

TELEPHONES

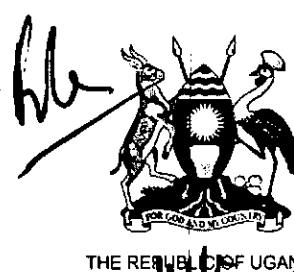
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AUDITOR GENERAL: +256-41-4255487

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OFFICE OF
THE AUDITOR GENERAL
P. O. BOX 7083
KAMPALA

VISION: " To be an effective and efficient Supreme Audit institution (SAI) in promoting effective public accountability."

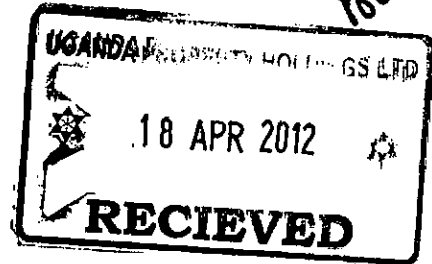
MISSION: " To Audit and report to Parliament and thereby make an effective contribution to improving public accountability and Value for Money spent."

IN ANY CORRESPONDENCE ON: **DCG.118/344/01**
THIS SUBJECT PLEASE QUOTE NO:

Handwritten notes:
table at board
nearby field on
18/4/2012
MUN
18/04/2012

16th April, 2012

The Inspector General of Government
The Inspectorate of Government
IPS Building
Kampala



REPORT AND OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF UGANDA PROPERTY HOLDINGS LIMITED FOR THE YEAR ENDED 30TH JUNE, 2011

I am enclosing herewith a report which I have already sent to the Speaker in terms of Article 163 (4) of the Constitution.

Handwritten signature: Keto Nyapendi Kayemba
Keto Nyapendi Kayemba (Mrs)
For: **AUDITOR GENERAL**

- c.c. The Hon. Minister of Ethics and Integrity
- " The Board Chairman
Uganda Property Holdings Limited
- " The Managing Director,
Uganda Property Holdings Limited
- " The Chief Accountant
Uganda Property Holdings Limited
- " The Librarian (Makerere University)
- " The Team Leader, Uganda Property Holdings Limited

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

REPORT AND OPINION OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
UGANDA PROPERTY HOLDINGS LIMITED
FOR YEAR ENDING 30TH JUNE 2011

REPORT AND OPINION OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
UGANDA PROPERTY HOLDINGS LIMITED
FOR THE YEAR ENDED 30TH JUNE 2011

THE HON. SPEAKER OF PARLIAMENT

I have audited the financial statements of the Uganda Property Holdings Limited for the year ended 30th June 2011 as set out on pages 6 to 16 of appendix 1. These financial statements comprise of the statement of financial position as at 30th June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors of the company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Ugandan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

My responsibility is to express an opinion on the Financial Statements, based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those Standards require that I comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the Auditor's judgement, including the assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of financial

statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Part "A" of this report sets out my opinion on the financial statements. Part "B" which forms an integral part of this report presents in detail all the significant audit findings made during the audit which have been brought to the attention of management.

PART "A"

OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of Uganda Property Holdings Limited as at 30th June 2011 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Ugandan Companies Act (Cap 110).

Report on other legal requirements

As required by the Ugandan Companies Act, I report to you, based on my audit, that:

- i. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit.
- ii. In my opinion, proper books of account have been kept by the company, so far as appears from my examination of those books; and
- iii. The financial statements are in agreement with the books of account.



John F. S. Muwanga

AUDITOR GENERAL

KAMPALA

20th February, 2012.

PART "B"

DETAILED REPORT OF THE AUDITOR GENERAL

This Section outlines the detailed audit findings, management responses, and my recommendations in respect thereof.

1.0 INTRODUCTION

Under Section 60 of the Articles of Association of Uganda Property Holdings Limited and Sec 17 of the National Audit Act (2008), I am required to audit the accounts of the Company and report to the Speaker of Parliament in accordance with Article 163 (4) of the Constitution of the Republic of Uganda. Accordingly, I carried out the audit of the Company to enable me report to Parliament.

