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THE REPUBLIC OF UGANDA

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"

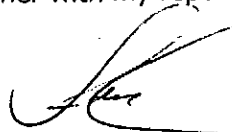
IN ANY CORRESPONDENCE ON **DCG.118/344/01/15**
THIS SUBJECT PLEASE QUOTE NO:.....

4th December, 2015

The Rt. Hon. Speaker of Parliament
Parliament of Uganda
Kampala

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF UGANDA
PROPERTY HOLDINGS LIMITED FOR THE YEAR ENDED 30TH JUNE, 2015**

In accordance with Article 163 (4) of the Constitution, I forward herewith audited financial statements of Uganda Property Holdings Limited for the financial year ended 30th June, 2015 together with my report and opinion thereon.



John F.S. Muwanga
AUDITOR GENERAL

- Copy to:
- The Hon. Minister of State for Finance
Privatization Unit
 - " The Permanent Secretary/Secretary to the Treasury
Ministry of Finance, Planning and Economic Development
 - " The Managing Director, Uganda Property Holdings Limited ✓
 - " The Board Chairman, Uganda Property Holdings Limited



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDA PROPERTY HOLDING LIMITED
FOR THE YEAR ENDED 30TH JUNE 2015

OFFICE OF THE AUDITOR GENERAL
UGANDA

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ABBREVIATIONS

GoU	Government of Uganda
IFRS	International Financial Reporting Standards
PFMA	Public Finance and Management Act 2015
UGX	Uganda Shillings
UPHL	Uganda Property Holdings Limited
KShs	Kenya Shillings

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDA PROPERTY HOLDINGS LIMITED
FOR THE YEAR ENDED 30TH JUNE 2015

THE RT. HON. SPEAKER OF PARLIAMENT

I have audited the financial statements of the Uganda Property Holdings Limited (UPHL) which comprise of the statement of financial position for the year ended 30th June 2015, the statement of income, statement of changes in equity, statement of cash flows for the year then ended and, a summary of significant accounting policies and other explanatory information as set out on pages 20 to 32.

Management Responsibility for the Financial Statements

The Directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with the International Standards on Auditing and the requirements of the 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.

Auditor's Responsibility

My responsibility as required by Article 163 of the Constitution of the Republic of Uganda, 1995 (as amended) and Sections 13 and 19 of the National Audit Act, 2008 is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with the ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Part "A" of my 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 the Uganda Property Holdings Limited for the year ended 30th June 2015 and the income and expenditure for the year then ended in accordance with the International Financial Reporting Standards and the Ugandan Companies Act (Cap 110).

Other Matters

Without qualifying my opinion, I draw your attention to the following matter;

- **Long outstanding receivables**

Included in the statement of financial position are outstanding receivables of UGX.4,741,740,000 in respect of the renovation of the Tri-Star Factory in Bugolobi and the other arising from a court case settlement worth UGX.204,000,000. Management efforts to recover the debt have not yielded results. There is a risk that these funds may not be collectible.

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

16th November, 2015

PART "B"

DETAILED REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF UGANDA PROPERTY HOLDINGS LIMITED FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2015

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

1.0 INTRODUCTION

I am mandated by Article 163 (3) of the Constitution of the Republic of Uganda, 1995 (as amended), to audit and report on the public accounts of Uganda and of all public offices including the courts, the central and local government administrations, universities and public institutions of the like nature and any public corporation or other bodies or organizations established by an Act of Parliament. 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 which was incorporated in November 1998 and is fully owned by the Government of Uganda (GoU). This followed a need to retain and manage strategic real estate properties abroad belonging to the former government parastatals. It was mandated to manage government property in Uganda and abroad. UPHL owns properties in London - UK and Mombasa - Kenya in addition to the properties in Uganda. The company is owned by the Minister of Finance Planning and Economic Development and Minister of State for Privatization.

3.0 OBJECTIVES OF THE COMPANY

The key objectives of the company 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, collect rents and incomes from such property.

4.0 AUDIT OBJECTIVES

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 were 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 2015, and its revenue and expenditure incurred for the period in conformity with the IFRS;
- c. Whether the Company had adhered to the established financial compliance requirements;
- d. Whether goods and services financed had been procured in accordance with the procurement law;
- e. Whether all necessary supporting documents, records and accounts were kept in respect of all Company activities and whether the 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 were suitably designed and implemented to achieve the control objective; and
- g. That the internal controls were in compliance with the relevant laws, policies, practices and regulations governing procurements, accounting and human resource;

5.0 PROCEDURES PERFORMED

(a) Revenue/Receipts

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

(b) Expenditure

Vouched transactions to establish whether documentation were in support of the expenditures agreed with the amounts and descriptions on the vouchers; reviewed and reconciled the bank statement transactions to test for occurrence and whether they were 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 assets of the Company 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 **CATEGORIZATION AND SUMMARY OF FINDINGS**

6.1 **Categorization of findings**

The following system of profiling of the audit findings has been adopted to better prioritize the implementation of audit recommendations:

	Category	Description
1	High significance	Has a significant/material impact, has a high likelihood of reoccurrence, and in the opinion of the Auditor General, it requires urgent remedial action. It is a matter of high risk or high stakeholder interest.
2	Moderate significance	Has a moderate impact, has a likelihood of reoccurrence, and in the opinion of the Auditor General, it requires remedial action. It is a matter of medium risk or moderate stakeholder interest.
3	Low significance	Has a low impact, has a remote likelihood of reoccurrence, and in the opinion of the Auditor General, may not require much attention, though its remediation may add value to the entity. It is a matter of low risk or low stakeholder interest.

6.2 **Summary of Findings**

No	Finding	Significance
7.1	Long outstanding receivables	High
7.2	Un-realized procurement plan	High
7.3	Information Technology (IT) service continuity	Low
7.4.1	Renovation of properties in Mombasa	Moderate
7.4.2	LR No.9695/12 M. Changamwe	Moderate
7.4.3	113/XXV Mikindani Street	Moderate

7.0 **DETAILED FINDINGS**

7.1 **Long outstanding receivables**

It was observed that long outstanding receivables increased from UGX.6,295,994,435 to UGX.6,870,971,287 during the year under review. Included in the total outstanding balance is a sum of UGX.5,001,688,119 brought forward from the previous year prominent of which is UGX.4,741,740,000 owed by Government of Uganda arising from UPHL undertaking renovation of Bugolobi Tri Star factory on behalf of Government, UGX.230,000,000 owed by J.Z holdings and UGX.204,000,000 owed by Dr. Mashate arising out of a court award all of which have never been recovered. There is a risk that these receivables may become bad debts resulting into a loss of revenue to Government.

Management explained that efforts have been undertaken to ensure that the receivables are collected as per the debtors' management policy but with some challenges such as going to court to have the money recovered. As for the Government debt, efforts have been made to recover the money from Ministry of Finance, Planning and Economic Development without success. UPHL will continue demanding the money from Government.

I advised management to continue demanding the funds and have the debts realized in line with the debt management policy.

