



BRITAM UMBRELLA FUND UNIT TRUST SCHEME

**UNAUDITED REPORT AND FINANCIAL
STATEMENTS**

FOR THE PERIOD ENDED 30 JUNE 2023

Britam Umbrella Fund
Unaudited Report and Financial Statements
For the Period ended 30 June 2023

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TRUSTEE AND ADVISORS TO THE FUND

FUND MANAGER

Britam Asset Managers Company (Uganda) Limited
Britam Centre
Plot 24A, Akii-Bua Lule Road
P.O. Box 36583
Kampala, Uganda

TRUSTEE

KCB Bank Uganda Limited
Commercial plaza, 7th Floor
Plot 7 Kampala Road
P.O. Box 7399
Kampala, Uganda

CUSTODIAN

Standard Chartered Bank Uganda Limited
Standard Chartered House
Plot 5 Speke Road
P O Box 7111
Kampala, Uganda

AUDITOR

Ernst & Young
Certified Public Accountants
Ernst & Young House
18 Clement Hill Road
P.O Box 7215
Kampala, Uganda

LAWYER

OS Kagere Advocates
Soliz House, Third Floor
Plot 23, Lumumba Ave
Kampala, Uganda

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FUND MANAGER'S REPORT

The Fund Manager submits its report together with the audited financial statements for the period ended 30 June 2023 that discloses the state of financial affairs of Britam Umbrella Fund Unit Trust Scheme ("the Fund").

INVESTMENT OBJECTIVES

The objective of the Britam Umbrella Fund Unit Trust Scheme is to achieve a reasonable level of current income and enhance capital growth. This is achieved by investing in a diversified spread of shares and fixed income securities. The Fund's long-term strategy is to have a bias towards equities offering long term value.

The key investment philosophies for the Britam Umbrella Fund Unit Trust Scheme are:

- To maintain a balanced and optimal portfolio by investing in shares of companies with strong potential of growth and fixed income instruments with attractive yields.
- To achieve its performance objectives through well-researched and superior share selection.
- To invest in quality businesses diligently selected based upon attractive long-term fundamentals.

FUND PERFORMANCE

The highest and lowest absolute yields were as per the table below.

	Period ended 30 June 2023	Period ended 30 June 2022
Highest price (%)	12.03	11.94
Lowest price (%)	10.13	10.43

INCOME DISTRIBUTION

The profit realised by the Fund for the period ended 30 June 2023 is: Shs 3,703 million (2022: Shs 2,197million). This profit has been distributed to the unit holders.

TOTAL VALUE OF THE FUND

The total book value of the Fund as at 30 June 2023 is Shs 68,899 million (December 2022: Shs.64,624million).

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STATEMENT OF FUND MANAGER'S RESPONSIBILITIES

The Capital Markets Authority Act and the Collective Investment Schemes (Unit Trusts) Regulations, 2003 requires the Fund Manager to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Fund as at the end of the year and of the results of its operations. It also requires the Fund Manager to keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Fund.

The Fund Manager accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies in conformity with International Financial Reporting Standards, the requirements of the Capital Markets Authority Act and the Collective Investment Schemes (Unit Trusts) Regulations, 2003. The Fund Manager is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Fund and of its profit in accordance with International Financial Reporting Standards and the requirements of the Capital Markets Authority Act and the Collective Investment Schemes (Unit Trusts) Regulations, 2003. The Fund Manager further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

DECLARATION STATEMENT

- The Britam Money Market Fund Unit Trust Scheme is an approved Unit Trust Scheme within the meaning of the Capital Markets Authority Act.
- The unitholders are not liable for the debts of the Unit Trust Scheme.
- The Britam Money Market Fund Unit Trust Scheme is a securities fund investing in income securities at attractive yields to ensure the return of the fund is maximised.

In preparing the financial statements, the Fund Manager has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of the going concern basis of preparation of the financial statements. Nothing has come to the attention of the Fund Manager to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

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Statement of comprehensive income

	Notes	June 2023 Shs '000'	June 2022 Shs '000'
Income			
Interest income	5	4,705,433	2,627,676
Realised gains on investments	6	<u>(157,139)</u>	<u>135,529</u>
Total income		<u>4,548,294</u>	<u>2,763,205</u>
Expenses			
Service fees	7	(846,607)	(573,007)
Expected credit loss on investments	9(iii)	<u>1,414</u>	<u>7,284</u>
Total operating expenses		<u>(845,193)</u>	<u>(565,723)</u>
Profit before income tax		3,703,101	2,197,482
Income tax expense	8	<u>-</u>	<u>-</u>
Profit for the year		<u>3,703,101</u>	<u>2,197,482</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>3,703,101</u>	<u>2,197,482</u>

The notes on pages 8 to 20 are an integral part of these financial statements.

