	206,568	**6,831,987**
Foreign exchange loss	–	–	–	–	(49,684)	**(49,684)**
Dividends	(16,283,657)	–	–	(30,172,359)	–	**(46,456,016)**
At end of year	**173,618,233**	**9,297,389**	**8,714,409**	**231,050,300**	**6,475,496**	**429,155,827**
Year ended 30 June 2025						
At start of year	173,618,233	9,297,389	8,714,409	231,050,300	6,475,496	429,155,827
Fair value changes resulting from:						
Operations	36,219,893	(1,765,467)	(10,805)	(117,264,100)	(1,132,852)	(83,953,331)
Additional investment	–	–	–	7,514,698	77,591	7,592,289
Transfer from external equity	–	–	–	867,318	–	867,318
Redemption	–	–	–	–	(2,325,681)	(2,325,681)
Foreign exchange gain	–	–	–	–	380,650	380,650
Dividends	(17,783,341)	–	–	(101,388,442)	(694,218)	(119,866,001)
At end of year	**192,054,785**	**7,531,922**	**8,703,604**	**20,779,774**	**2,780,986**	**231,851,071**

23. INVESTMENTS IN ASSOCIATES AT FAIR VALUE continued

As at 30 June 2025, the Fund had shareholding of 50%, 32.52%, 13.99%, 25.27% and 9.8% (2024: 50%, 32.52%, 13.99%, 23.11% and 9.8%) in the issued share capital of Housing Finance Bank, Uganda Clays Limited, TPS Uganda Limited, Umeme Limited and Yield Fund respectively. The Fund is involved in the activities of TPS Uganda Limited with Board representation. Key investment and finance decisions are made in consultation with the Fund because of its holding in the company. This is therefore classified as an investment in associate even though the percentage holding is less than the presumptive 20%.

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

Nature of activities of associates

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

The fair values for unquoted investment in associates has been estimated based on the Fund's respective shares of the net assets of each associate. Where the reporting periods differ by more than 3 months, the Fund has used the half-year unaudited financial statements/ management accounts for the period to 30 June 2025.

*Umeme Limited entered a concession arrangement effective from 1 March 2005 in which, among other terms, it signed a Lease and Assignment Agreement (LAA) with Uganda Electricity Distribution Company Limited ("UEDCL") for the Power Distribution Network for a period of 20 years which commenced on 1 March 2005 and came to a natural end on 28 February 2025 plus a 30-day transition period to 30 March 2025. The investments not yet recovered through the tariff methodology at the time of transfer of the Distribution Network to UEDCL are to be paid to UMEME as a buy-out amount. Which is computed as the gross accumulated capital investments less cumulative capital recovery charges at the time of transfer. During the year ended 30 June 2025, Umeme Limited received USD 118 million in relation to the buy-out amount from which the Fund received its share of Ushs 91 billion. Umeme Limited continues to be listed with the Uganda Securities Exchange as at 30 June 2025 with a list price of Ushs 415 per share though the counter is inactive. The Fund continues to measure its investment in Umeme Limited with reference to its share of net assets of the investee as a proxy for fair value.

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

23. INVESTMENTS IN ASSOCIATES AT FAIR VALUE continued

	Housing Finance Bank	Uganda Clays Limited	TPS (Uganda) Limited	Umeme Limited	Yield Fund
Principal place of business	Investment House, Plot 4 Wampewo Avenue, Kololo P. O. Box 1539, Kampala	14 kms, Entebbe Road, Kajjansi, P. O. Box 3188, Kampala	SN Chambers, Plot 36 Nile Avenue, P. O. Box 7814, Kampala	Rwenzori House, Plot 1 Lumumba Avenue, P.O. Box 23841, Kampala	Plot M697 Equata Building UMA Showground, Lugogo, Kampala
Market price	Not Listed	Ushs 12 per share	Not Listed	Ushs 460 per share	Not Listed

		Number of Shares Held		Price per Share		Market Value	
Security	**Listed/ unlisted**	**2025**	**2024**	**2025 Ushs**	**2024 Ushs**	**2025 Ushs'000**	**2024 Ushs'000**
Umeme Limited	Listed	410,436,337	390,510,295	415	460	170,331,080	179,634,736
Uganda Clays Limited	Listed	292,640,000	292,640,000	6.5	12	1,902,160	3,511,680
Housing Finance Bank*	Unlisted	7,930,000	7,930,000	–	–	–	–
TPS (Uganda) Limited	Unlisted	19,500	19,500	–	–	–	–
Yield Fund**	Unlisted	1,777,939	1,777,939	–	–	–	–
						172,233,240	**183,146,416**

In applying the methodology for all associates except Yield Fund, the Fund has used the audited financial statements for the year ended 31 December 2024 in deriving the fair value changes for the 6 months to 31 December 2024. The Fund has used unaudited results for the 6 months to 30 June 2025 in deriving the fair value changes for the 6 months differential period between the associates' reporting date and the fund's reporting date. In respect of the Yield Fund the fair value was based on the unaudited financial information as at 30 June 2025.

24. INVENTORIES

	2025 Ushs'000	2024 Ushs'000
Completed housing units for sale (Note 24 (a))	249,538,243	250,847,037
Housing units under development (Note 24 (b))	133,803,161	117,595,582
	383,341,404	**368,442,619**

(a) Completed housing units

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

	2025 Ushs'000	2024 Ushs'000
At start of year	250,847,037	242,804,459
Transfers from under development (Note 24(b))	–	5,493,743
Transfers from/(to) investment property	1,797,404	(1,797,404)
Fair value gains	–	9,323,660
Sales	(3,106,198)	(4,977,421)
At end of year	**249,538,243**	**250,847,037**

24. INVENTORIES continued

(b) Housing units under development

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

	Lubowa Ushs'000	Temangalo Ushs'000	Kyanja Ushs'000	Total Ushs'000
Year ended 30 June 2024				
At start of year	65,479,399	26,120,102	10,013,294	101,612,795
Additions	10,879,884	10,596,646	–	21,476,530
Transfer undeveloped portion of land to completed	(5,493,743)	–	–	(5,493,743)
At end of year	**70,865,540**	**36,716,748**	**10,013,294**	**117,595,582**
Year ended 30 June 2025				
At start of year	70,865,540	36,716,748	10,013,294	117,595,582
Additions	146,271	15,598,885	462,423	16,207,579
At end of year	**71,011,811**	**52,315,633**	**10,475,717**	**133,803,161**

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

25. CAPITAL WORK-IN-PROGRESS (CWIP)

	CAPEX Ushs'000	Commercial Properties Ushs'000	Total Ushs'000
Year ended 30 June 2024			
At start of year	4,318,883	–	4,318,883
Additions	62,902	–	62,902
Transfer (to)/from investment property	(2,838,762)	335,201,814	332,363,052
At end of year	**1,543,023**	**335,201,814**	**336,744,837**
Year ended 30 June 2025			
At start of year	1,543,023	335,201,814	336,744,837
Additions	281,019	30,724,244	31,005,263
At end of year	**1,824,042**	**365,926,058**	**367,750,100**