7.2 **Un-Realized Procurement Plan**

A review of the procurement plan revealed that the entity planned to procure goods and services totaling UGX. 8,675,500,000. However, out of the planned activities, only activities worth UGX.1,085,800,000 were undertaken representing only 13% performance. The bulk of the funds were meant for construction of an office block at

Bugolobi worth UGX.7,000,000,000. Failure to undertake planned activities implies that the entity objectives were not be achieved. The table below refers;

Subject of procurement	Estimated cost (UGX)	Contract signing date	Targeted date
Office Generator	15,000,000	1//10/2014	22/10/2014
Repairs of Sewerage, Gate & Compound at plot 1776 Nyali	6,200,000	N/A	Works to be completed Within the month of November 2014
Repairs of electric meters & Sewerage System at plot 9695/12 Changanwe	10,500,000	28/11/2014	18/12/2014
General repairs at plot 1/505 Nyali	6,000,000	N/A	Works to be completed Within the month of December 2014
General repairs at plot X 349 Tudor	6,000,000	N/A	Works to be completed Within the month of December 2014
Construction of Wall fence at Nalukolongo WFP Warehouses	30,000,000	28/11/2014	18/12/2014
Repairs of roof and toilet at plot 1/240 Shimanzi	9,000,000	N/A	Works to be completed Within the month of January 2015
Construction of Perimeter Wall fence at Tororo Warehouse (WFP)	70,000,000	05/06/2015	29/06/2015
Repairs of leakages and water system at plot 1/560 Nyali	15,000,000	05/06/2015	29/06/2015

Washing of external wall at Farmers House, Plot 6/8 Parliament avenue	30,000,000	05/06/2015	29/06/2015
Drilling of Borehole & Toilets at plot 9695/14/6M Changamwe	12,000,000	05/06/2015	29/06/2015
Property valuation in both Kampala & Mombasa	50,000,000	05/06/2015	29/06/2015
Construction of an office block at Bugolobi	7,000,000,000	23/03/2015	To be completed in two years
Reroofing of warehouse at plot 1/293 Shimanzi	200,000,000	17/10/2014	17/11/2014
Training	30,000,000		
Workshops	20,000,000		
Recruitments	10,000,000		
Compound maintenance	25,000,000	09/02/2014	29/9/2014
Renovation of warehouse at plot 1/357 Shimanzi	45,000,000	28/12/2014	30/01/2015
Total	7,589,700,000		

Management explained that the procurement was for building the office block at Bugolobi, could not been undertaken due to delay in approval of plans by KCCA.

I advised the Accounting Officer to always set plans that are realistic and achievable during the year.

7.3 Information Technology (IT) service continuity

An assessment was done to establish the authority's IT service continuity. I observed that the entity does not have backups stored in a secure offsite storage facility. I explained to management that should a disaster occur, the organization activities may be disrupted.

Management explained that they are in the process of developing a comprehensive Management Information System which is expected to address all the risks including backups.

Management implementation efforts on the matter are awaited.

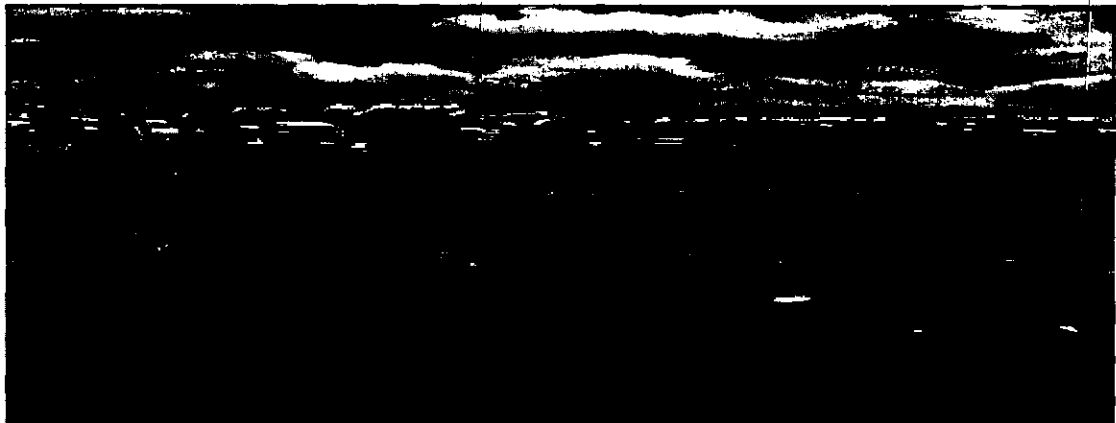
7.4 Field inspections

7.4.1 Renovation of properties in Mombasa

UPHL has a branch in Mombasa which manages twenty two (22) properties located in this area. The properties were generally in good state. These include four (4) commercial buildings, two (2) office blocks, eleven (11) warehouses, four (4) residential flats and one (1) carport. In the financial year under review, UPHL undertook renovation activities that included re-roofing of warehouses. The activity was undertaken by use of direct procurement of aluminium iron sheets from the sole manufacturer in Mombasa and also paid for labour works. At the time of inspection, re-roofing works on property 1/293 were on-going while repairs on roof of property 1/240 had not been done. I also observed the following;

7.4.2 LR No. 9695/12 M. Changamwe

This block contains ten (10) tenants and is valued at KShs.1,180,000,000. The property also has an open space which was not being utilized at the time of inspection. *See photo below.* The Managing Director explained that management is planning to construct a container terminal and the contract for construction of the container terminal has been forwarded to the contractor for signing. Work is expected to take maximum 3 years. Progress of this planned activity is awaited in the subsequent audit inspections.



7.4.3 113/XXV Mikindani Street

This block is a commercial property with four tenants and at the same time houses the UPHL senior official. The building also houses the Uganda Consulate offices in Mombasa. However there was no memorandum of understanding with the Consulate to enable me understand the housing terms. It was also observed the Consulate was not paying rent to UPHL. Non-payment of rent denies UPHL the much needed revenue.

Management explained that the Memorandum of Understanding between UPHL and Ministry of Foreign Affairs has been drafted but had not been signed.

I advised the Accounting Officer to formalize this transaction and ensure that revenue is collected.

APPENDIX I

FINANCIAL STATEMENTS

UGANDA PROPERTY HOLDINGS LIMITED

(UPHL)

**ANNUAL REPORT FOR THE YEAR
ENDED 30th JUNE 2015**

JULY 2015

UGANDA PROPERTY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30.06.2015

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UGANDA PROPERTY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30.06.2015

1.0 BACKGROUND INFORMATION

Uganda Property Holdings Ltd. (UPHL) is a Government of Uganda owned Company under the Ministry of Finance, Planning and Economic Development. It was established by the Cabinet Minute of the 29th Government of Uganda Cabinet Sitting which took place on 27th May 1998. (MIN 312 (CT 1998))

The Cabinet decided that a company be established to take over the ownership of all domestic and foreign located real estate properties that belonged to the Government. Consequently, Uganda Property Holdings Limited was incorporated in November 1998 as a fully Government owned company limited by shares. The Shareholders of the Company are; The Minister of Finance Planning and Economic Development and the Minister of State for Privatization.

THE MANDATE

- a) **Securing Uganda's Foreign Assets:** To act as a vehicle for securing Uganda's foreign-based real estate assets through sustainable, effective and efficient management of such properties wherever they may be.
- b) **Provide Real Estate Development for GOU:** Provide an alternative means of offering real estate development services to GOU through purchase, lease, exchange, construction or otherwise so as to allow smooth operations of Government services.

Investment Vehicle: To operate as a holding and investment company to ensure appreciation of GOU real estate assets and receiving the income there from on behalf of GOU.

Maintenance of GOU Properties: To offer maintenance services for GOU properties by undertaking the full range of requisite activities including: alter, renovate, repair, furnish, enlarge, pull down and remove or replace collect rents and income and to supply to tenants and occupiers such amenities, facilities, and advantages as may be deemed expedient.

Raise revenue for the GOU: UPHL shall generate profits which shall be paid to the GOU in form of dividend.

**UGANDA PROPERTY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30.06.2015**

VISION STATEMENT

“To be a leading Government of Uganda’s real estate Company.”

MISSION STATEMENT

“To sustainably and professionally manage and invest in GOU real estate property domestically and internationally while providing high value services”

CORE VALUES

- i. Integrity
- ii. Team work
- iii. Exemplary leadership
- iv. Customer focus
- v. Adaptability
- vi. Accountability and transparency

PRINCIPAL ACTIVITIES: The principal activity of the Company is to own, invest in and manage the real estate Properties of the Government of Uganda.