2.0 BACKGROUND INFORMATION

Uganda Property Holdings is a limited liability company incorporated in 1998 and is fully owned by Government of Uganda. This followed a need to retain and run strategic real estate properties abroad belonging to former government parastatals. It was mandated to manage government property in Uganda and abroad and owns properties in London-UK and Mombasa-Kenya in addition to the properties in Uganda. The company is owned by the Minister of Finance and Economic Development and Minister of State for Privatization as shareholders in trust for the GoU.

3.0 OBJECTIVES OF THE COMPANY

Among the many objectives of the company, the key objectives identified are:

- i. To take over ownership of all real estate properties abroad belonging to the Uganda Government and any other property that the Uganda Government might wish to vest in the Company and to manage, hold and administer all such property/properties.
- ii. To operate as a holding and investment Company, and to acquire such freehold, leasehold or other interest in the property of government.
- iii. To build, construct, maintain, alter, renovate, repair, furnish, enlarge, or pool company properties and collect rents and incomes from such property.

4.0 AUDIT SCOPE

The audit was carried out in accordance with International Standards on Auditing and accordingly included a review of the accounting records and agreed procedures as was considered necessary. In conducting my reviews, special attention was paid to establish:-

- a. Whether the Company managers are managing the Company in accordance with the Companies Act;
- b. Whether the financial statements present a true and fair view of the financial position as at 30th June 2011, and its revenue and expenditure incurred for the period, in conformity with Generally Accepted Accounting Principles;
- c. Whether the Company has adhered to established financial compliance requirements;
- d. Whether goods and services financed have been procured in accordance with the procurement law;
- e. Whether all necessary supporting documents, records and accounts have been kept in respect of all Company activities and whether linkages exist between the books of accounts and the financial statements;
- f. That the Company's internal control structure for financial reporting and/or safeguarding assets, including controls in computer based systems are suitably designed and implemented to achieve the control objective;
- g. That the internal controls are in compliance with the relevant laws, policies, practices and regulations governing procurements, accounting and human resource;

5.0 PROCEDURES PERFORMED

a. Revenue/Receipts

Obtained schedules of receipts and reconciled the amounts to the Company's cashbooks and bank statements.

b. Expenditure

Vouched transactions including Statements of Expenditure and Financial Monitoring Reports used for submission of withdrawal applications during the period to establish whether documentation in support of expenditure agreed with the amount and

description on the vouchers and/or applications and bank statements, and was properly controlled and accounted for.

c. Internal Control System

Reviewed the internal control system and its operations to establish whether sound controls were applied throughout the period.

d. Procurement

Reviewed the procurement of goods and services under the company during the period under review and reconciled with the approved procurement plan.

e. Fixed Assets Management

Reviewed the use and management of the company assets during the period under review.

f. Financial Statements

Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessed the accounting principles used and significant estimates made by management; as well as evaluating the overall financial statement presentation.

6.0 AUDIT FINDINGS

6.1 Debtors management

The debtor's outstanding balance increased to shs.8,138,058,959 up from shs.6,470,935,356 in the previous year. It was noted that:-

- i. An amount due from Government of shs.4,741,740,000 has remained unrecovered by management from previous years. I was not availed with a firm commitment from government on the repayment of this debt.
- ii. A total of shs.3,315,998,811 outstanding as "Trade receivables Mombasa" increased from shs.1,665,645,560 in the previous year. A review of this balance revealed that the contract with the tenant company was terminated as a result of failure to pay management fees over a long period of time. In the absence of appropriate aggressive steps in pursuit of this amount being taken by Management, its recoverability is doubtful.

In response, management stated that the amount of shs.4,741,740,000 due from Government arose when Government committed the Company to renovate the then Bugolobi Apparel Tri Star Complex and rent for the same premises for the period that the factory was operating therein. Additionally, the amount owing from CPC Fright

Services Ltd. accumulated between July 2010 and May 2011 when the contract was actually terminated. There followed a suit where Court ruled that CPC Fright Services Ltd vacates the Car Port, pay all the outstanding rent including interest to UPHL. Therefore, the recoverability of the debt will be enforced as per the Court ruling. I await for the outcome of these management commitments.

6.2 Unpaid Dividends

Included in the balance sheet under payables are proposed dividends of shs.500,000,000 with shs.300,000,000 declared for 2011 and shs.200,000,000 declared for the previous year, 2010. No satisfactory explanation was provided as to why the dividends have not been paid despite the fact that the corporation had adequate cash flows which could have been utilised for the purpose.