Britam Umbrella Fund
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Statement of financial position

		June	December
	Notes	2023 Shs '000'	2022 Shs '000'
Assets			
Government securities at amortized cost	9(ii)	65,243,678	61,667,053
Deposits with financial institutions at amortized cost	9(ii)	3,513,616	2,500,923
Cash at bank	9(iv)	<u>288,100</u>	<u>594,646</u>
Total assets		<u>69,045,394</u>	<u>64,762,622</u>
Liabilities			
Current liabilities			
Accrued expenses	11	<u>146,214</u>	<u>139,033</u>
		<u>146,214</u>	<u>139,033</u>
Net assets attributable to unitholders		<u>68,899,180</u>	<u>64,623,589</u>

The notes on pages 8 to 21 are an integral part of these financial statements.


 Finance Business Partner

Britam Umbrella Fund
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Statement of changes in net assets attributable to unitholders

	Notes	June 2023 Shs '000'	June 2022 Shs '000'
At start of year		<u>64,623,588</u>	<u>35,132,168</u>
Transactions with unit holders			
Additional units purchased	10	50,258,954	39,494,985
Units liquidated	10	<u>(49,686,463)</u>	<u>(19,138,663)</u>
Net increase from transactions with unit holders		<u>572,491</u>	<u>20,356,322</u>
Total comprehensive income for the year		<u>3,703,101</u>	<u>2,197,482</u>
Net assets attributable to unitholders at 30 June		<u><u>68,899,180</u></u>	<u><u>57,685,972</u></u>

The notes on pages 8 to 21 are an integral part of these financial statements.

Britam Umbrella Fund
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Statement of cash flows

	Notes	June 2023 Shs'000'	June 2022 Shs'000'
Cash flows from operating activities			
Service fees		(846,607)	(573,007)
Increase in accrued expenses		<u>7,181</u>	<u>90,647</u>
		(839,426)	(482,360)
Purchase of government securities	9(ii)	(9,442,739)	(23,776,787)
Purchase of investment with related parties	9(ii)	-	(3,329,834)
Interest and dividends received	9(vi)	4,321,809	2,101,019
Proceeds from sale of investments	9(ii)	<u>6,094,003</u>	<u>8,283,544</u>
Net cash used in operating activities		<u>133,647</u>	<u>(17,204,418)</u>
Cash flows from financing activities			
Net contribution from unit holders	10	50,258,954	39,494,985
Liquidations by unit holders	10	<u>(49,686,463)</u>	<u>(19,138,663)</u>
Net cash generated from financing activities		<u>572,491</u>	<u>20,356,322</u>
Net (decrease)/ increase in cash and cash equivalents		<u>706,138</u>	<u>3,151,904</u>
Movement in cash and cash equivalents			
At start of year		3,095,582	3,535,794
Net (decrease)/ increase in cash and cash equivalents for the year		<u>706,138</u>	<u>3,151,904</u>
Cash and cash equivalents at end of year	9(v)	<u><u>3,801,720</u></u>	<u><u>6,687,698</u></u>

The notes on pages 8 to 21 are an integral part of these financial statements.

Notes

1 General information

The Fund started operations in June 2019. The Fund is governed by a trust deed and is registered under the Capital Markets Authority Act and is domiciled in Uganda. The address of its registered office is:

Britam Centre
Plot 24A, Akii-Bua Lule Road
P.O. Box 36583
Kampala, Uganda

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis for preparation

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS and the requirements of the Capital Markets Authority Act. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Uganda Shillings (Shs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires the Fund Manager to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(i) New and amended standards adopted by the Fund

The Fund has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2022.

a) Amendment to IAS 37, Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

b) Reference to the Conceptual Framework – Amendments to IFRS 3

There were minor amendments made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

Notes (continued)

2 Summary of significant accounting policies (Continued)

(a) Basis for preparation (continued)

(i) New and amended standards adopted by the Fund (continued)

c) Annual Improvements to IFRS Standards 2018-2020 Cycle

The following improvements make amendments to the following standards and were finalised in May 2020:

- **IFRS 9: Financial Instruments** - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 1: First-time Adoption of International Financial Reporting Standards** – The amendment allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

None of the above amendments had a significant impact on the Fund's financial statements.