**UGANDA PROPERTY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30.06.2015**

PROPERTIES OWNED

As of today, UPHL owned the following properties:

- (a) Four residential properties in Mombasa, Kenya.
- (b) Two office blocks in Mombasa, Kenya.
- (c) Three commercial properties in Mombasa, Kenya
- (d) One Car Port in Mombasa, Kenya.
- (e) Twelve warehouses in Mombasa, Kenya
- (f) Four residential House in London, UK
- (g) One large ware House in Nalukolongo, Uganda
- (h) One large warehouse in Tororo, Uganda
- (i) Former Coffee processing Complex in Bugolobi, Uganda
- (j) Silos complex in Jinja, Uganda.

Most of these properties were taken over from the defunct Coffee Marketing Board, Lint Marketing Board and Transocean (U) Ltd. By the time UPHL took them up, they were in dilapidated conditions. UPHL has for the years invested substantial resources in renovation that have brought the properties to their current attractive appearance.

PROPERTIES MANAGED BY UPHL

- (a) Farmers' House at plot 6/8 Parliamentary Avenue

PROJECTS UNDERTAKEN DURING THE YEAR

- (a) Complete re-roofing of Warehouses at plot 9695/14 & 6 Changamwe Mombasa with Aluminium sheets
- (b) Complete re-roofing of Warehouses at plot 238 - Shimanzi Mombasa with Aluminium sheets
- (c) Refurbishment of flat at plot 239 Tudor Mombasa

UGANDA PROPERTY HOLDINGS LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30.06.2015

PROPOSED PROJECTS FOR THE NEXT YEAR

- (a) Construction of a commercial/office complex at Bugolobi
- (b) Construction of a Container Freight Station at Changamwe Mombasa
- (c) Re- roofing of Warehouse at plot 1/291 Shimanzi Mombasa
- (d) Re-roofing of Warehouse at plot 1/293 Shimanzi Mombasa
- (e) Refurbishment of flat at plot 238 Tudor
- (f) Face-lifting of Warehouse at plot 9695/14 and 6 Changamwe
- (g) Face-lifting and re-design of building at plot Deacon Rise London

UPHL Properties in London



Deacons Rise, London



Harman Drive, London



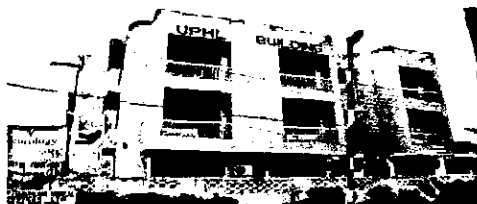
Gainsborough, London



Deacon Drive

UGANDA PROPERTY HOLDINGS LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30.06.2015

UPHL Properties in Mombasa



XXV/113 MIKINDANI STREET



XX/145 MOI AVENUE



XLVI/1/46 MBARAKI



1/238 SHIMANZI



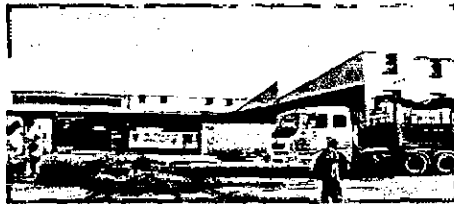
1/357 SHIMANZI



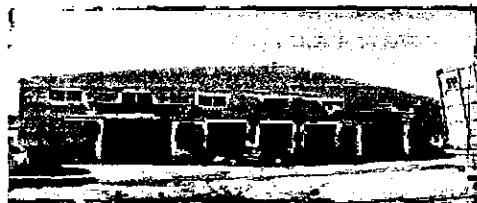
1/291 SHIMANZI



1/240 SHIMANZI



1/293 SHIMANZI



1/239 SHIMANZI



IMN/1776 NYALI



IMN/560 NYALI

**UGANDA PROPERTY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30.06.2015**



VIMN/2448 MAKUPA CAUSEWAY



VIMN/9695/26 CHANGAMWE



VIMN/9695/25 CHANGAMWE



VIMN/9695/6 CHANGAMWE



VIMN/9695/14 CHANGAMWE



VIMN/9695/12 CHANGAMWE



XI/576 TUDOR



IMN/505 NYALI



X/349 TUDOR



XI/577 TUDOR



X/348 TUDOR

UGANDA PROPERTY HOLDINGS LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30.06.2015

Some of the Properties in Uganda



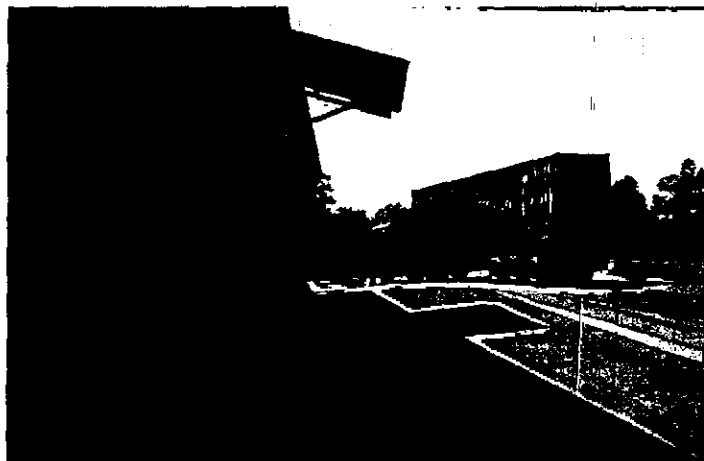
Ware houses at Nalukolongo



Silos at Jinja silos



A warehouses in Tororo



**UGANDA PROPERTY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30.06.2015**

2.0 COMPANY INFORMATION

2.1 REGISTERED OFFICE Plot 6/8, Parliament Avenue
Farmers House
P.O Box 34140
Kampala
Tel: 0414-341808
Fax: 0414- 340660
E-mail: uphl@africaonline.co.ug

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

Stanbic Bank- Mombasa
Digo Rd.
Mombasa

Baclays Bank – Kampala
Garden City!

2.3 SECRETARIES/ LAWYERS Amani Secretarial
P.O.Box 86895 – 80100
Motormart Building
Mombasa
and
Niwagaba and Mwebesa Advocates
Kampala, Uganda

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

2.5 BRANCH OFFICES: UPHL – Mombasa Branch
PLOT 1/291
Mashundu Street, Shimanzi
P.O Box 90373
Mombasa

UGANDA PROPERTY HOLDINGS LIMITED

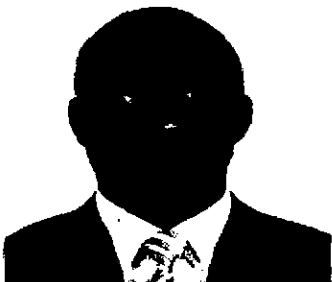







ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30.06.2015

2.6 BOARD MEMBERS

The Board of UPHL during the year 2013/14 was composed of:

Hon. Jovino Akaki Ayumu	Chairman Board
Hon. Winnie Masiko	Board member
Mr. Haruna. N. Semyano	Board member
Amb. Idi Osman Rizingala	Board member
Mr. Frederick Matyama (For PS Finance)	Board member
Mr. Kwoba Godfrey (For PS Foreign Affairs)	Board Member
Mr. Dennis Obbo (For PS Lands)	Board member
Mr. Martin M. Kihembo	Managing Director

			
Hon Jovino A. Akaki Chairman of the Board		Mr. Martin M. Kihembo Managing Director	
			
Mr. Frederick Matyama – Chair Fin & Admin. Comm.	Hon. Winnie Masiko Chair – Asset & Tech. Comm.	Mr. Haruna Semyano Chairman – Audit Comm.	
			