In response, management stated that they have already made part payment for the 2009/10 and are committed to completing the payment by end of the current Financial Year. They further explained that management had intentions of paying the proposed dividend of the year 2011 of Shs.300,000,000 in the financial 2011/12. Unfortunately, unforeseen and inevitable requirements for cash emerged during the year some of them of a legal nature.

I have urged the Company to ensure that the proposed dividends are paid to the share holder (Government) without further delay.

6.3 Unpaid Corporation Tax

Included in the balance sheet under payables is an amount of shs.390,497,995 in respect of unpaid corporation tax. Out of this amount, shs.187,470,674 is tax for the year under review while shs.203,027,321 is for the previous financial year. Management has not justified the continued failure to clear the taxes despite the fact that any unpaid taxes attract penalties and fines in accordance with the Income Tax Act.

In response management stated that the provisions for corporation taxes relate to the likely taxes that will be paid to Government of Kenya and Uganda where the company's major operations are. Unfortunately, both the Kenya and Uganda Revenue Authorities have instituted tax audits in UPHL from previous years to the year under review. Management felt that it was prudent to wait for the tax audits to be concluded to establish the actual tax obligations payable before it can pay. The Tax Audit in

Kenya is complete and tax returns will be filed soon. The audit in Uganda is still ongoing. However, I explained to management that the ongoing audits do not negate the requirement to clear any established tax obligations. I have advised management to ensure that the taxes in question are remitted without further delay to avoid further accumulation of interest on unpaid taxes as per the provisions under the Income Tax Act.

6.4 Budget Performance

Uganda Property Holdings budgeted to receive a total of shs.5,128,762,648 from its various income sources during the year under review. However only shs.4,798,926,241 was realized resulting in a revenue shortfall of shs.329,836,407 (about 6% of the budgeted revenue). I indicated to management that failure to achieve revenue targets exposes the company to the risk of failure to obtain sufficient funds to fully implement the annual work plans.

In response, management stated that the budget estimates were done within a number of assumptions such as projected clients, inflation rates fluctuation of exchange rate of Kshs and Pound Stirling, plus adjustments in the available tenancy agreements. These affected performance. I have advised management to always ensure that realistic estimates are made and that aggressive revenue collection efforts are made to ensure collection of all the budgeted revenue.

6.5 Vacant key positions

Analysis of the approved staff structure and positions vis-a-vis the current staffing position shows that the key positions of Company Secretary, Finance and Administration Manager and Operations Manager have remained vacant for a long time. I informed management that failure to have these key staff positions filled may result in a lack of leadership in key departments which can lead to inefficiencies in performance.

In response management stated that the company has been trying to fill the vacant positions gradually. In the financial year in question, the positions of the Legal Officer, Procurement Officer, Accounts Assistant and Information Technology Assistant were filled and that a request to the Board to fill the other vacant positions was to be made. I await the outcome of this management commitment.

6.6 Procurements not planned for

The PPDA Act requires a procuring and disposing entity to plan its procurements and disposals in a rational manner. The Act further requires that the combined work plan gives details of activities of works, services or supplies to be procured. Contrary to this requirement, UPHL Management procured several goods and services worth shs.167,820,857 without evidence of a plan. I indicated to management that procurements undertaken in such unplanned and adhoc manner deny the company the opportunity to take advantage of economies of scale through bulk purchasing and exposes the company to purchases of unnecessary items.

In response, management stated that the procurements in question were actually planned for and included in the annual budget. However they were not included in the procurement plan. This was because at the time of planning, the company did not have professional Procurement staff. A procurement professional has been recruited who is expected to compile comprehensive procurement plans in future. I also await for the outcome of this management commitment.

UGANDA PROPERTY HOLDINGS LTD.