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

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

26. INVESTMENT PROPERTIES

	Valuation at start of year Ushs'000	Reclass between categories Ushs'000	Additions Ushs'000	Disposal Ushs'000	Fair value gains Ushs'000	Transfer from/to CWIP and inventories Ushs'000	Valuation at end of year Ushs'000
Year ended 30 June 2025							
Commercial properties	109,305,108	–	651,180	–	8,606,379	(1,797,404)	116,765,263
Undeveloped land	623,874,575	–	4,130	–	9,408,433	–	633,287,138
Total	**733,179,683**	**–**	**655,310**	**–**	**18,014,812**	**(1,797,404)**	**750,052,401**
Year ended 30 June 2024							
Commercial properties	98,220,911	–	1,772,653	–	4,675,378	4,636,166	109,305,108
Undeveloped land	559,932,891	–	–	–	63,941,684	–	623,874,575
Others	296,219,053	–	38,982,761	–	–	(335,201,814)	–
Total	**954,372,855**	**–**	**40,755,414**	**–**	**68,617,062**	**(330,565,648)**	**733,179,683**

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

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

Investment properties comprise land and buildings held to earn rental income and/or capital appreciation. The fair values of investment properties were assessed by independent professional valuers including Stanfield Property Partners Limited, Ridgeline Uganda Limited and Reitis Limited as at 30 June 2025.

The valuations were carried out in accordance with the International Valuation Standards, with regard to relevant local statutes, customs, and market practice. In determining the fair values of investment properties especially in the case of undeveloped land, the valuer used the market approach by reference to the open market value which is the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of assessment. The valuers also utilised the income capitalisation approach by reference to the net cashflows/annual incomes from commercial property (majorly buildings) where the buildings were set up primarily for rental purposes unless the approach did not reflect reasonable estimates based on current market conditions.

In instances where the market value of a property could not be ascertained due to lack of information, the valuers adopted the cost approach which is based on the depreciated replacement cost. With this method, the values for buildings and other improvements are determined by calculating the present-day replacement cost of putting up a similar and functional structure ready to provide the same facilities at the same place but depreciating them accordingly.

Changes in fair values are recognised in surplus or deficit and included in 'other operating income'.

The impact of revaluing investment properties on surplus for the year is Ushs 18 billion (2024: Ushs 68 billion) as disclosed in the table above which also shows the reconciliation of the movement in the carrying amount of the investment property between the opening and closing dates.

26. INVESTMENT PROPERTIES continued

Valuation techniques for investment properties:

Land

Market Approach

Land was valued by the sales comparison method on the basis of its unimproved state taking into account the various categories of existing and potential use. Other factors such as location, services, accessibility, and proximity to suppliers, inputs and markets were also taken into account. Attention was paid to the concept of 'Highest and Best use' of property.

Buildings

A combination of approaches was adopted to obtain reasonable estimations of the market values of buildings.

Income capitalisation approach

The valuers used this approach to estimate the value of buildings under rental arrangements. It is based on the expectation of future benefits. This method of valuation relates value to the market rent that a property can be expected to earn and to the resale value.

Cost approach

Some of the buildings, structures and services were valued at current replacement costs taking into account their depreciation. This was applied for property that was constructed in the form of residential property or single use property.

Market approach

Some buildings were valued by the sales comparison method given that they were vacant at year end or by the nature of the buildings not necessarily being high rental value earners but are located in prime locations. Other factors such as location, services, accessibility, and proximity to prime locations were taken into account. Attention was paid to the concept of 'Highest and Best use' of property.

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

Key underlying assumptions in valuation of investment properties included:

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

Valuation inputs and relationships to fair value

Significant unobservable input		Range
Office properties	Estimated rental value	Ushs 1,019 million – Ushs 5,954 million (Ushs 3,164 million)
	Estimated rental expenditure	Ushs 849 million-Ushs 3,882 million (Ushs. 1,899 million)
	Vacancy factor	10.30%
	Discount rate	8.76%
Land	Price per acre	Ushs 90 million -Ushs 717 million

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

26. INVESTMENT PROPERTIES continued

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

	2025 Ushs'000	2024 Ushs'000
Workers House	6,820,832	5,954,022
Social Security House	2,740,463	3,359,048
Service Charge	2,724,123	2,323,000
Solana - Lubowa	1,336,152	–
Others – Naguru, Mbarara and Jinja	1,010,939	1,019,786
	14,632,509	**12,655,856**

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

	Workers House Ushs'000	Social Security House Ushs'000	Others – Naguru, Mbarara and Jinja Ushs'000	Lubowa Ushs'000	Total Ushs'000
Year ended 30 June 2025					
Maintenance and repairs	1,031,252	190,262	1,559,586	385,525	3,166,625
Ground and property rent	217,665	95,264	596,115	–	909,044
Cleaning services	306,087	50,208	506,925	622,549	1,485,769
Security services	480,168	152,028	2,052,992	338,821	3,024,009
Electricity	1,246,885	128,472	376,322	79,128	1,830,807
Water	365,398	77,240	100,191	217,742	760,571
	3,647,455	**693,474**	**5,192,131**	**1,643,765**	**11,176,825**
Year ended 30 June 2024					
Maintenance and repairs	1,385,436	299,368	265,629	–	1,950,433
Ground and property rent	194,326	65,192	56,581	–	316,099
Cleaning services	199,022	68,098	117,930	–	385,050
Security services	723,035	303,760	186,480	–	1,213,275
Electricity	1,015,060	164,333	141,732	–	1,321,125
Water	365,316	65,920	81,154	–	512,390
	3,882,195	**966,671**	**849,506**		**5,698,372**

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

	Land in Lubowa Ushs'000	Land in Temangalo Ushs'000	Land in Nsimbe Ushs'000	Land in Kisugu Ushs'000	Total Ushs'000
Year ended 30 June 2025					
Security expenses	189,741	87,751	248,008	–	**525,500**
Year ended 30 June 2024					
Security expenses	276,000	154,080	231,120	1,712	**662,912**

As at 30 June 2025, there was no restrictions to the remittance of income and proceeds of disposal and there were no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

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

26. INVESTMENT PROPERTIES continued

Future minimum rentals receivable:

	Up to 1 year Ushs'000	1 to 5 years Ushs'000	Over 5 years Ushs'000
As at 30 June 2025			
Property rentals	9,561,295	47,806,476	–
As at 30 June 2024			
Property rentals	9,313,070	46,565,350	–

27. INTANGIBLE ASSETS

	2025 Ushs'000	2024 Ushs'000
Cost		
At start of year	43,491,241	41,184,964
Additions	2,071,992	2,306,278
At end of year	**45,563,233**	**43,491,242**
Amortisation		
At start of year	(16,720,936)	(12,653,237)
Charge for the year	(4,192,921)	(4,067,699)
At end of year	(20,913,857)	(16,720,936)
Net carrying amount	**24,649,376**	**26,770,306**