Mr. Dennis Obbo Board Member	Amb. Iddi Osman Rizingala – Board Member	Mr. Kwoba Godfrey – Board Member	

UGANDA PROPERTY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30.06.2015

2.7 SENIOR MANAGEMENT TEAM

The senior management team is made of the Managing Director and the Heads of Departments.



Mr. Martin M Kihembo
Managing Director



Mr. Wilbert Mugume
Company Secretary



Mr. Archangel W. Madembu – Ag
Head of Fin & Operations



Mr. Steven Kikaya
Head of Internal Audit

UGANDA PROPERTY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30.06.2015

3.0 REPORT OF THE DIRECTORS

I am pleased to present to you the Board of Directors' report for the financial year 2014/15. The report gives an overview of UPHL and its performance for the year ended 30th June, 2015. All the directors on the list served for the whole financial year. No directors resigned during the year.

I would like to thank the Ministers of Finance, Planning and Economic Development for the generous support they extended to the Board and the company during the year. I would also like to thank the Board Members, Management and staff of UPHL and all other stakeholders for their contribution towards the success the company has attained this year and urge you to continue to do the same in the years to come.

The Board of UPHL in its approach to work embraces best principles and practices of sound corporate Governance so as to ensure the trust of all the stakeholders. This also enables the Board to accomplish its role of providing oversight and setting the strategic direction to the company while ensuring that the regulatory requirements are met.

The year was full of challenges and successes. Among the challenges are efforts by some members of the public to grab the Company Land in Masese Jinja. This has been challenged in the Courts of law. We will not dwell on the challenges but we took at them as lessons as we look forward into the future.

The Board set the strategic direction of UPHL for the next five year 2014 to 2019. During the course of the year, the Strategic plan emphasized the growth of the asset base of the Company, Improved financial performance, Customer service, corporate image and efficient business processes. In the plan, UPHL planned to put up a commercial/office complex in Bugolobi and Construction of a Container Freight Station in Changamwe – Mombasa.

The Board had a retreat in May 2015 to review the progress on the implementation of the strategic plan. As at the end of the financial year, the architectural designs had been approved by the relevant authorities and actual ground work is set to commence. Similarly, the designs for the second Container Freight Station in Mombasa have been approved and work will commence before October 2015.

UPHL has been keen on bringing its assets which it took over in dilapidated state to acceptable standards. Over the last years, we have invested huge volume of resources into the assets and I am happy to say that as at the end of the year 2014/15, most of the assets are in good and admirable state. We managed to change the roofs of most of our Warehouses. Roofs of Warehouses have been a challenge especially in Mombasa. The harsh weather corrodes the roofs and rots and therefore have a short lifespan. We embarked on a plan of changing our roofs from the iron sheets with an average life span of 10 years to Aluminium sheets with an estimated life span of 25 years. Seven of our warehouses now have new roofs in addition to several other refurbishment works.

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I am also glad to report that the Carport which was constructed in Mombasa and took long time before it could pick up is now fully operational to capacity. We are now planning to expand its capacity.

In the area of Human Resources, the Board recognizes the need for proper performance management. The Board is committed to developing relevant motivated human resources that will drive the company's business forward. UPHL carries out continuous staff training and encourages and facilitates them to grow and develop professionally. During the year, our acting Manager Finance graduated with Masters of Business Administration at Kenyatta University. We will continue to empower our staff to deliver the desires of UPHL.

UPHL has started to support the society in which it lives. During the year, shs 4.5m was spent on support various community activities including the Uganda Martyrs' Shrine in Namugongo. We recognize the need to support the communities that host us and we will continue to support them.

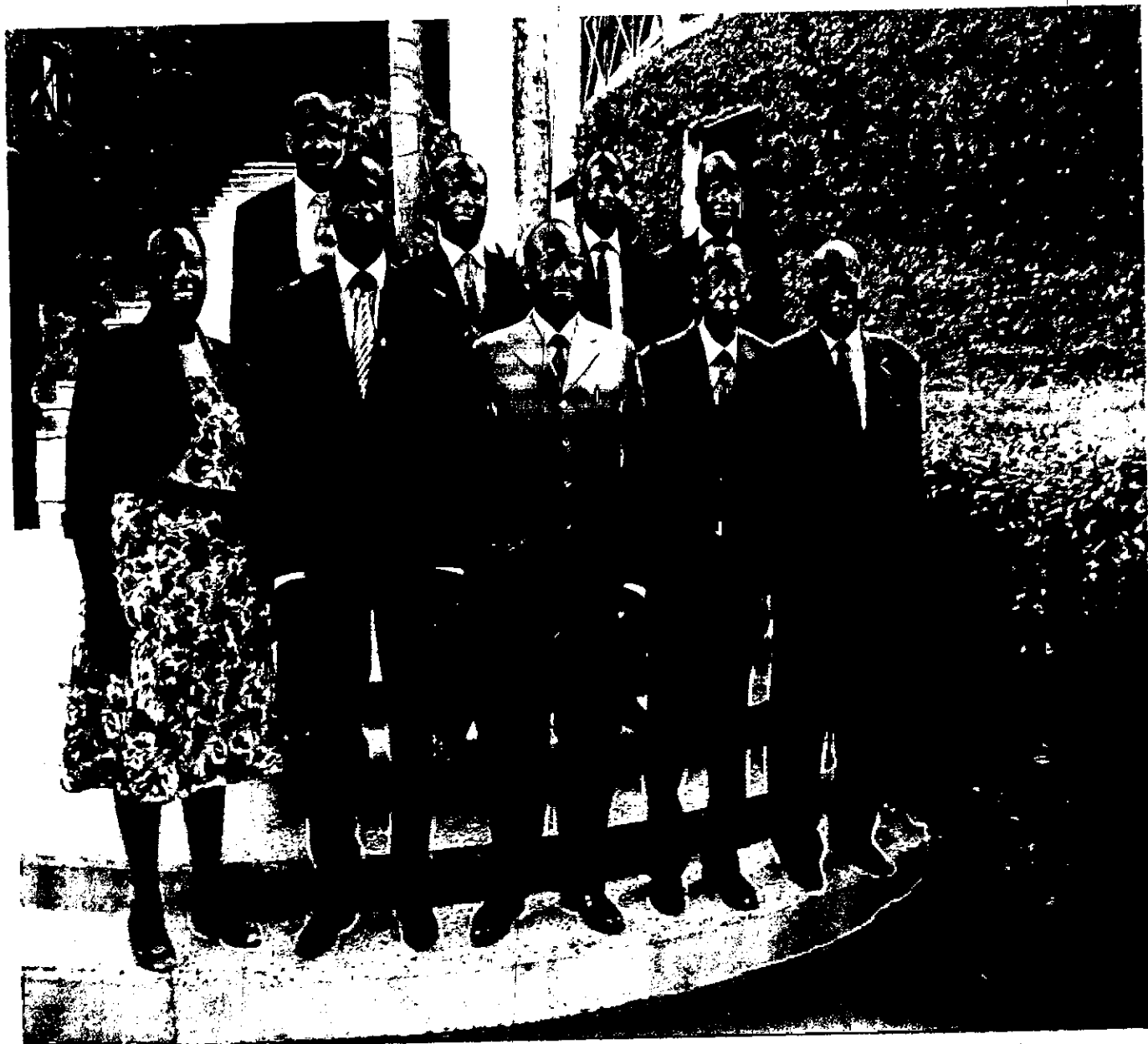
The company's financial performance has continued to improve.