(ii) New standards and interpretations not yet effective and have not been early adopted

At the date of authorisation of these financial statements, the Fund had not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New standards and Amendments to standards	Effective for annual periods beginning on or after
Amendment to IAS 1, Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	1 January 2023

Notes (continued)

2 Summary of significant accounting policies (Continued)

(a) Basis for preparation (continued)

(ii) New standards and interpretations not yet effective and have not been early adopted (continued)

a) Amendment to IAS 1, Classification of Liabilities as Current or Non-Current

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

b) Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

c) Amendments to IAS 8 - Definition of Accounting Estimates

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The Fund manager does not plan to apply the above standards, until they become effective. Based on their assessment of the potential impact of application of the above. There are no other standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on near future transactions

Notes (continued)

2 Summary of significant accounting policies (Continued)

(a) Basis for preparation (continued)

iii) Early adoption of standards

The Fund did not early adopt any new or amended standards in the financial year.

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The financial statements are presented in Uganda Shillings ("Shs"), rounded to the nearest thousand which is the Fund's Functional Currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the Fund using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. Interest income includes interest from cash and cash equivalents, fixed deposits, government securities and investments with related parties.

(d) Financial instruments

(i) Classification

The Fund classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value through profit or loss, and those to be measured at amortised cost.

(ii) Recognition and derecognition

Financial assets are recognised when the entity becomes a party to the contractual provisions of the instrument.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes (continued)

2 Summary of significant accounting policies (Continued)

(d) Financial instruments (continued)

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depends on:

- (i) the Fund's business model for managing the financial assets; and
- (ii) the cash flow characteristics of the asset.

Based on these factors, the Fund classifies its debt instruments as those held at amortised cost. Under amortised cost the assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(iv) Impairment

The Fund assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

The Fund will recognise loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- a. Debt instruments that are determined to have low credit risk at the reporting date. The Fund will consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in government securities; and
- b. Other financial instruments for which credit risk has not increased significantly since initial recognition.

In applying IFRS 9 impairment requirements, the Fund follows the general approach for all its financial assets.

Notes (continued)

2 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

The General Approach

Under the general approach, at each reporting date, the Fund determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

- Stage 1 - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Fund will recognise 12-month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.
- Stage 2 - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Fund will recognise lifetime ECL, but interest income will continue to be recognised on a gross basis.
- Stage 3 - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Fund will continue to recognise lifetime ECL, but they will now recognise interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL. The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

(f) Distribution

All income or loss arising from investment is distributed to unit holders after provision for expenses. All distributions including unclaimed distributions are reinvested in the unit holders' account.

(g) Unit holder balances

Unit holders' funds are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the financial reporting date if the holder exercised their right to redeem the balances.

(h) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks maturing within three (3) months.

(i) Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

Notes (continued)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. Areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the financial statements relate to classification of and valuation of assets. In addition, judgement is required in determination of whether the assets are impaired and tax status of the Fund as disclosed in Note 6.

4 Financial risk management objectives and policies

The Fund's activities expose it to a variety of financial risks, including credit risk, liquidity risk and the effects of changes in market prices and interest rates. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

Risk management is carried out by the Fund Manager, Britam Asset Managers Company (Uganda) Limited. Britam Asset Managers Company (Uganda) Limited identifies, evaluates and manages financial risks, with emphasis on specific areas such as interest rate risk, credit risk and investing excess liquidity.

The Fund's risk management policies include the use of guidelines governing the acceptance of clients and investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk.

The Fund has complied with the requirements as at 30 June 2023.

Market risk

(i) Foreign exchange risk

In the year 2022, the Fund did not have exposure to investments that are denominated in foreign currencies, therefore, the Fund had no exposure to foreign exchange risk.

(ii) Price risk

The Fund invests in financial instruments that are subject to price risk. These are closely monitored by the management team to ensure risks are mitigated. At 30 June 2023, the Fund's overall exposure to price risk from government securities amounted to Shs 65,252,052 (2022: Shs 51,162,002).