28. PROPERTY AND EQUIPMENT

	Land and Buildings Ushs'000	Office equipment Ushs'000	Motor Vehicles Ushs'000	Furniture and Fittings Ushs'000	Computers Equipment Ushs'000	TOTAL Ushs'000
Cost						
At 30 Jun 2023	**26,381,557**	**7,882,344**	**13,573,283**	**15,770,172**	**30,753,653**	**94,361,009**
Additions	6,955	38,302	1,625,223	1,359,354	2,248,655	5,278,489
Disposals	–	(32,539)	(2,752,821)	(526,752)	(763,886)	(4,075,998)
Revaluation gains	991,510	–	–	–	–	991,510
At 30 Jun 2024	**27,380,022**	**7,888,107**	**12,445,685**	**16,602,774**	**32,238,422**	**96,555,010**
Additions	–	548,552	608,799	724,854	8,348,054	10,230,259
Disposals	–	(11,523)	–	(145,834)	(397,218)	(554,575)
Revaluation gains	665,188	–	–	–	–	665,188
At 30 Jun 2025	**28,045,210**	**8,425,136**	**13,054,484**	**17,181,794**	**40,189,258**	**106,895,882**
Depreciation						
At 30 June 2023	640,340	5,005,401	7,859,707	9,743,114	18,241,978	41,490,540
Charge for the year	351,845	706,793	1,998,896	1,865,549	5,121,529	10,044,612
Disposals	–	(29,352)	(2,752,821)	(498,253)	(717,271)	(3,997,697)
At 30 June 2024	**992,185**	**5,682,842**	**7,105,782**	**11,110,410**	**22,646,236**	**47,537,455**
Charge for the year	368,316	697,418	2,037,588	1,750,777	4,985,033	9,839,132
Disposals	–	(11,223)	–	(145,834)	(333,538)	(490,595)
At 30 June 2025	**1,360,501**	**6,369,037**	**9,143,370**	**12,715,353**	**27,297,731**	**56,885,992**
Net carrying amount						
At 30 June 2025	**26,684,709**	**2,056,099**	**3,911,114**	**4,466,441**	**12,891,527**	**50,009,890**
At 30 June 2024	26,387,837	2,205,265	5,339,903	5,492,364	9,592,186	49,017,555

The Fund occupies space on some of its commercial properties including Workers' House, Jinja City House and Mbarara City House. The owner-occupied portion of these properties is accounted for using the revaluation model. The revaluation is done annually by an independent valuer as disclosed under Note 26. Below is the disclosure value if these spaces were measured using the cost model.

	Land and Buildings Ushs'000
Cost	
At 30 Jun 2023	**25,398,523**
Additions	6,955
At 30 Jun 2024	**25,405,478**
Additions	6,955
At 30 Jun 2025	**25,412,433**
Depreciation	
At 30 June 2023	**640,340**
Charge for the year	351,845
At 30 June 2024	**992,185**
Charge for the year	351,845
At 30 June 2025	**1,344,030**
Net carrying amount	
At 30 June 2025	**24,068,403**
At 30 June 2024	**24,413,293**

29. RIGHT OF USE ASSETS

	2025 Ushs'000	2024 Ushs'000
Cost		
At start of year	**5,246,202**	**5,247,263**
Additions	1,111,386	1,113,135
Modifications	–	3,514
Disposal	(352,472)	(1,117,710)
At end of year	**6,005,116**	**5,246,202**
Depreciation		
At start of year	**2,822,509**	**2,698,601**
Modifications	4,130	1,755
Charge for the year	1,003,901	921,203
Disposal	(167,046)	(799,050)
At end of year	**3,663,494**	**2,822,509**
Net carrying amount	**2,341,622**	**2,423,693**

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

30. TAX CLAIMABLE

	2025 Ushs'000	2024 Ushs'000
At start of year	60,295,694	44,130,983
Tax withheld at source during the year	19,340,414	16,164,711
At end of year	**79,636,108**	**60,295,694**

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

31. OTHER PAYABLES

	2025 Ushs'000	2024 Ushs'000
Accounts payable	70,303,711	68,804,852
Accrual for legal costs	2,721,942	2,453,674
Lease liabilities	2,469,882	2,549,918
WHT payable	220,896	322,767
Alcon provision	–	814,522
	75,716,431	**74,945,733**

The Alcon provision suit arose from the termination of the contract for construction of Workers House executed by the Fund and Alcon International Limited, a company registered in the Republic of Kenya. The suit was registered in 1998 under High Court Civil Suit No. 1255/1998 - Alcon International Limited (registered in Uganda) -vs-National Social Security Fund & Anor.32.) The claim in Court by Alcon International Limited registered in Uganda "Alcon Uganda" was for USD 8,497,429.38 (United States Dollars Eight Million Four Hundred Ninety-Seven Thousand Four Hundred Twenty-Nine and Thirty-Eight cents.) being sums due for unpaid certificates of works, plant & machinery, materials and damages.

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

31. OTHER PAYABLES continued

A complaint was lodged with the Uganda Police Force, by which Alcon Uganda seeks to recover the plant, machinery and materials left at the site after the contract was terminated. Investigations are ongoing. The plant, machinery and materials were valued at the point of termination of the contract and assigned a value of USD 64,252 (United States Dollars Sixty-Four Thousand Two Hundred Fifty-Two only). The provision of USD 218,429 translating to Ushs 815 million is the present value of the equipment left at the site at the time of contract termination. Management has provided for this figure to cater for the costs, if any, that may be incurred if investigations culminate into a case filed against the Fund. The suit was disposed off and the Fund did not receive any notice of appeal within the statutory timelines therefore the provision was written back.

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

	2025 Ushs'000	2024 Ushs'000
At 1 July	**2,549,918**	**2,906,654**
Additions	1,111,385	1,113,135
Modifications	(275)	5,345
Disposal	(229,597)	(485,044)
Accretion of interest	294,373	366,879
Repayments of interest	(320,717)	(346,541)
Repayments of principal	(935,205)	(1,010,510)
At 30 June	**2,469,882**	**2,549,918**

Leases

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

The maturity analysis of lease liabilities is disclosed below:

	2025 Ushs'000	2024 Ushs'000
Maturity period		
Due within 1 year	232,448	434,821
Due with 1 to 5 years	2,237,434	1,576,550
Due over 5 years	–	538,547
Total liability	**2,469,882**	**2,549,918**

The maturity analysis of the lease liabilities for purposes of IFRS 7 is disclosed in Note 39(b) as part of other payables.

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

	2025 Ushs'000	2024 Ushs'000
Interest expense on lease liabilities	294,373	366,879
Depreciation expense of right-of-use assets	1,003,901	921,201
	1,298,274	**1,288,080**

32. CONTRACT LIABILITIES

		2025 Ushs'000	2024 Ushs'000
Advance payments for housing	(a)	24,022,969	8,366,157
Advance payments for activities	(b)	712,864	9,392,492
Deferred rental income and security deposits	(c)	1,232,203	630,091
Mastercard Advance		1,040,652	–
		27,008,688	**18,388,740**

(a) Advance payments for housing

These relate to advance payments on the Lubowa housing project.

(b) Advance payments for activities

The Fund, in partnership with the MasterCard Foundation, committed to support growing businesses with a 5-year investment of USD 5 Million from each partner. The Fund is charged with implementation through a programme dubbed Hi-innovator. Hi-Innovator Programme has successfully generated over 12,000 jobs and led to new contributions of UGX 530 million in savings. By supporting entrepreneurs and focusing on long-term investments, not only does it help solve societal issues, but also stimulates economic growth, and environmental sustainability. It also has specialised, and female focussed entrepreneurial programs that promote gender parity. Inclusive of the Ushs 27 Billion, is Ushs 1.04 Billion of funds availed by MasterCard for the Hi-Innovator Programme.