- The revenue has been growing steadily from 4.5 bn in 2011/12 to 4.7 bn in 2012/13 to 5 bn in 2013/14 to 5.8 bn in 2014/15.
- The operational cost excluding depreciation has been controlled at 3.1 bn in 2011/12, 3.1 bn in 2012/13, 2.9 bn in 2013/14 and 3.1 bn in 2014/15.
- The Company's retained earnings per year have been growing with Ugx 355,032,537 in 2011/12, Ugx 545,326,552 in 2012/13, Ugx. 1,035,396,431 in 2013/14 and 1,615,816,246 in 2014/15
- The net profit before tax has similarly improved with Ugx (120,043,398) in 2011/12, Ugx 82,127,515 in 2012/13, Ugx 239,532,884 in 2013/14 and Ugx 1,275,487,662 in 2014/15.

Among the challenges are the limited resources to finance the projects at hand. At this time, the Company require huge amount of resources to invest in its capital projects. A few years ago, the Company spent shs 4.7 bn on refurbishment of the Apparel Factory in Bugolobi for use by Tri Star Ltd. This was supposed to be refunded to the Company by the Government. I am appealing to the Ministry of Finance to pay the amount to the Company to be reinvested.

Once again, I would like to thank all of you for the support given to UPHL during the year 2014/15 and more particularly to the Board Members and the staff for their dedicated service to company towards its vision of becoming a leading Government of Uganda's real Estates Company.

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Directors at Strategic planning retreat

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4.0 STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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 20 -33 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

20/10/2015
Date



MANAGING DIRECTOR

20/10/2015
Date

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5.0 THE FUTURE OF UPHL

The company is implementing its new five year strategic plan 2014 to 2019. The main objectives set out in the plan are; to grow the business in terms of the asset base and portfolios, enhancing shareholders' value by improving rate of return on investment, high value customer service, building positive corporate image and building efficient internal processes.

The strategic plan would like to deliver a respectable and trusted Government real estate organization with investments both locally and internationally.

The company is finalizing the initial stages of construction of an office/commercial complex in Bugolobi. The construction works are expected begin this year. The project is expected to be completed in the next three years. Once the project is completed, UPHL will have a stronger asset base and enhanced cash flows.

UPHL intends to re-develop its underutilized parcels of land in Kenya and Uganda. To start with, it plans to construct 32 housing units (three and four bed roomed) of maisonnetes and flats at plot 1/560 Nyali in Mombasa. The plot has so far been altered from residential use to mix commercial use. The project is at design stage and will be completed in five years time from now.

In addition, UPHL will commence the construction of another Container Fright Station in Mombasa in September 2015. This is intended to enhance the capacity of the existing one which is overwhelmed by volumes.

All these projects require a lot of resources to be implemented. As such will for now concentrate on raising the necessary resources. The cash flows may be affected in the short run and payment of dividend may be strained in the short run.

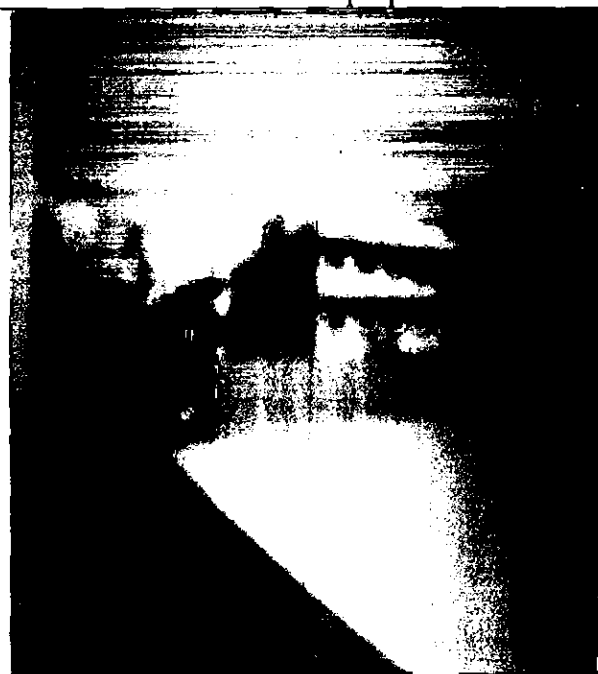
By the 2019, the capital base of UPHL is project to have grown by 15%. The turn is projected to have doubled and the company will have a bright image.

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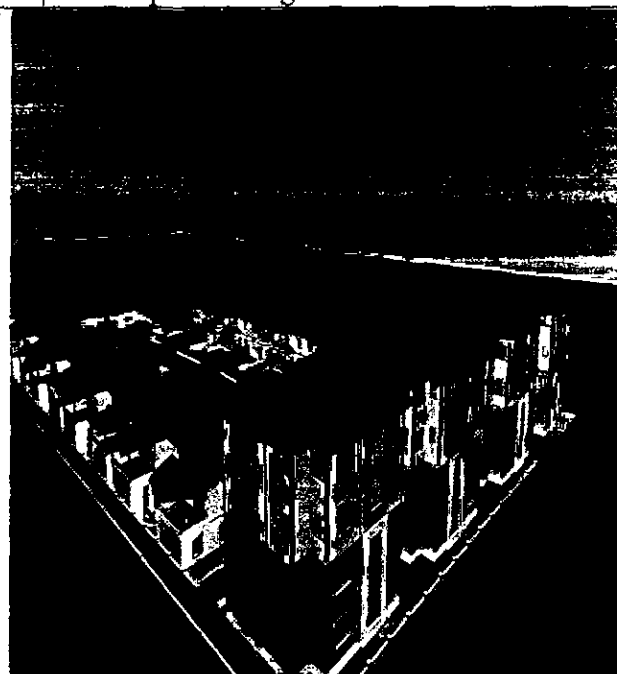
PROPOSED STRUCTURES



The proposed office/commercial complex in Bugolobi



The proposed CFS in Mombasa



The proposed maisonnetes/flats in Mombasa

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UPHL is a responsible employer. It looks at its staff as a resource with such a large value that it cannot be quantified. It continuously invests in it and ensures that it balances the individual needs with those of the company.

UGANDA PROPERTY HOLDINGS LIMITED

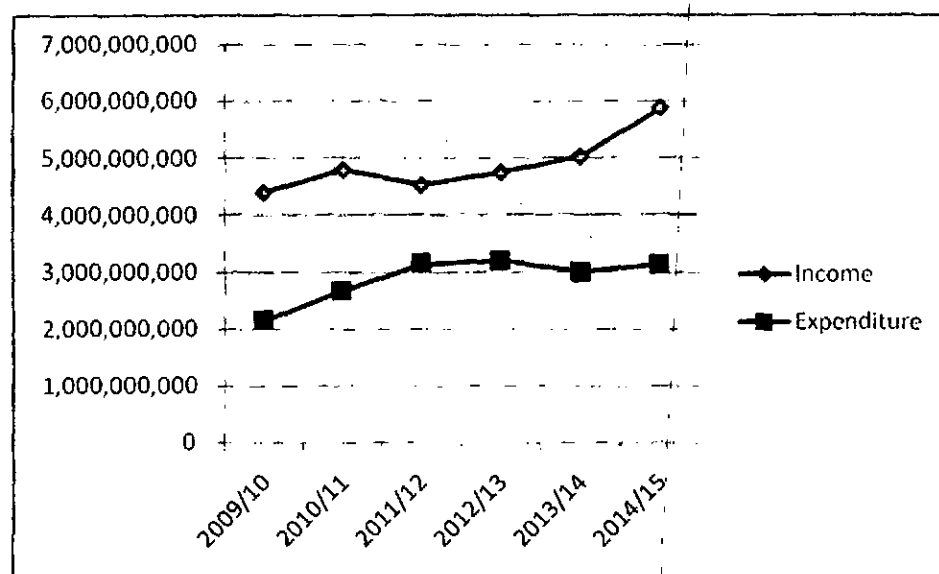
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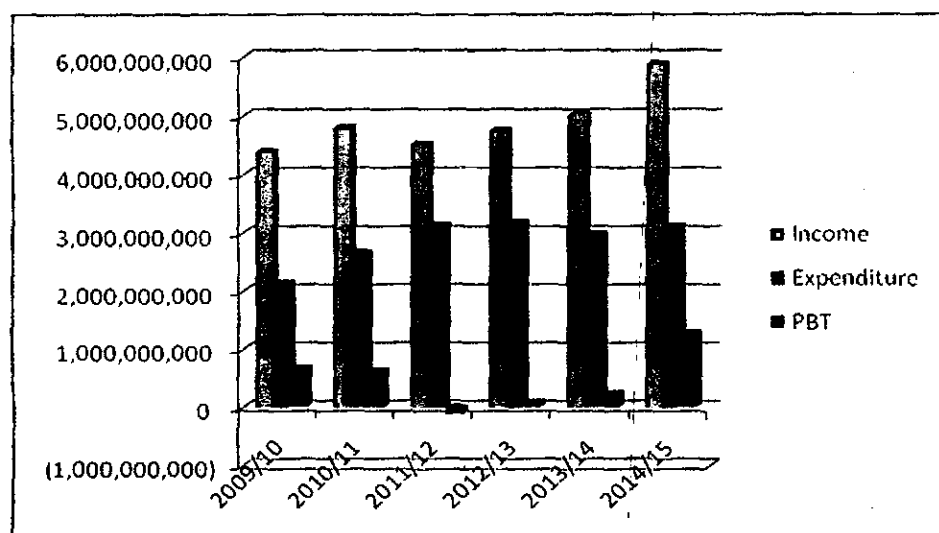
6.0 FINANCIAL PERFORMANCE OVERVIEW