(UPHL)

***FINANCIAL REPORT FOR THE
YEAR ENDED 30 JUNE 2011***

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UGANDA PROPERTY HOLDINGS LIMITED
Annual report and financial statements
for the year ended 30th June, 2011

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UGANDA PROPERTY HOLDINGS LIMITED

Annual report and financial statements

for the year ended 30th June, 2011

DIRECTORS AND PROFESSIONAL ADVISORS

BOARD MEMBERS	Mr. Akaki Jovino Ayumu	Chairman Board
	Mrs. Winnie Masiko	Board member
	Mr. Haruna. N. Semyano	Board member
	Amb. Idi Osman Rizingala	Board member
	Mr. Matyama Fredrick (For PS Finance)	Board member
	Ms. Dora Kutesa (For PS Foreign Affairs)	Board Member
	Ms. Denis Obbo (For PS Lands)	Board member
	Mr. Kihembo M. Martin	Managing Director

REGISTERED OFFICE Plot 6/8, Parliament Avenue
Farmers House
P.O Box 34140
Kampala
Tel: 0414-341808

BANKERS Stanbic Bank-IPS branch Kampala
Kampala
Plot 12 Parliament Avenue

Knightsbridge International Banking Centre
38Hans Crescent- Barclays Bank London

Stanbic Bank- Mombasa
NSSF Building
Mombasa

SECRETARIES/ LAWYERS Niwagaba and Mwebasa Advocates
Kampala, Uganda

AUDITORS Auditor General of Uganda
P.O Box 7083
Kampala, Uganda

Branch Offices UPHL
PLOT 1/291
Mashundu Street, Shimanzi
P.O Box 90373
Mombasa

UGANDA PROPERTY HOLDINGS LIMITED
Annual report and financial statements
for the year ended 30th June, 2011

REPORT OF DIRECTORS

The directors submit their report and financial statements for the year ended 30th June 2011, which show the state of the company's affairs.

VISION STATEMENT

A vibrant and a viable Government of Uganda real estate enterprise.

MISSION STATEMENT

To on and sustainably manage Government of Uganda real estate investment

PRINCIPAL ACTIVITIES

The company's principal activity continued to be Government Property Management.

THE BOARD OF DIRECTORS

The Board of Directors who have been serving since May 2008 expired during the year (April 2011). This Board was composed of:

- | | |
|-----------------------------|--|
| 1. Hon. Akaki A. Jovino | Chairman |
| 2. Mr. Ssempe E. Robert | Member and Chairman Finance Committee |
| 3. Arch. Enock Kibbamu | Member and Chairman Asset Committee |
| 4. Amb. Idi Osman Rwizingal | Member and Member of the Audit Committee |
| 5. Mr. Jasper Aligawesa | Member and Chairman Audit Committee |
| 6. Mr. Pascal Rwakahanda | Member and Member of Finance Committee |
| 7. Mr. Ben Etonu | Member and member of Assets Committee |

In June 2011, a new Board of Directors was appointed that served to the date of the report. It comprises of:

BOARD MEMBERS Mr. Akaki Jovino Ayumu	Chairman Board
Mrs. Winnie Masiko	Board member
Mr. Haruna. N. Semyano	Board member
Amb. Idi Osman Rizingala	Board member
Mr. Matyama Fredrick (For PS Finance)	Board member
Ms. Dora Kutesa (For PS Foreign Affairs)	Board Member
Mr. Denis Obbo (For PS Lands)	Board member
Mr. Kihembo M. Martin	Managing Director

UGANDA PROPERTY HOLDINGS LIMITED

Annual report and financial statements

for the year ended 30th June, 2011

The new board, Mr. Matyama Fredrick serves as the Chairman of the Finance and Administration Committee, while Mr. Haruna N. Semyalo serves as the Chairman of the Audit Committee and Ms. Winnie Masiko as the Chairman of the Assets and Technical Committee.

RENOVATION OF BUILDINGS

The company put focus on renovation and beautifications of its buildings during the year. Most of its warehouses in Mombasa were painted. Minor renovation works were undertaken in Kampala.

STAFF RECRUITMENTS

The company started the year with staff gaps. During the year, it filled a number of sensitive positions including those of the Internal Auditor, The legal Officer, The Procurement Officer, The Accounts Assistant and The IT Assistant.

ATTACHMENT OF PROPERTIES IN LONDON

Dr. J. Mashate had sued His Excellency Yoweri Museveni in London. The President was not represented and Dr. J. Mashate was awarded costs. He then attempt to attached UPHL properties in London. UPHL took a position to defend its properties in the Courts of Law in United Kingdom and was successful.