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

(c) Deferred rental income and security deposits

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

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

33. MEMBER LIABILITIES

(a) Accumulated member fund

	2025 Ushs'000	2024 Ushs'000
At start of year	**21,950,005,948**	**19,067,610,941**
Contributions received during the year	2,110,568,084	1,931,759,086
Smart life contributions	17,208,624	20,845
Interest on arrears	7,323,112	6,819,975
Interest allocation to Smart Life	559,640	–
Interest allocation for the year	2,783,893,588	2,064,520,976
Members' fund liability before benefit payments	**26,869,558,996**	**23,070,731,823**
Benefits paid during the year		
Age benefits	(696,525,137)	(602,176,148)
Withdrawal benefits	(114,536,400)	(56,956,936)
Exempted employee benefits	(78,017,082)	(105,521,306)
Invalidity benefits	(68,503,379)	(40,013,699)
Survivors' benefits	(36,788,182)	(30,578,388)
Emigration grant benefits	(135,014,914)	(108,926,299)
Mid-term age benefits	(191,253,622)	(174,498,255)
Mid-term disability benefit	(1,415,477)	(2,054,844)
Smart life	(573,517)	–
Total benefits payments	**(1,322,627,710)**	**(1,120,725,875)**
At end of year	**25,546,931,286**	**21,950,005,948**

33. MEMBER LIABILITIES continued

(b) Interest allocated to members:

	2025 Ushs'000	2024 Ushs'000
Prior year over provision of interest to members	(19,655)	629,194
Interest for the year payable to members	2,796,865,226	2,073,359,442
Total interest available to members	**2,796,845,571**	**2,073,988,636**
Allocated as follows:		
To members funds		
Opening provision balance	(19,655)	629,194
Interest payable to members for the year	2,783,913,243	2,063,891,782
	2,783,893,588	**2,064,520,976**
Interest payable to reserve for the year	12,392,343	9,467,660
Interest allocation to Smart Life	559,640	–
Total provision	**2,796,845,571**	**2,073,988,636**

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

Section 13 of the National Social Security Fund Act, (Cap 230) introduced a mandate for the Fund to collect voluntary contributions. This culminated into a new product called Smart Life which was launched in November 2024. Inclusive of the total member fund balance of Ushs 24.8 trillion is a Smart Life membership of Ushs 17.6 billion.

Interest payable to members is declared by the Minister for Finance in accordance with section 35 (2) of the National Social Security Fund Act, (Cap 230). For the year ended 30 June 2025, the Minister for Finance, Planning & Economic Development approved an interest rate of 13.50% (2024: 11.5%) to be calculated and added to the members' funds.

This declaration results in interest payable for the year less than amounts available for the payment of interest from reserves brought forward, the net increase in the Fund for the year and net contributions for the year by Ushs 119 billion. (2024: Ushs 126 billion deficit)

Accumulated surplus/(deficit)

	2025 Ushs'000	2024 Ushs'000
At start of year	**(125,500,731)**	**(794,068,813)**
Net increase/(decrease) in the Fund	1,050,261,294	1,479,622,138
Net dealings with members	(805,148,998)	(811,054,056)
At end of year	**119,611,565**	**(125,500,731)**

(c) Fund reserves

	Fund Reserves* Ushs'000
Year ended 30 June 2024	
At start of the year	**111,935,984**
Special contributions and fines and penalties received	11,408,837
At end of the year	**123,344,821**
Year ended 30 June 2025	
At start of the year	**123,344,821**
Special contributions and fines and penalties received	12,732,687
At end of the year	**136,077,508**

33. MEMBER LIABILITIES continued

In accordance with NSSF Act section 37, the Fund reserves contain:

(ix) any fines and penalties required by the NSSF Act to be paid into the Fund; and
(x) any special contributions and any contribution which can not be allocated to the account of any member of the Fund.
Special contributions in accordance with section 12 of the NSSF Act relates to contributions made by an employer for the following class of people:

(i) A non-resident employee who is not an eligible for employee; and
(ii) An employee of or above the age of fifty-five years in respect of whom the Minister has specifically applied Section 12 by notice.
No money shall be drawn out of or otherwise appropriated from the reserve account except as approved by the Minister responsible for Finance. Within the period, no such money was withdrawn out of the Fund.

(d) SmartLife Membership

	2025 Ushs'000	2024 Ushs'000
At the beginning of the year	**20,845**	**-**
Contributions received during the year	17,208,624	20,845
Transfer from mandatory	464,500	-
Interest Allocation	559,640	-
Members' fund liability before benefit payments	**18,253,609**	**20,845**
Benefits paid	(573,517)	-
At end of year	**17,680,092**	**20,845**
SmartLife Assets		
Treasury bonds	17,511,536	-
Fixed Deposits	9,162	-
Cash at Bank	145,413	20,845
	17,666,111	**20,845**

The difference between the member fund and total assets is due to the valuation of debt instruments using the EIR method versus the actual full cost at recognition.

34. MEMBERS RESERVE ACCOUNTS

Included in the accumulated members' fund balance is Ushs 104 billion (2024: Ushs 91 billion), which relate to collections received from employers that have not yet been allocated to individual member accounts due to incomplete details of the members. Whereas this is a reserve account, it is not equity but rather amounts due to members.

Unallocated members' contributions

	2025 Ushs'000	2024 Ushs'000
At start of year	91,795,131	82,327,472
Provision for interest on unallocated members' contributions	12,392,343	9,467,659
At end of year	**104,187,474**	**91,795,131**

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

	2025 Ushs'000	2024 Ushs'000
At start of year	67,202,630	57,734,971
Charged to surplus or deficit	12,392,343	9,467,659
At 30 June	**79,594,973**	**67,202,630**

34. MEMBER LIABILITIES continued

As at 30 June 2025, the reserve account included unallocated members' contributions and interest thereon amounting to Ushs 104 billion (2024: Ushs 91 billion), comprising contributions amounting to Ushs 24.4 billion (2024: Ushs 24.4 billion) and interest thereon amounting to Ushs 79.6 billion (2024: Ushs 67.2 billion).

The unallocated members' contributions amounted to Ushs 360 billion as at 30 June 2007. This prompted management to undertake measures to identify the respective members to whom the amounts belonged and as a result, the unallocated amounts gradually reduced over the years to Ushs 24.4 billion as at 30 June 2012. The directors believe that, in addition to putting in place measures to curtail the growth of the unallocated amounts, the Fund had exhausted all possible measures to identify the members whom these amounts belonged to and accordingly resolved to transfer the unallocated contributions balance of Ushs 24.4 billion from the accumulated members' funds to the reserve account in accordance with Section 36 (1) (b) of the NSSF Act.

In the event that a member of the Fund presents adequate documentation proving that these contributions should be credited to their individual members account, NSSF will transfer the contributions from the reserve account to the members' account following approval by the Minister of Finance as stipulated in Section 36 (2) of the NSSF Act. During the year, there was no transfer of funds from the accumulated members' funds to the reserve account and vice versa (2024: Nil). However, as stated in note 32 above, interest was accrued on these balances and credited in the reserve account accordingly.