The overview shows the performance of 2014/15 as compared to that of the preceding years.

The total income increased by from 4,745,255,784 to 5,024,650,158 (16%). While operational expenditure was constant. The diagram below shows the general trend of revenue and expenditure for the last six years.



The profit before tax increased from 82, 127,515 in 2012/13 to shs 239,532,884 in 2013/14 to 1,275,487,662.



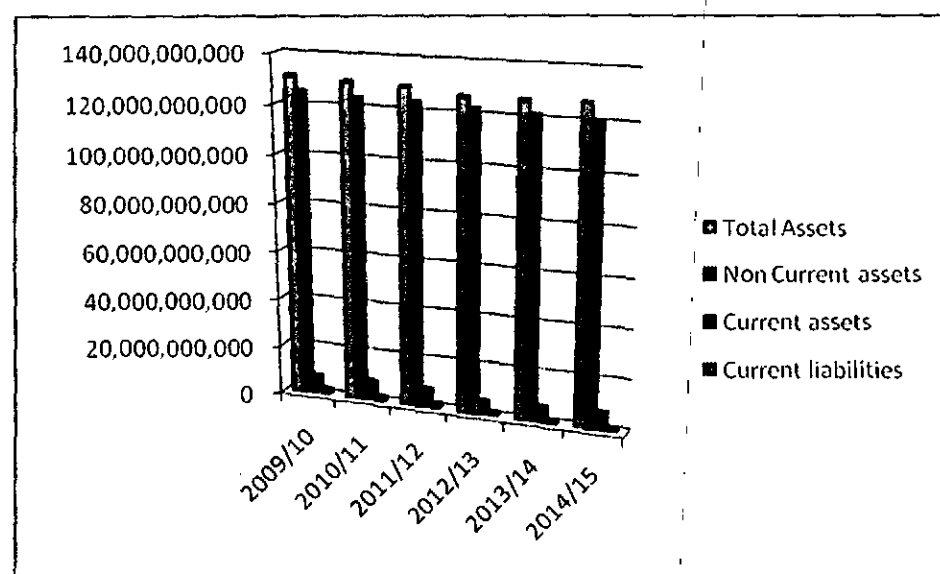
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The total assets and the noncurrent assets are marginally declining due to depreciation. However the noncurrent assets were last revalued in 2010. They will be revalued in the next financial year. The ratio of the noncurrent assets to current assets fell from 20 to 19. However the average has been 15. The ratio of current assets to current liabilities increased from 5 to 5.13 However the average has been 5.



The analysis indicates that the company has a strong financial base and its performance is improving year by year.

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7.0 CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

	Notes	30.06.2015 U.Shs	30.06.2014 U.Shs
NON-CURRENT ASSETS			
Property Plant & Equipment	6	<u>121,263,152,431</u>	<u>121,856,127,660</u>
CURRENT ASSETS			
Trade and other debtors	14	6,870,971,287	6,504,511,861
Cash and bank balances	11	<u>859,408,363</u>	<u>381,360,567</u>
		<u>7,730,379,650</u>	<u>6,885,872,428</u>
CURRENT LIAB.			
Trade and other payables	12	1,490,281,921	1,173,908,701
Proposed Dividend	12	<u>200,000,000</u>	<u>250,000,000</u>
		<u>1,690,281,921</u>	<u>1,423,908,701</u>
NET CURRENT ASSETS		<u>6,040,097,729</u>	<u>5,461,963,727</u>
NET ASSET		<u>127,303,250,160</u>	<u>127,318,091,387</u>
FINANCED BY:			
BORROWINGS, CAPITAL AND RESERVES.			
Auth. Share Cap. (100 Ord. Shares @ 100,000)		<u>10,000,000</u>	<u>10,000,000</u>
RESERVES			
Capital and revenue reserves	16	288,830,804	(498,459,567)
Revaluation reserve	7	<u>107,362,393,237</u>	<u>107,362,393,237</u>
		107,601,224,041	106,863,933,670
Gov't Grants (Deferred income)	8	17,172,814,793	17,613,143,377
Bank Loan	15	<u>2,479,211,326</u>	<u>2,841,014,340</u>
		<u>127,303,250,160</u>	<u>127,318,091,387</u>

The notes set out on pages 24-33 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on.....2015 and were signed on behalf of the Directors by:-


 CHAIRMAN BOARD


 MANAGING DIRECTOR

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	Notes	30.06.2015 U.Shs	30.06.2014 U.Shs
INCOME	4	<u>5,879,466,567</u>	<u>5,024,650,158</u>
LESS OPERATING EXPENSES			
Operating expenses	5	3,162,559,336	2,982,205,177
Depreciation	6	<u>1,441,419,569</u>	<u>1,458,667,611</u>
TOTAL OPERATING EXPENSES		<u>4,603,978,905</u>	<u>4,440,872,788</u>
OPERATING PROFIT		1,275,487,662	583,777,370
Government Grants transferred to P/L	8	<u>440,328,584</u>	<u>451,619,061</u>
		1,715,816,246	1,035,396,431
Proposed dividend 2014/15	12	<u>(100,000,000)</u>	
RETAINED EARNINGS		1,615,816,246	1,035,396,431
Revenue reserves B/F	16	(498,459,567)	(1,533,855,998)
Adj. in revenue res. B/F	16	(728,525,875)	
Proposed dividend 2013/14	12	<u>(100,000,000)</u>	
Retained Earnings C/F		<u>288,830,804</u>	<u>(498,459,567)</u>

The notes on pages 24 to 33 form an integral part of these financial statements.

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9.0 STATEMENT OF CHANGES IN EQUITY

	REVALUATION RESERVE U.shs.	GOV'T RESERVE U.shs.	CAP. & REV RESERVES U.shs.	TOTAL U.shs.
As at 1 July, 2014	107,362,393,237	17,613,143,377	(498,459,567)	124,477,077,047
Adjustments			(828,525,875)	(828,525,875)
Profit/Loss for the year			1,715,816,246	1,715,816,246
Government Grants		(440,328,584)		(440,328,584)
Dividend			(100,000,000)	(100,000,000)
At 30 June, 2015	107,362,393,237	17,172,814,793	288,830,804	124,824,038,834

The notes on pages 24 to 33 form an integral part of these financial statements.