As at 30 June 2023, if the Securities Exchange Indexes of all the countries the securities are invested in had increased/decreased by 1%, with all other variables held constant and all the funds equity instrument moved according to the historical correlation to the indexes, income available for distribution for the year would have been Shs Nil higher/lower (2022: Nil).

(iii) Cash flow and fair value interest rate risk

The Fund's interest bearing financial assets are corporate bonds, government securities and deposits with financial institutions which are at fixed rate, and the Fund is therefore not exposed to cash flow interest rate risk. The Fund manager regularly monitors financing options available to ensure optimum interest rates are obtained.

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Notes (continued)

4 Financial risk management objectives and policies (continued)

Credit risk

The Fund is exposed to credit risk, which is the risk that counterparty will be unable to pay amounts in full when they fall due.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on trading derivative products, cash and cash equivalents, amounts due from brokers and other receivable balances.

In accordance with the Funds' policy, the Fund manager monitors the Funds' credit position on a daily basis, and it is reviewed on a quarterly basis by the Fund's investments committee

The amount that best represents the Fund's maximum exposure to credit risk at 30 June 2023 is made up as follows:

June 2023	Gross Carrying value	Credit loss allowance	Total
	Shs'000	Shs'000	Shs'000
Government securities	65,252,052	(8,374)	65,243,678
Deposits with financial institutions	3,513,652	(36)	3,513,616
Cash and bank balances	288,104	(4)	288,100
Total	69,053,808	(8,414)	69,045,394
<hr/>			
December 2022			
Government securities	61,674,968	(7,915)	61,667,053
Deposits with financial institutions	2,502,822	(1,899)	2,500,923
Bank balances	594,660	(14)	594,646
Total	64,772,450	(9,828)	64,762,622

No collateral is held for any of the above assets. All assets that are considered impaired are carried at their estimated recoverable value. None of the above assets are past due, past due and impaired or impaired.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily withdrawal of funds by investors. The Fund does not maintain cash balances to meet all of these needs as experience shows that a certain amount of withdrawals are requested daily and can be predicted with a high level of certainty. Management closely monitors the proportion of maturing funds available to meet such calls and the minimum level of funds that should be in place to cover withdrawals at unexpected levels of demand.

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Notes (continued)

4 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below analyses the Fund's financial liabilities and unit holder balances that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Due on demand Shs '000	Due within 3 months Shs '000	Total Shs '000
As at June 2023			
Unit holders' balances	68,899,180	-	68,899,180
Current liabilities	-	146,214	146,214
Total	68,899,180	146,214	69,045,394
As at June 2022			
Unit holders' balances	57,685,972	-	57,685,972
Current liabilities	-	163,218	163,218
Total	57,685,972	163,218	57,849,190

Capital management

The capital of the Fund is represented by unit holders' balances. The amount of unit holder liabilities can change significantly daily as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders.

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders.

5 Interest income	June 2023 Shs '000	June 2022 Shs '000
Government Securities	4,369,954	2,401,998
Deposits with financial institutions	335,479	113,363
Investment with related parties	-	112,315
	4,705,433	2,627,676
6 Realized losses on investments	2023 Shs '000	2022 Shs '000
Realised gains on Equities	-	29,769
Realised gains on treasury bonds	(159,065)	4,964
Realised gains on treasury bills	1,926	101,689
Realised loss on bank deposits	-	(893)
	(157,139)	135,529

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Notes (continued)

7 Service fees

	June 2023 Shs'000	June 2022 Shs'000
Management fees	701,033	454,181
Audit fees	10,962	10,962
Trustee fees	51,223	41,385
Custody fees	47,986	43,053
Annual general meeting costs	34,149	22,172
Licence fees	1,254	1,254
Total	846,607	573,007

The management fees relate to service fees paid to Britam Asset Managers Company (Uganda) Limited for the professional management of the Fund (Note 12). This is charged at 2% per annum, computed on the daily fund balances. Other costs such as, trustee fees at 0.15%, custodial fees at 0.125%, annual general meeting fees at 0.1% and license fees at 0.05% are also computed on the daily fund balances and charged to the Fund as well. The audit fees for the period amounted to Shs Shs 10,961,935 (2022: Shs 10,961,935).

8 Taxation

The Fund is registered as a collective investment scheme under the Capital Markets Authority Act. The Fund is therefore exempt from income tax under the Uganda Income Tax Act.