35. NET CASH USED IN OPERATING ACTIVITIES

	Note	2025 Ushs'000	2024 Ushs'000
Net increase in the fund for the year		1,050,261,294	1,479,622,138
Income tax expense	14(a)	242,397,121	216,035,294
Net dealings with members		(805,148,998)	(811,054,056)
Tax on fixed income investments	16, 20	203,767,302	130,553,222
Interest to members	33(b)	2,783,893,588	2,073,988,636
Interest allocated to Smart Life	33(b)	559,640	–
Depreciation on property and equipment and right of use assets	28, 29	10,843,033	10,965,815
Gain on disposal of property and equipment	8	(97,839)	(595,736)
Increase in allowance for expected credit losses	10	9,299,765	2,511,336
Amortisation of intangible assets	27	4,192,921	4,067,699
Fair value loss/(gain) on associates	23	83,953,331	(33,338,334)
Staff loans fair value adjustment	22	(49,106)	(36,662)
Unrealised foreign exchange losses on equity investments internally managed	21	56,285,399	13,614,315
Unrealised foreign exchange losses/(gain) on debt instruments at amortised cost	20	208,066,640	(270,193,630)
Unrealised foreign exchange losses/(gains) on externally managed investments	18	74,904	(2,004,095)
Unrealised foreign exchange losses on other assets	8	9,307,746	3,523,016
Fair value gains on inventories and owner occupied property and equipment	24,28	(665,188)	(10,315,170)
Fair value gains on investment properties	26	(18,014,812)	(68,617,062)
Fair value gains on equity investments externally managed	18	(1,347,204)	(3,874,366)
Fair value gains on equity investments internally managed	21	(713,051,409)	(267,617,081)
Finance costs charged to lease Liabilities	31	294,373	366,879
Interest income on loans and advances	22	(2,052,026)	(821,266)
Interest income on debt instruments at amortised cost	20	(2,982,018,588)	(2,313,031,008)
Interest income on commercial bank deposits	16	(16,657,235)	(24,290,194)
IFRS 16 modifications and loss on disposal of leases	8(c)	(44,447)	(162,796)
Interest on unallocated contributions	34	12,392,343	9,467,659
Changes in working capital			
Inventories		(13,101,381)	(16,499,109)
Trade and other receivables		(101,768,791)	(26,174,569)
Tax deposit recovered		–	(16,164,711)
Other payables and contract liabilities		9,474,810	(7,778,769)
Cash generated from operating activities		**31,047,186**	**72,147,395**
Taxes paid		(261,737,535)	(190,711,772)
Interest paid on leases	31	(320,717)	(346,541)
Net cash used in operating activities		**(231,011,066)**	**(118,910,918)**

36. RELATED PARTY DISCLOSURES

The Fund is controlled by Government of Uganda pursuant to powers conferred upon it in the NSSF Act, including the power to appoint members of the Board of Directors, to approve investments of the Fund and to approve its annual budget. There are other companies that are related to the Fund through common shareholdings and/or directorships. Entities where the Fund has directors are disclosed under Note 23, Associates.

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

(a) Interest income

	2025 Ushs'000	2024 Ushs'000
(i) *Housing Finance Bank Uganda Limited*		
Interest income on loans and advances	622,772	821,130
Interest income on term deposits	4,890,559	4,890,559
	5,513,331	**5,711,689**
(ii) *Government of Uganda*		
Interest income on treasury bonds	1,891,698,438	1,564,344,075
	1,897,211,769	**1,570,055,764**

(b) Income tax expense

Government of Uganda		
Income tax expense for the year	**242,397,121**	**216,035,294**

(c) Key management compensation

	2025 Ushs'000	2024 Ushs'000
Salaries and short-term benefits	7,922,978	7,764,044
Directors' renumeration (Note 9)	1,693,013	1,856,453
Post-employment benefits	164,346	304,451
	9,780,337	**9,924,948**

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

(d) Directors' renumeration and Board expenses

	2025 Ushs'000	2024 Ushs'000
Directors' renumeration (included in key management compensation above)	1,693,013	1,856,453
Board expenses	1,543,875	1,199,231
	3,236,888	**3,055,684**

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

(e) Bank balances with related parties

	2025 Ushs'000	2024 Ushs'000
Housing Finance Bank Uganda Limited	**69,380**	**63,950**

36. RELATED PARTY DISCLOSURES continued

(f) Loans and advances due from related parties

	2025 Ushs'000	2024 Ushs'000
Housing Finance Bank Uganda Limited	4,166,667	5,833,333
Uganda Clays Limited	22,022,590	20,600,381
Staff loans to key management staff	120,438	120,438
Allowance for credit losses	(20,677,974)	(20,677,974)
	5,631,721	**5,876,178**

(g) Fixed deposits with related party

	2025 Ushs'000	2024 Ushs'000
Housing Finance Bank Uganda Limited	25,613,205	72,032,956

(h) Dividends due from related parties

	2025 Ushs'000	2024 Ushs'000
Housing Finance Bank Uganda Limited	16,283,657	16,283,657
Uganda Clays Limited	–	–
Umeme Limited	30,172,359	30,172,359
	46,456,016	**46,456,016**

(i) Debt instruments with related parties

	2025 Ushs'000	2024 Ushs'000
Government of Uganda	10,772,744,004	110,772,744,004

(j) Financial Asset Receivable

	2025 Ushs'000	2024 Ushs'000
Government of Uganda	102,971,984	99,267,475

The Government has 100% control of the Fund. The Fund invests in treasury bonds issued by the Government. Other significant related party transactions with the Government of Uganda include utility costs and rental income earned from government ministries that occupy the Fund's properties. Rental income for the year amounted to Ushs 9.4 billion (2024: Ushs 7.8 billion).

37. CONTINGENT LIABILITIES

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

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

The Fund objected to a tax assessment by Uganda Revenue Authority (URA) on 15 April 2013 on the grounds that URA's tax computations wrongly disallowed expenses that are deductible for tax purposes. Management believes the tax treatment adopted by NSSF is in accordance with the provisions of Section 22(1)(a) and Section 25 of the Income Tax Act which allows a deduction for interest incurred during the year of income in respect of a debt obligation. Guidance received from the URA in 2001 allowed for these expenses to be deductible for tax purposes. There have been no changes to those sections of the Income Tax Act. The Fund has treated the interest incurred in the past in the same way.

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

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

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

37. CONTINGENT LIABILITIES continued

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

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

Land Disputes

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

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

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

Temangalo Tea Estates Limited

The Fund was jointly sued alongside other parties by Temangalo Tea Estates Limited in respect to approximately 363 acres of land owned by the Fund at Temangalo. The High Court dismissed the suit. Temangalo Tea Estates Limited has since lodged an appeal with the Court of Appeal.

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

Leo Kimalempaka Vs NSSF & Others

On 8 June 2017, Leo Lule Kimalempaka filed Civil Suit No. 93 of 2017 in the High Court of Mpigi against the Attorney General, The Commissioner Land Registration, NSSF, Mugoya Estates Limited and James Abiam Mugoya Isabirye seeking to have NSSF's certificates of title cancelled. He also filed Miscellaneous Application No. 129 of 2017 seeking an injunction to stop NSSF from utilising and developing the said land. The Court heard the application for the injunction and held that NSSF was the registered proprietor and was in physical possession in advanced stages of developing the land into a housing estate and an injunction could not be issued. This matter has been partially heard and is coming up for hearing on 22nd October 2024.