RESULTS

	30.06.2011	30.06.2010
	U.shs.	U.shs
Profit/ Loss before taxation	624,902,248	676,757,737
Taxation charges	<u>187,470,674</u>	<u>203,027,321</u>
Net Profit for the year	<u>437,431,574</u>	<u>473,730,416</u>

DIVIDENDS

The Directors have recommended payment of shs.300, 000,000 in dividend.

UGANDA PROPERTY HOLDINGS LIMITED
Annual report and financial statements
for the year ended 30th June, 2011

STATEMENT OF DIRECTOR'S RESPONSIBILITIES
YEAR ENDED 30TH JUNE, 2011

The Uganda Companies Act requires the Directors to prepare financial statements for each financial year that gives a true and fair view of the statement of affairs of the Company as at the end of the financial year and its profit or loss. It also requires the Directors to ensure that the company keeps proper accounting records that disclose with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the financial statements set out on pages 6-16 which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards and the requirements of the Uganda Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of the accounting records that were relied upon in the preparation of the financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Signed on behalf of the board of Directors by:



Board Chairman

23-02-2012

Date



Managing Director

23-02-2012

Date

UGANDA PROPERTY HOLDINGS LIMITED

Annual report and financial statements
For the year ended 30th June , 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

	Notes	30.06.2011 U.Shs	30.06.2010 U.Shs
NON-CURRENT ASSETS			
Property Plant & Equipment	2	124,371,901,828	125,867,540,519
CURRENT ASSETS			
Trade and other debtors	3	8,138,058,959	6,470,935,356
Cash and bank balances	4	324,718,260	1,363,759,403
		<u>8,462,777,219</u>	<u>7,834,694,759</u>
CURRENT LIABILITIES			
Less Trade and other payables	5	2,446,177,134	2,023,076,324
		<u>2,446,177,134</u>	<u>2,023,076,324</u>
NET CURRENT ASSETS		<u>6,016,600,085</u>	<u>5,811,618,435</u>
NET ASSET		<u><u>130,388,501,913</u></u>	<u><u>131,679,158,954</u></u>
FINANCED BY:			
BORROWINGS,CAPITAL AND RESERVES.			
CAPITAL			
Auth. Share Cap. (100 Ord. Shares @ 100,000)		<u>10,000,000</u>	<u>10,000,000</u>
RESERVES			
Capital and revenue reserves	11	476,432,266	(148,256,678)
Revaluation reserve	12	107,362,393,237	107,970,916,985
		<u>107,838,825,463</u>	<u>107,970,703,642</u>
GRANTS			
Government grants (Deferred income)	10	<u>19,003,037,410</u>	<u>19,490,294,779</u>
BORROWINGS			
Long Term loan	6	-	4,366,203,868
		<u>130,388,501,913</u>	<u>131,679,158,954</u>

The notes set out on pages 9-16 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on.....2011 and were signed on behalf of the directors by:-


.....
CHAIRMAN BOARD


.....
MANAGING DIRECTOR

UGANDA PROPERTY HOLDINGS LIMITED

Annual report and financial statements
For the year ended 30th June , 2011

CONSOLIDATED INCOME STATEMENT.

	Notes	30.06.2011 U.Shs	30.06.2010 U.Shs
INCOME	7	<u>4,798,926,241</u>	<u>4,393,661,193</u>
LESS OPERATING EXPENSES			
General & Administrative	8	2,367,868,240	1,947,864,005
Repair & Maintenance	9	296,627,063	222,235,686
Depreciation	1&2	1,509,528,690	1,546,803,765
TOTAL OPERATING EXPENSES		<u>4,174,023,993</u>	<u>3,716,903,456</u>
PROFIT BEFORE TAX		<u>624,902,248</u>	<u>676,757,737</u>
Less 30% Corporation Tax		<u>187,470,674</u>	<u>203,027,321</u>
PROFIT AFTER TAX		<u>437,431,574</u>	<u>473,730,416</u>
ADD RELEASE OF GOVT GRANT	10	<u>487,257,370</u>	
		<u>924,688,944</u>	
LESS DIVIDEND PROPOSED		<u>300,000,000</u>	<u>200,000,000</u>
RETAINED EARNINGS FOR THE YEAR		<u>624,688,944</u>	<u>273,730,416</u>
Add Profit/loss B/F		<u>(148,256,678)</u>	<u>185,369,593</u>
RETAINED PROFIT C/F		<u>476,432,266</u>	<u>459,100,009</u>

The notes on pages 9 to 16 form an integral part these financial statements.