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10.0 STATEMENT OF CASH FLOWS

	30.06.2015 U.Shs	30.06.2014 U.Shs
CASHFLOW FROM OPERATING ACTIVITIES: -		
Net profit from operations	1,275,487,662	583,777,370
Adjustment for Depreciation	<u>1,441,419,569</u>	<u>1,458,667,661</u>
Cash flows from Operating profit before changes in operating Assets and Liabilities	<u>2,716,907,231</u>	<u>2,042,444,981</u>
Changes in operating assets and liabilities		
Increase in trade and other receivables	(366,459,426)	(663,318,037)
Receivables written off	(728,525,875)	
De/Increase in trade and other payables	316,373,220	(407,773,272)
	<u>(778,612,081)</u>	<u>(1,071,091,309)</u>
Net Cash generated from operating activities	<u>1,938,295,150</u>	<u>971,353,672</u>
Cash flows from investing Activities		
Acquisition of property, plant and equipment	(848,444,340)	(368,028,391)
Net Outflow in investing activities	<u>(848,444,340)</u>	<u>(368,028,391)</u>
Cash flows from Financing activities		
Dividend paid	(250,000,000)	
Loan from CFC Stanbic Bank	<u>(361,803,014)</u>	<u>(468,713,130)</u>
Net Cash outflows in financing activities	<u>(611,803,014)</u>	<u>(468,713,130)</u>
Net cash generated during the year	<u>478,047,796</u>	<u>134,612,151</u>
Cash and cash equivalents opening	<u>381,360,568</u>	<u>246,748,417</u>
Cash and cash equivalents closing	<u>859,408,364</u>	<u>381,360,568</u>

The notes on pages 24 to 33 form an integral part of these financial statements.

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**11.0 POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30TH JUNE, 2015**

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 is owned by the Minister of Finance and Economic Development and Minister of State for Privatisation.

2. ACCOUNTING POLICIES

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

3. BASIS OF ACCOUNTING

The financial statements of Uganda Property Holdings Limited have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies adopted are consistent with those of the previous year.

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 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, 2015, 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.

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4. REVENUE RECOGNITION

Revenue is recognized 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 recognized by billing customers for rent. Other incomes earned by the Company are recognized on accruals basis.

Revenue	30.06.2015	30.06.2014
	U.Shs.	U.Shs
Rental Income Nalukolongo/Tororo	1,126,002,550	712,510,400
Sale of bid documents	320,000	3,500,000
Sale of scrap	7,466,000	4,000,000
Income Farmers' hse	22,061,447	55,474,703
Rent income Masese	131,004,014	21,610,169
Rental London	639,918,561	602,740,876
Rental MSA	3,710,015,828	3,416,164,056
Rental income Bugolobi	166,210,248	184,208,379
Lease income (TIC Nalukolongo)	15,000,000	15,000,000
Other incomes (forex gain)	61,467,883	9,441,575
Total	5,879,466,567	5,024,650,158

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5. OPERATING EXPENSES

	30.06.2015 U.Shs	30.06.2014 U.Shs
STAFF EXP		
Salaries and wages	769,556,327	720,011,757
NSSF	48,762,072	39,355,545
Training and Welfare	50,871,372	45,131,680
Gratuity	144,918,663	136,222,852
Medical Insurance	53,830,374	4,645,306
Sub Total	<u>1,067,938,808</u>	<u>945,367,140</u>
ADMINISTRATIVE EXP		
Professional & Consultancy fees	227,928,736	219,756,804
Travel and transport (Mgt)	141,554,643	151,427,354
Subsistence allowance (Mgt)	119,778,708	76,760,590
Entertainment	29,620,782	59,493,360
Courier Charges	14,980,269	11,460,241
Telephone fax and internet & email	29,883,180	24,864,133
Electricity	12,242,700	16,395,850
Printing and stationery	12,592,752	11,762,808
Water	794,500	408,500
Advertising	29,497,034	20,128,508
Sitting allow. - Contracts and eval. Comm.	6,960,000	6,940,000
Newspapers and Periodicals	4,771,737	4,451,854
Subscription	3,270,000	4,110,624
Trading Licenses	1,047,600	1,080,000
Security expenses	67,093,448	87,697,079
Equipment maintenance	10,904,937	15,386,163
Strategic plan expenses	28,520,000	28,175,385
Accounting Software	5,359,723	4,162,000
Cleaning and Compound	24,531,599	28,968,307
Corporate Social Responsibility	4,500,000	600,000
Bad debts written off	0	21,172,440
Sub total	<u>775,832,348</u>	<u>795,202,000</u>
FINANCIAL EXP		
Interest	444,531,094	571,379,340
Bank Charges	16,034,145	13,637,262
Sub Total	<u>460,565,239</u>	<u>585,016,602</u>
BOARD EXP		
Travel and transport (Board)	40,799,768	50,881,417
Sitting allow Board	27,280,000	28,870,000
Retainer Board	37,360,000	35,130,000
Subsistence allowance (Board)	51,436,720	44,311,250
Entertainment Board	7,500,000	6,573,300
Sub Total	<u>164,376,488</u>	<u>165,765,967</u>

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		30.06.2015	30.06.2014
		U.Shs	U.Shs
PROPERTY			
	Management/Agent fees	78,968,445	95,298,786
	Municipal Rates	253,186,163	163,348,650
	Rent and Railway sidings	10,164,722	6,600,060
	Insurance	105,422,482	75,321,589
	Property maintainance and repairs	246,104,641	150,284,383
	Sub total	<u>693,846,453</u>	<u>490,853,468</u>
GRAND TOTAL		<u>3,162,559,336</u>	<u>2,982,205,177</u>

6. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost/revalued value less accumulated depreciation. Noncurrent assets are revalued from time to time and any gains or losses are carried directly to the Revaluation Reserve. The property, plant and equipment were last revalued in the year 2010.

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 method
Furniture & Equipment	20.0%	Reducing Balance method
Machinery	20.0%	Reducing Balance method
Computers	30.0%	Reducing Balance method
Motorcycles	25.0%	Reducing Balance method

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

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PROPERTY, PLANT AND EQUIPMENT SCHEDULE. 2013/14

	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	63,005,335,572	70,449,580	45,429,194	2,745,768	129,007,460,114
Additions		314,149,694	5,713,810	48,164,887		368,028,391
At 30th June, 2014	65,883,500,000	63,319,485,266	76,163,390	93,594,081	2,745,768	129,375,488,505
Depreciation						
At 1st July, 2013	0	5,982,499,232	45,742,489	29,860,160	2,591,354	6,060,693,235
Charge for the yr	0	1,433,424,651	6,084,180	19,120,176	38,603	1,458,667,610
At 30th June 2014	0	7,415,923,883	51,826,669	48,980,336	2,629,957	7,519,360,845
Net book value						
At 30th June, 2014	65,883,500,000	55,903,561,383	24,336,721	44,613,745	115,811	121,856,127,660
At 30th Jun 2013	65,883,500,000	57,022,836,340	24,707,091	15,569,034	154,414	122,946,766,879

PROPERTY, PLANT AND EQUIPMENT SCHEDULE 2014/15

	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	63,319,485,266	76,163,390	93,594,081	2,745,768	129,375,488,505
Additions		831,732,389	2,567,796	14,144,155		848,444,340
At 30th Jun. 2015	65,883,500,000	64,151,217,655	78,731,186	107,738,236	2,745,768	130,223,932,845
Depreciation						
At 1st July, 2014	0	7,415,923,883	51,826,669	48,980,336	2,629,957	7,519,360,845
Charge for the yr	0	1,418,382,344	5,380,903	17,627,370	28,952	1,441,419,569
At 30th Jun 2015	0	8,834,306,227	57,207,572	66,607,706	2,658,909	8,960,780,414
Net book value						
At 30th Jun 2015	65,883,500,000	55,316,911,428	21,523,614	41,130,530	86,859	121,263,152,431
At 30th Jun 2014	65,883,500,000	55,903,561,383	24,336,721	44,613,745	115,811	121,856,127,660

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7. 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.