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

38. USE OF ESTIMATES AND JUDGEMENTS

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates. The accounting policies that involve high judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

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

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

38. USE OF ESTIMATES AND JUDGEMENTS continued

The Fund has applied the simplified approach to all other financial assets recognised as other receivables e.g dividends receivable, an approach that does not include an explicit probability of default as an input per se. The information about the ECLs on the Fund's trade and other receivables is disclosed in Note 17. Further information on impairment is disclosed in Notes 39(c).

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

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

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

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

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

(iii) **Property and equipment and right of use assets** – Critical estimates are made by the management in determining the useful lives and residual values to property and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Details of the Fund's property and equipment and right of use assets are disclosed in note 27.

(iv) **Determining fair values** – The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. Further information on determination of fair value is disclosed in Notes 26, and 40.

(v) **Provisions and contingencies** – A provision is recognised if, as a result of past events, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Management has made judgements in determining the provisions presented in Note 31 and contingencies disclosed in Note 38.

(vi) **Valuation of investment properties** – The Fund carries its investment properties at fair value, with changes in fair value being recognised in surplus or deficit. Details of significant estimates and judgements made regarding the Fund's investment properties are disclosed in Note 26.

39. FINANCIAL RISK MANAGEMENT

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

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

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

Risk management framework

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

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

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

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

(a) Market risk

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

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

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

Equity price risk
The Fund is exposed to equity securities price risk through its investments in quoted and unquoted shares. The Fund's Investment Committee diversifies its portfolio. Diversification of the portfolio is done in accordance with the guidelines set out in the Fund's investment policy. Except for shares held in Eastern and Southern African Trade and Development Bank (TDB Bank), Housing Finance Bank, Yield Fund and TPS Uganda Limited all shares held by the Fund are valued based on market prices.

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

Type of Investment	Change in share price % Ushs'000	Effect on surplus after tax and reserves Ushs'000
2025		
Equity securities externally managed	±5%	–
Equity investments internally managed	±5%	**±158,504,958**
2024		
Equity securities externally managed	±5%	±311,732
Equity investments internally managed	±5%	**±124,401,748**

39. FINANCIAL RISK MANAGEMENT continued

(a) Market risk continued

Currency risk

The Fund is exposed to currency risk through transactions in foreign currencies. The Fund transactional exposures give rise to foreign currency gains and losses that are recognised in the statement of changes in net assets available for benefits. In respect of monetary assets and liabilities in foreign currencies, the Fund ensures that its net exposure is kept to an acceptable level by matching foreign currency assets to liabilities when considered appropriate. Monitoring of foreign currency fluctuations is done through the Management and Investment Committee. The Fund operates wholly within Uganda and its assets and liabilities are reported in Uganda Shillings, although it maintains some of its assets and trades with banks in foreign currencies.

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

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

The Fund had the following foreign currency positions as at 30 June 2024. All balances are in Ushs'000's

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

39. FINANCIAL RISK MANAGEMENT continued

(a) Market risk continued

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

Currency	Change in currency rate in % 2025	Effect on surplus 2025 Ushs '000	Change in currency rate in % 2024	Effect on surplus 2024 Ushs '000
USD	±5%	**±13,181,391**	±5%	± 11,933,846
KES	±5%	**±138,093,163**	±5%	± 277,931,894
TZS	±5%	**±121,263,691**	±5%	± 111,412,067
RWF	±5%	**± 2,652,036**	±5%	± 3,341,441

The following exchange rates applied during the year:

	Average rate		Rate at year end	
	2025 Ushs	2024 Ushs	2025 Ushs	2024 Ushs
KES	28.42	26.39	27.83	28.70
USD	3,672.13	3,787.10	3594.99	3,709.52
TZS	1.39	1.50	1.37	1.41
RWF	2.66	3.02	2.51	2.83

Interest rate risk

In broad terms, interest rate risk is the risk that concerns the sensitivity of the Fund's financial performance to changes in interest rates. The Fund's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rates levels consistent with the Fund's business strategies. In order to minimise interest rate risk, the Fund has a policy whereby the approved investment commitments are matched to members' funds.

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

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

39. FINANCIAL RISK MANAGEMENT continued

(a) Market risk continued

Interest rate risk continued

	< 3 months Ushs'000	3-12 months Ushs'000	> 1 year Ushs'000	Non-Interest bearing Ushs'000	Total Ushs'000
2025					
Assets					
Cash and bank balances	84,766,476	–	–	21,172,234	**105,938,710**
Deposits with commercial banks	35,485,685	10,404,644	9,357	–	**45,899,686**
Trade and receivables	–	–	–	217,823,301	**217,823,301**
Financial asset receivable	–	–	–	102,971,984	**102,971,984**
Debt instruments at amortised cost	340,924,491	408,482,506	19,722,593,585	–	**20,472,000,582**
Loans and advances	–	–	26,465,576	–	**26,465,576**
Total assets	**461,176,652**	**418,887,150**	**19,749,068,518**	**341,967,519**	**20,971,099,839**
Liabilities					
Other payables	–	–	–	75,716,431	**75,716,431**
Total liabilities	–	–	–	75,716,431	**75,716,431**
Gap as at 30 June 2025	**461,176,652**	**418,887,150**	**19,749,068,518**	**266,251,088**	**20,895,383,408**
2024					
Assets					
Cash and bank balances	126,697,233	–	–	58,984,935	185,682,168
Deposits with commercial banks	181,764,941	96,030,046	–	–	277,794,987
Trade and receivables	–	–	–	127,222,635	127,222,635
Financial asset receivable	–	–	–	99,267,475	99,267,475
Debt instruments at amortised cost	35,878,651	304,162,930	16,672,622,670	–	17,012,664,251
Loans and advances	–	–	26,737,240	–	26,737,240
Total assets	**344,340,825**	**400,192,976**	**16,699,359,910**	**285,475,045**	**17,729,368,756**
Liabilities					
Other payables	–	–	–	74,945,733	74,945,733
Total liabilities	–	–	–	74,945,733	74,945,733
Gap as at 30 June 2024	**344,340,825**	**400,192,976**	**16,699,359,910**	**210,529,312**	**17,654,423,023**

(b) Liquidity risk

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

Management of liquidity risk

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

39. FINANCIAL RISK MANAGEMENT continued

(b) Liquidity risk continued

Exposure to liquidity risk

The table below analyses financial assets and financial liabilities into relevant maturity groupings based on the remaining period at 30 June 2025 to the contractual maturity date. All balances are in Ushs'000.