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UGANDA PROPERTY HOLDINGS LIMITED

Annual report and financial statements For the year ended 30th June , 2011

STATEMENT OF CASH FLOWS

	30.06.2011	30.06.2010
	U.Shs	U.Shs
CASHFLOW FROM OPERATING ACTIVITIES: -		
Net profit from operations	624,902,248	676,757,737
Adjustment for:-		
Depreciation	1,509,528,690	1,546,803,765
Cash flows from Operating profit before changes in operating Assets and Liabilities	2,134,430,938	2,223,561,502
Changes in operating assets and liabilities		
Increase in trade and other receivables	(1,667,123,603)	(1,059,234,067)
Increase in trade and other payables	423,100,810	1,152,383,963
Net Cash generated from operating activities	890,408,145	2,316,711,398
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(13,890,000)	(6,948,492,384)
Acquisitions of property, plant and equipment (Rev. gain)		(56,050,708,449)
Net Outflow in investing activities	(13,890,000)	(62,999,200,833)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid		(100,000,000)
Loan from CFC paid	(819,564,828)	(336,798,335)
Government & revaluation reserves realised		1,567,297,401
Movement in Government reserves		6,663,369,204
Mov'ts in reserves. (Cash Paymnet for Car Port after valuation)	(1,095,994,460)	53,686,384,979
Net Cash outflows in financing activities	(1,915,559,288)	61,480,253,249
Net increase in cash and cash equivalents	(1,039,041,143)	797,763,814
Cash and cash equivalents at the beginning of the year	1,363,759,403	565,995,589
Cash and cash equivalents at the end of the year	324,718,260	1,363,759,403

The notes on pages 9 to 16 form an integral part these financial statements.

UGANDA PROPERTY HOLDINGS LIMITED

Annual report and financial statements
For the year ended 30th June , 2011

STATEMENT OF CHANGES IN EQUITY

	REVALUATION RESERVE U.shs.	GOV'T RESERVE U.shs.	CAP. & REV RESERVES U.shs.	TOTAL U.shs.
As at 1st July, 2010	107,970,916,985	19,490,294,779	(148,256,678)	127,312,955,086
Changes during the year				
Profit/Loss for the year			624,688,944	624,688,944
Government Grants		(487,257,369)		(487,257,369)
Revaluation	(608,523,748)			(608,523,748)
At 30 June, 2011	107,362,393,237	19,003,037,410	476,432,266	126,841,862,913

UGANDA PROPERTY HOLDINGS LIMITED

Annual report and financial statements
For the year ended 30th June, 2011

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2011

1. THE STATUS OF ACCOUNTING ENTITY

Uganda Property Holdings Ltd is a limited liability company fully owned by the Government of Uganda. It was incorporated in 1998 to commercially manage Government property in Uganda and Abroad. It has properties in Uganda, London - UK and Mombasa - Kenya. The Company owned by the Minister of Finance and Economic Development and Minister of State for Privatisation.

ACCOUNTING POLICIES

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

(a). BASIS OF ACCOUNTING.

STATEMENT OF COMPLIANCE

The financial statements of Uganda Property Holdings Limited have been prepared in accordance with international Financial Reporting Standards (IFRS).

The preparation of Financial statements in conformity with IFRS requires estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. Although the estimates are based on the Board's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

As at 30th June, 2011, the current assets exceeded the liabilities and the company meets its day today obligations from its current assets. On this basis, the Board considers it appropriate to prepare the financial statements on the going concern basis which assumes that the company will be in operational existence for the foreseeable future.

(b). REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that economic benefits flow to the Company and revenue can be reliably measured. Revenue is measured at the fair value consideration received excluding discounts and VAT. Revenue is recognised by billing customers for rent. Other incomes earned by the Company are recognised on accruals basis.

(c). PROPERTY, PLANT AND EQUIPMENT

Items of Property, Plant and Equipment are stated at cost/revalued value less accumulated depreciation. Non current assets are revalued from time to time and any gains or losses are carried directly to the Revaluation Reserve.