MOVEMENT IN REVALUATION RESERVES

	30.06.2015.	30.06.2014
	U. Shs	U Shs
Balance B/F	107,362,393,237	107,362,393,237
Transferred to P/L	-	-
Balance C/D	<u>107,362,393,237</u>	<u>107,362,393,237</u>

8. GOVERNMENT GRANTS

Grants were received from the Government of Uganda in form of properties. The grant amount was treated as deferred income. The grant amount equivalent to the depreciation of the buildings acquired in grants is transferred to income annually (IAS 20). The rate of depreciation is 2.5%

MOVEMENT IN GOVT GRANTS

	30.06.2015.	30.06.2014
	U. Shs	U Shs
Balance B/F	17,613,143,377	18,064,762,348
Transferred to P/L	<u>440,328,584</u>	<u>451,619,061</u>
Balance C/D	<u>17,172,816,793</u>	<u>17,613,143,377</u>

9. CURRENCY

Assets and liabilities expressed in foreign currencies are translated into Uganda shillings at the rates of exchange ruling on the Balance sheet date. On the balance sheet date, the translations rates were; 1 Kenya shilling = 32 Uganda Shillings, 1 Great Britain Pound = 5,100 Uganda Shillings and 1 US \$ = 3,000 Uganda shillings. Transactions during the year are translated at the rates ruling at the date of the transaction. Gains and losses are dealt with in the income statement.

FOREX GAINS/LOSSES

Gains on K. Shs translations	36,765,007
Gains on GBP Pounds translations	98,654,665
Gains on US Dollar translations	65,453,556
Loss on K. shs Loan translation	<u>139,396,345</u>
Total	<u>61,467,883</u>

10. BORROWING COSTS

Costs associated with and servicing of loans apart from the principal repayments are recognized as expense in the period in which they are incurred.

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11. 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 the bank.

	U. Shs	U. Shs
	30.6.2015	30.6.2014
Cash and Cash Equiv.		
Cash at Hand Kampala	500,000	65,200
Mombasa cash at hand	2,133,440	2,180,100
Cash at Hand London	36,723,315	48,183,210
Stanbic bank-Mombasa	709,732,338	179,527,440
Barclays bank-Kampala	104,405,826	124,647,030
Stanbic UPHL-HQ	1,031,993	19,095,094
Stanbic Farmers House	4,881,451	7,662,493
	<u>859,408,363</u>	<u>381,360,567</u>

12. TRADE AND OTHER PAYABLES

These are recognized at fair value. It includes lease income received in advance from TIC Plastics Ltd. with outstanding balance of 960,000,000

	U. Shs	U. Shs
	30.06.2015	30.6.2014
Lease income in advance	960,000,000	975,000,000
Payables and accruals Uganda	117,100,609	109,339,960
Payables and accruals Mombasa	413,181,312	89,568,741
Total	<u>1,490,281,921</u>	<u>1,173,908,701</u>

DIVIDEND

Proposed dividend b/f	250,000,000	250,000,000
Dividend proposed	200,000,000	-
Dividend paid	<u>(250,000,000)</u>	-
Proposed dividend c/f	<u>200,000,000</u>	<u>250,000,000</u>

13. EMPLOYEE BENEFITS

The company pays salaries and wages to its employees and contributes to National Social Security Fund (NSSF) and pays gratuity. The company's obligation to the scheme is limited to 10% of the employee's gross pay which is charged to income.

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14. TRADE AND OTHER RECEIVABLES

These are recognized at fair value. The debtors comprise mainly of Government of Uganda Shs.4,741,740,000.

Trade and other receivables	30.06.2015	30.06.2014
	U.Shs	U.Shs
G.O.U	4,741,740,000	4,741,740,000
Trade receivables Mombasa	505,712,224	899,410,088
Trade receivables Uganda	1,285,653,447	563,626,766
Receivables London	337,865,616	299,735,007
Total	6,870,971,287	6,504,511,861

15. BANK LOAN

The company obtained a loan from CFC Stanbic in Mombasa in 2006 repayable in 7 years. The loan was restructure in September 2011 changing the repayment period to a further 7 years starting September 2011.

	30.06.2015	30.06.2014
	U.Shs	U.Shs
Balance B/F	2,841,014,340	3,309,727,470
Foreign exchange loss	139,396,346	-
Repayments	(501,199,359)	(468,713,130)
Total	2,479,211,326	2,841,014,340

The loan is secured by a legal charge on Uganda Property Holdings Limited asset No. MN/VI/2448 - Makupa Courseway.

16. CAPITAL AND REVENUE RESERVES

	30.06.2015	30.06.2014
	U.Shs	U.Shs
Balance B/F	(498,459,567)	(1,533,855,998)
Adjustment (Dividend 2013/14)	(100,000,000)	
Adjustment (write off)	(728,525,875)	
Retained income for the year	1,615,816,246	1,035,396,431
Total	288,830,804	(498,459,567)

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The revenue reserves were reduced by shs 728,525,875 as a result of revision in a client invoice of the year 2013/14. The invoice had been included in the income of the year 2013/14.

A dividend of shs 100,000,000 was declared by the Board for the year 2013/14 after the accounts for the year had been audited and filed.

17. LEASE INCOME IN ADVANCE:

The Company leased its land at Nalukolongo to TIC Plastics Ltd for 77 years. The lease income was received in advance. The outstanding amount of the lease is amortized over the remaining life of the lease.

18. CONTINGENT LIABILITIES:

There were no contingent liabilities as at 30th June 2015 from which material loss would be anticipated.

19. FOREIGN EXCHANGE RISK

UPHL activities are affected by market risk mainly exchange rate fluctuations.

The company has operations in Kenya and therefore transacts in Kenya Shillings. It also has operations in the United Kingdom and therefore transacts in the GBP. It also transacts in US Dollars. It is therefore exposed to the risk associated with fluctuations in the mentioned currencies. The company receives income and incurs expenditure in the foreign currencies. The risk has been minimized by operating bank accounts in all the foreign currencies in which the company transacts. All the income denominated in the foreign currencies is banked in the foreign currency bank account from which all the expenditure in foreign currency is paid.

20. POST BALANCE SHEET EVENTS

There were no post balance sheet events that would materially affect the financial position of UPHL.

21. ADJUSTMENTS IN PRESENTATION

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

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22. THE STAFF OF UPHL DURING 2014/15



Mugume Wilbert
Company Secretary



Mr. Martin M Kihembo
Managing Director



Steven Kikaya
H. O. Int. Audit



Archangel W. Mudembu
Ag H. O. Fin & Ops



Lukono Frederick
Senior Proc. Officer



Bwanika Damali
Prop. Manager - Uganda



Ngumi Zachary
Accountant - Momb.



Komugisha Harriet
Accounts Ass. Uganda



Nyaboga Kephher
Accounts Ass. Mombasa



Amongi Mary IT
Assistant



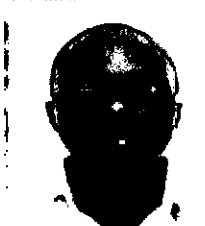
Fatuma Mohamed
Superintendent Momb.



Mr. Mutunga Paul
Superintendent Mombasa



Mr. Muswende Othman
Superintendent Uganda



Bakesiga Benson
Transport Ass. Uganda



Akello Stella
Office Ass. Uganda



Isli Kitatu
Office Ass. Mombasa



Kamukham Ngao
Office Ass. Mombasa