	Matured Ushs'000	< 3 months Ushs'000	3-12 months Ushs'000	1-5 years Ushs'000	> 5 years Ushs'000	Total Ushs'000
At 30 June 2025						
Financial assets						
Cash and bank balances	105,938,710	–	–	–	–	**105,938,710**
Deposits with commercial banks	–	35,485,685	10,404,644	9,357	–	**45,899,686**
Trade and other receivables	–	166,337,013	8,547,048	42,939,240	–	**217,823,301**
Financial asset receivable	–	–	–	–	102,971,984	**102,971,984**
Debt instruments at amortised cost	–	340,924,491	408,482,506	19,722,593,585	–	**20,472,000,582**
Loans and advances	–	–	–	4,442,986	22,022,590	**26,465,576**
Total financial assets	**105,938,710**	**542,747,189**	**427,434,198**	**19,769,985,168**	**124,994,574**	**20,971,099,839**
Financial liabilities						
Other payables	–	232,448	75,483,983	–	–	**75,716,431**
Financial liabilities	**–**	**232,448**	**75,483,983**	**–**	**–**	**75,716,431**
Liquidity gap	**105,938,710**	**542,514,741**	**351,950,215**	**19,769,985,168**	**124,994,574**	**20,895,383,408**
At 30 June 2024						
Financial assets						
Cash and bank balances	185,682,168	–	–	–	–	185,682,168
Deposits with commercial banks	–	181,764,941	96,030,046	–	–	277,794,987
Trade and other receivables	–	76,418,456	5,993,640	44,810,539	–	127,222,635
Financial asset receivable	–	–	–	–	99,267,475	99,267,475
Debt instruments at amortised cost	–	35,878,651	304,162,930	16,672,622,670	–	17,012,664,251
Loans and advances	–	–	–	6,136,858	20,600,381	26,737,239
Total financial assets	**185,682,168**	**294,062,048**	**406,186,616**	**16,723,570,067**	**119,867,856**	**17,729,368,755**
Financial liabilities						
Other payables	–	322,767	71,693,348	2,391,072	538,546	74,945,733
Financial liabilities	**–**	**322,767**	**71,693,348**	**2,391,072**	**538,546**	**74,945,733**
Liquidity gap	**185,682,168**	**293,739,281**	**334,493,268**	**16,721,178,995**	**119,329,310**	**17,654,423,022**

39. FINANCIAL RISK MANAGEMENT continued

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including investments in investments in government and corporate bonds, loans and advances deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. For risk management reporting purposes, the Fund considers all elements of credit risk exposure such as individual obligator default risk, country and sector risk.

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Management Investment Committee. The Investments Department is responsible for oversight of the Fund's credit risk, including:

- Formulating credit policies, covering collateral requirements and credit assessments, risk grading and reporting. Documentary, legal procedures and compliance with regulatory and statutory requirements is done in consultation with the Fund's Legal and Compliance Department.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to the Management Investment Committee. Larger facilities require approval by the Board of Directors as appropriate.
- Reviewing compliance of investment mix with agreed exposure limits, including those for selected industries, country risk and product types. The Fund's Investment Committee is responsible for monitoring the credit quality of investments and ensuring that appropriate corrective action is taken and providing advice, guidance and specialist skills to business units to promote best practice throughout the Fund in the management of credit risk.

The Finance department is required to implement the Fund's credit policies and procedures, with credit approval authorities delegated from the Fund's Board of Directors. The Investment department is responsible for the quality and performance of the Fund's investment portfolio and for monitoring and controlling all credit risks in the Fund's portfolio, including those subject to Board approval.

Regular audits of the Investment department and the Fund's credit processes are undertaken by the Internal Audit department.

Exposure to credit risk

Debt instruments at amortised cost and cash deposits

The Fund's maximum exposure to credit risk for the components of the statement of net assets available for benefits at 30 June 2025 and 30 June 2024 is the carrying amounts or the principal deposits plus accrued interest.

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

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

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

The Fund measures ECL on these instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, evidenced by either a change in default rating category of the issuer as per Fitch rating or issuer defaults on contractual payments by more than 30 days, the allowance is based on the lifetime ECL.

The credit risk for all the amortised cost financial assets has not increased significantly since initial recognition, therefore the Fund has measured the loss allowance for these financial assets at an amount based on 12-months ECL.

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

39. FINANCIAL RISK MANAGEMENT continued

(c) Credit risk continued

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

	2025 Ushs'000	2024 Ushs'000
Cash and bank balances	105,938,710	185,682,168
Deposits with commercial banks	45,279,644	274,103,373
Trade and other receivables	166,337,013	76,418,456
Financial asset receivable	102,971,984	99,267,475
Debt instruments at amortised cost	20,472,000,581	17,012,664,250
Loans and advances	5,787,602	6,059,266
	20,898,315,534	**17,654,194,988**

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

	Note	Gross amount Ushs'000	ECL Ushs'000	Carrying amount Ushs'000
At 30 June 2025				
Cash and bank balances	15	105,938,710	–	**105,938,710**
Deposits with commercial banks	16	45,899,685	(620,041)	**45,279,644**
Financial asset receivable	19	103,022,809	(50,825)	**102,971,984**
Debt instruments at amortised cost	20	20,488,501,209	(16,500,628)	**20,472,000,581**
Loans and advances	22	26,465,576	(20,677,974)	**5,787,602**
		20,769,827,989	**(37,849,468)**	**20,731,978,521**
At 30 June 2024				
Cash and bank balances	15	185,682,168	–	**185,682,168**
Deposits with commercial banks	16	277,794,987	(3,691,614)	**274,103,373**
Financial asset receivable	19	99,267,475	–	**99,267,475**
Debt instruments at amortised cost	20	17,018,325,723	(5,661,473)	**17,012,664,250**
Loans and advances	22	26,737,240	(20,677,974)	**6,059,266**
		17,607,807,593	**(30,031,061)**	**17,577,776,532**

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

39. FINANCIAL RISK MANAGEMENT continued

(c) Credit risk continued

Trade and other receivables

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

	2025 Ushs'000	2024 Ushs'000
Trade receivables	8,113,851	7,834,395
Dividends receivable	167,221,031	75,910,768
Other receivables	1,862,388	2,052,193
	177,197,270	**85,797,356**

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

	Gross receivable Ushs'000	Loss rates	ECL Ushs'000	Carrying amount Ushs'000
2025				
Trade receivables*	8,113,851	44%	(3,598,887)	4,514,964
Dividends receivable	167,221,031	3%	(5,490,372)	161,730,659
Other receivables	1,862,388	95%	(1,770,998)	91,390
	177,197,270		**(10,860,257)**	**166,337,013**
2024				
Trade receivables*	7,834,395	46%	3,606,484	4,227,911
Dividends receivable	75,910,768	6%	4,184,363	71,726,405
Other receivables	2,052,193	77%	1,588,052	464,141
	85,797,356		**9,378,899**	**76,418,457**

Movements in the allowance have been disclosed in Note 17.

* Set out below is the information about the credit risk exposure on the Fund's trade receivables based on the customer segment i.e., building location using a single loss rate approach as at 30 June 2025 and 2024:

	Gross Receivable Ushs' 000	Loss rates	ECL Ushs' 000	Carrying amount Ushs' 000
30 June 2025				
Workers House	735,873	13%	(95,465)	640,408
Social Security House	5,993,322	41%	(2,347,438)	3,645,884
Yusuf Lule parking	520,737	100%	(519,640)	1,097
Bwebajja	701,891	80%	(556,949)	144,942
Lubowa	38,393	–	–	38,393
Other properties	123,635	64%	(79,395)	44,240
	8,113,851		**(3,598,887)**	**4,514,964**

39. FINANCIAL RISK MANAGEMENT continued

(c) Credit risk continued

Trade and other receivables continued

	Gross Receivable Ushs' 000	Loss rates	ECL Ushs' 000	Carrying amount Ushs' 000
30 June 2024				
Workers House	293,395	33%	(95,667)	197,728
Social Security House	6,130,588	38%	(2,352,393)	3,778,195
Yusuf Lule parking	520,737	100%	(520,737)	–
Bwebajja	691,165	81%	(558,124)	133,041
Other properties	198,510	40%	(79,563)	118,947
	7,834,395		**(3,606,484)**	**4,227,911**

Movements in the allowance have been disclosed in Note 17.