Depreciation is calculated to write off the cost of the assets over their successful economic life as follows: -

<u>Assets Category</u>	<u>Rate</u>	<u>Method</u>
Land	Nil	—
Buildings	2.5%	Reducing Balance
Furniture & Equipment	20.0%	Reducing Balance
Machinery	20.0%	Reducing Balance
Computers	30.0%	Reducing Balance
Motocycles	25.0%	Reducing Balance

All assets that are in existence at the balance sheet date are depreciated for the full year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2011

1. REVALUATION

Revaluation of Land and buildings was done in June 2010 which gave rise to revaluation surplus. The surplus represents increase in carrying amount of assets as a result of revaluation.

2. GOVERNMENT GRANTS

Government grants relate to the Building take over by UPHL from Government. They are treated as deferred income and are realised on gradually on annual basis.

Furniture and computers worth shs. 13,890,000 were bought during the year.

3. CURRENCY

The accounts are prepared in Uganda Shilings. For these transactions in foreign currencies, they are translated at the Government exchange rate at the date of the transaction. However the average rates for the year were as follows:
1 Kshs = 28 U shs, 1 GBP = 3,900 U shs and 1 US \$ = 2,400 U shs.

4. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprises of cash on hand and balances at bank.

5. TRADE AND OTHER PAYABLES

These are recognised at fair value.

6. TRADE AND OTHER RECEIVABLES

These are recognised at fair value. The debtors comprise mainly of Government of Uganda shs. 4,741,740,000 and rent arrears at Mombasa Carport.

Where necessary comparatives given have been adjusted to conform with changes in presentation in the current year.

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NOTE 2.

PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furniture and Equipment	Computers and Accessories	Motorcycle	Total
	U.Shs	U.Shs	U.Shs	U.Shs	U.Shs	U.Shs
Cost/Revaluation	65,883,500,000	61,490,827,150	47,667,831	17,932,665	2,745,768	127,442,673,414
Additions			5,010,000	8,880,000	-	13,890,000
At 30th June, 2011	<u>65,883,500,000</u>	<u>61,490,827,150</u>	<u>52,677,831</u>	<u>26,812,665</u>	<u>2,745,768</u>	<u>127,456,563,414</u>
Depreciation						
At 1st July, 2010	0	1,537,270,679	26,636,480	8,845,988	2,379,749	1,575,132,896
Charge for the year	0	1,498,838,912	5,208,270	5,390,003	91,505	1,509,528,690
At 30th June , 2011	0	<u>3,036,109,591</u>	<u>31,844,750</u>	<u>14,235,991</u>	<u>2,471,254</u>	<u>3,084,661,586</u>
Net book value						
At 30th June, 2011	<u>65,883,500,000</u>	<u>58,454,717,559</u>	<u>20,833,081</u>	<u>12,576,674</u>	<u>274,514</u>	<u>124,371,901,828</u>
At 30th June, 2010	<u>65,883,500,000</u>	<u>59,953,556,471</u>	<u>21,031,351</u>	<u>9,086,677</u>	<u>366,019</u>	<u>125,867,540,518</u>

The depreciation charge for the year is obtained by applying the depreciation rate on the opening net book value.

Of the depreciation charge for the year, shs. 487,257,370 relate to the buildings under the Government grants.

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3. Trade and other receivables

	30.06.2011	30.06.2010
	U.Shs	U.Shs
G.O.U	4,741,740,000	4,741,740,000
Trade recievables Mombasa	3,315,998,811	1,665,645,560
Trade recievables Uganda	46,141,942	
Prepayments and other recievables	30,795,508	60,306,556
Deffered Expenses	3,079,384	2,859,428
With Holding Tax	303,314	383,812
Total	8,138,058,959	6,470,935,356

4. Cash and Bank Balances

Cash at Hand Kampala	146,700	83,000
Mombasa cash at hand	1,550,628	1,158,458
Cash at Hand London	17,664,000	-
Stanbic bank-Mombasa	64,841,424	183,618,226
Barclays bank-London	46,172,000	321,776,688
Stanbic UPHL-HQ	157,296,598	846,341,238
Stanbic Farmers Hse	37,046,910	10,791,753
	324,718,260	1,363,769,363

5. Trade and other payables.

Lease income in advance	1,020,000,000	1,035,000,000
Rental Income Advance Mombasa	89,208,308	
Rental Income Advance Uganda	149,359,520	459,739,947
Rental Income Advance in London	39,640,000	
Municipal Rates Unpaid	81,221,760	
Accrued expenses	174,021,573	
Proposed Dividends	500,000,000	200,000,000
VAT	2,227,978	-
Corp. Tax provision	390,497,995	328,336,377
	2,446,177,134	2,023,076,324

6. Loans

CFC Stanbic Bank loan (30/6/2010)	3,546,639,040	4,366,203,868
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	30.06.2011	30.06.2010
	U.Shs	U.Shs
7. Income		
Rental Income HQ/ Nalukolongo/Tororo	546,450,858	455,183,546
Sale of bid documents	4,686,000	3,468,000
Sale of scrap	5,602,263	
Income Farmers' hse	66,900,223	67,694,340
Rent income JZ Holdings (Masese)	15,000,000	11,250,000
Rental London	512,942,644	423,817,129
Car port rental	1,483,286,000	1,652,804,400
Rental MSA	2,039,566,592	1,618,582,004
Rental income Bugolobi	81,481,661	76,783,334
Use of Kololo Airstrip	28,000,000	21,000,000
Lease income (TIC Nalukolongo)	15,000,000	15,000,000
Insurance Compesation		48,058,440
Other incomes	10,000	20,000
Sub total	<u>4,798,926,241</u>	<u>4,393,661,193</u>

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8. General administrative Expenses	30.06.2011	30.06.2010
	U.Shs	U.Shs
Professional & Consultancy fees	418,222,008	143,895,180
Salaries	287,006,374	183,396,904
NSSF	86,177,376	46,360,489
Casual labour	34,391,503	20,493,592
Courier Charges	10,017,278	7,578,680
Telephone fax, postage and internet & email	19,180,484	16,309,537
Electricity	12,382,788	8,723,952
Printing and stationery	20,066,996	13,938,656
Travel and transport (Board)	26,101,160	71,042,917
Travel and transport (Mgt)	95,876,544	63,851,266
Board expenses	52,820,500	69,563,899
Subsistence allowance (Board)	23,107,000	62,548,850
Subsistence allowance (Mgt)	81,546,708	97,415,236
Water	994,582	3,856,397
Management/Agent fees	111,575,780	59,760,864
Municipal Rates	101,371,272	81,046,944
Entertainment	11,127,559	8,965,306
Advertising	30,428,445	24,602,598
Sitting allow. - Mgt and contracts Comm.	21,340,000	16,880,000
Newspapers and Periodicals	9,035,467	3,349,582
Training and Welfare	6,817,375	3,563,250
Rent and Railway sidings	6,160,000	8,386,048
Trading Licenses	688,240	557,180
Security expenses	56,255,900	72,073,280
Insurance	84,698,630	79,264,845
Interest - Msa	657,397,664	658,807,084
Bank Charges	6,356,579	5,523,850
Subscription	700,000	750,000
Gratuity	19,469,023	62,477,555
Equipment maintainance	14,621,075	23,672,664
Property maintainance	30,548,580	
Strategic plan expenses	31,385,350	24,030,950
Sub-Total	2,367,868,240	1,918,656,605
9 Repair and Maintanance		
Buildings	140,627,063	222,235,686
Works on plot 9596/12M Changamwe	156,000,000	
Sub-Total	296,627,063	222,235,686
TOTAL	2,664,495,303	2,140,892,291

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10 GOVERNMENT GRANTS

Balance b/f (30/6/2010)	19,490,294,779
Additions	-
	<u>19,490,294,779</u>
Realised	487,257,369
Bal c/f (30/6/2011)	<u>19,003,037,410</u>

The realised amount is the depreciation on the buildings that have been acquired as grants.

11 MOVEMENT IN CAPITAL AND REVENUE RESERVES

Bal b/f (30/6/2010) - Revenue	2,026,397,410
Capital b/f (20/6/2010)	(2,174,654,088)
Total	<u>(148,256,678)</u>
Retained Profits for the year	624,902,248
Bal c/f (30/6/2011)	<u>476,645,570</u>

12 MOVEMENT IN REVALUATION RESERVE

Bal b/f (30/6/2010)	107,970,916,985
Payments at Car Port after valuation	608,523,747
Bal c/f (30/6/2011)	<u>107,362,393,238</u>