	12-month PD ranges Percentage	Stage 1 12 month ECL UShs '000	Stage 2 Lifetime ECL UShs '000	Stage 3 Lifetime ECL UShs '000	Total
As at 30 June 2025					
Cash and bank balances	0-0	–	–	–	**–**
Deposits with commercial banks	10.25-15.25	620,041	–	–	**620,041**
Trade and other receivables	33-100	5,345,868	2,011,483	3,502,906	**10,860,257**
Financial asset receivable	0-0	–	–	–	**–**
Debt instruments at amortised cost	2.56-3.62	16,500,628	–	–	**16,500,628**
Financial asset receivable	2.56	50,825	–	–	**50,825**
Loans and advances	100	–	–	20,677,974	**20,677,974**
		22,517,362	**2,011,483**	**24,180,880**	**48,709,725**
As at 30 June 2024					
Cash and bank balances	0-0	–	–	–	–
Deposits with commercial banks	10.25–15.25	3,691,614	–	–	3,691,614
Trade and other receivables	33–100	4,706,736	1,588,052	3,084,112	9,378,900
Financial asset receivable	0-0	–	–	–	–
Debt instruments at amortised cost	2.56-3.62	5,661,473	–	–	5,661,473
Loans and advances	100	–	–	20,677,974	20,677,974
		14,059,823	**1,588,052**	**23,762,086**	**39,409,961**

39. FINANCIAL RISK MANAGEMENT continued

(d) Categories of financial assets and financial liabilities

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

	2025 Ushs'000	2024 Ushs'000
FINANCIAL ASSETS		
Financial assets at fair value		
Equity securities externally managed	–	6,234,633
Equity investments internally managed	3,170,099,158	2,488,034,950
Total financial assets at fair value	**3,170,099,158**	**2,494,269,583**
Financial instruments at amortised cost		
Cash and bank balances	105,938,710	185,682,168
Deposits with commercial banks	45,279,644	274,103,373
Trade and other receivables	166,337,013	76,418,456
Financial asset receivable	102,971,984	99,267,475
Debt instruments at amortised cost	20,472,000,581	17,012,664,250
Loans and advances	5,787,602	6,059,266
Total financial assets at amortised cost	**20,898,315,534**	**17,654,194,988**
Total financial assets	**24,068,414,692**	**20,148,464,571**
Total current	3,487,654,525	3,030,473,580
Total non-current	20,580,760,167	17,117,990,991
	24,068,414,692	**20,148,464,571**
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Other payables	75,716,431	74,622,967
Total financial liabilities	**75,716,431**	**74,622,967**
Total current financial liabilities	73,478,996	72,073,049
Total non-current financial liabilities	2,237,435	2,549,918
	75,716,431	**74,622,967**

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

(e) Capital management

The primary source of funding used by NSSF is member contributions and income from investments. The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board. There have been no significant changes in the Fund's capital management policies and processes and capital structure during the past year and previous year. An important aspect of the Fund's overall capital management process is the setting of target risk and inflation adjusted rates of return, which are aligned to performance objectives and ensure that the Fund is focused on the creation of value for the members. The Fund's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, and taking appropriate actions that will provide the target return in light of changes in economic conditions and risk characteristics.

The Fund seeks to optimise the structure and investment of capital to ensure that it consistently maximises returns to its members within an acceptable risk appetite. The NSSF Act provides that members must be provided with a minimum return of at least 2.5%. An interest rate of 13.50% was declared for the year 2025 (2024: 11.5%).

40. FAIR VALUE MEASUREMENT

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

The carrying amounts of equity securities are the same as their fair values since the instruments are presented at fair value.

The financial instruments whose fair values differ from the carrying amounts as shown in the statement of net assets available for benefits are analysed as follows:

	30 June 2025 Carrying amount Ushs'000	Fair Value Ushs'000	30 June 2024 Carrying amount Ushs'000	Fair Value Ushs'000
Debt instruments at amortised cost	20,472,000,581	20,799,215,607	17,012,664,250	17,289,702,152

Valuation techniques

Description of valuation techniques used and key inputs to valuation for investment properties and capital work-in-progress are disclosed under Notes 25 and 26 respectively, and below for debt instruments at amortised cost/held to maturity investments (Government debt securities and Corporate bonds) and investments at fair value:

Government debt securities

Government debt securities are bonds issued by sovereign governments i.e Uganda, Kenya, Tanzania, Rwanda. Valuation techniques based on observable inputs resulting in a Level 2 classification.

Other debt securities

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

Equity instruments

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

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

		Fair value measurement using		
	Total Ushs'000	Quoted price in active market (Level 1) Ushs'000	Significant observable inputs (Level 2) Ushs'000	Significant unobservable inputs (Level 3) Ushs'000
As at 30 June 2025				
Asset type				
Equity investments internally managed (Note 21)	**3,170,099,158**	2,955,873,980	–	214,225,178
Equity securities externally managed (Note 18)	**–**	–	–	–
Investment Properties (Note 26)	**750,052,401**	–	–	750,052,401
Investment in associates (Note 23)	**217,977,770**	–	–	217,977,770
Debt instruments at amortised cost (Note 40)	**20,799,215,607**	–	20,799,215,607	–

40. FAIR VALUE MEASUREMENT continued

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

		Fair value measurement using		
	Total Ushs'000	Quoted price in active market (Level 1) Ushs'000	Significant observable inputs (Level 2) Ushs'000	Significant unobservable inputs (Level 3) Ushs'000
As at 30 June 2024				
Asset type				
Equity investments internally managed (Note 21)	**2,488,034,950**	2,272,126,362	–	215,908,588
Equity securities externally managed (Note 18)	**6,234,633**	6,234,633	–	–
Investment Properties (Note 26)	**733,179,683**	–	–	733,179,683
Investment in associates (Note 23)	**429,155,827**	–	–	429,155,827
Debt instruments at amortised cost (Note 40)	**17,289,702,152**	–	17,289,702,152	–

Description	Input	Sensitivity used*	Effect on the Fair value Ushs,000
Workers House and Social Security House	Estimated rental value	2025:8.76%	1,281,808
		2024:8.76%	1,108,653
	Estimated rental expenditure	2025:8.52%	434,093
		2024:10%	484,887
	Vacancy factor	2025:10.3%	13,438,569
		2024:16.9%	20,647,584
	Rental yield rate	2025:10%	13,100,000
		2024:8.76%	10,689,871
Land	Price per acre	2025:8.52%	55,583
		2024:10%	35,512

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

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2025 and 30 June 2024 are as shown below:

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

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

41. SUBSEQUENT EVENTS

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