9 Investments

(i) Maturity profile of investments

Period ended 30 June 2023

	Up to 3 months Shs'000	6 - 12 months Shs'000	Due within 1- 5 years Shs'000	Due after 5 years Shs'000	Totals Shs'000
Deposits with financial institutions	3,513,616	-	-	-	3,513,616
Government securities	-	-	27,911,712	37,331,966	65,243,678
Total	3,513,616	-	27,911,712	37,331,966	68,757,294

Year ended 30 June 2022

	Up to 3 months Shs'000	6 - 12 months Shs'000	Due within 1- 5 years Shs'000	Due after 5 years Shs'000	Totals Shs'000
Deposits with Financial Institutions	3,992,543	-	-	-	3,992,543
Government securities	-	-	18,070,299	10,150,676	28,220,975
Total	3,992,543	-	18,070,299	10,150,676	32,213,518

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Notes (continued)

9 Investments (continued)

(ii) Movement in investments

Period ended 30 June 2023	At start of year Shs '000	Purchases at cost Shs '000	Accrued Interest Shs '000	Sales/ maturity Shs '000	Provision for ECL Shs '000	At end of year Shs '000
Government securities	61,667,053	9,442,739	226,484	(6,092,139)	(459)	65,243,678
Deposits with financial institutions	2,500,923	81,300,000	10,830	(80,300,000)	1,863	3,513,616
Total	64,167,976	90,742,739	237,314	(86,392,139)	1,404	68,757,294

Year ended 31 December 2022	At start of year Shs '000	Purchases at cost Shs '000	Accrued Interest Shs '000	Sales/ maturity Shs '000	Provision for ECL Shs '000	At end of year Shs '000
Government securities	28,224,627	44,138,078	1,174,548	(11,876,790)	6,590	61,667,053
Deposits with financial institutions	3,132,421	118,250,000	308	(118,880,000)	(1,806)	2,500,923
Investment with related parties	3,444,323	4,922,266	(105,787)	(8,261,450)	648	-
Total	34,801,371	167,310,344	1,069,069	(139,018,240)	5,432	64,167,976

Period ended 30 June 2022	At start of year Shs '000	Purchases at cost Shs '000	Accrued Interest Shs '000	Sales/ maturity Shs '000	Provision for ECL Shs '000	At end of year Shs '000
Government securities	28,224,627	23,776,787	767,974	(1,621,891)	14,505	51,162,002
Deposits with financial institutions	3,132,421	59,650,000	(2,450)	(58,780,000)	(7,429)	3,992,542
Investment with related parties	3,444,323	3,329,834	(105,787)	(6,669,082)	267	(445)
	34,801,371	86,756,621	659,737	67,070,973	7,343	55,154,099

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Notes (continued)

9 Investments (continued)

(iii) Expected credit loss on investments

The expected credit loss on investments relates to the Fund's investment in bank deposits, government securities, bank balances and investments in related. The Fund is holding a provision of Shs 8,400,000 million (2022: Shs 8,000,000 million) being doubtful on the investments. The table below displays the movement of the expected credit loss between 30 June 2022 and 30 June 2023:

	Government Securities Shs '000'	Deposits with financial institutions Shs '000'	Bank balances Shs '000'	Others Shs '000'	Total Shs '000'
At 1 January 2022	14,505	93	5	648	15,251
Increase/ (decrease) in loss allowance	(14,505)	7,429	59	(267)	(7,284)
At 30 June 2022	-	7,522	64	381	7,967
At 1 January 2023	7,915	1,899	14	-	9,828
Increase/(decrease) in loss allowance	459	(1,863)	(10)	-	(1,414)
At 30 June 2023	8,374	36	4	-	8,414

(iv) Bank balances	June 2023 Shs '000	December 2022 Shs '000	June 2022 Shs '000
Bank balance	288,104	594,660	2,695,092
Expected credit loss	(4)	(14)	(64)
	288,100	594,646	2,695,028
(v) Cash and cash equivalents			
Deposits held with financial institutions – maturity of up to 3 months from contract date	3,513,652	2,502,822	4,000,064
Bank balance	288,104	594,660	2,695,092
	3,801,756	3,097,482	6,695,156
Expected credit loss	(36)	(1,899)	(7,458)
	3,801,720	3,095,583	6,687,698
(vi) Income received	June 2023	June 2022	
Government Securities	4,143,469	2,401,998	
Bank deposits	335,479	113,363	
Interest Income Others	-	112,315	
Realised gains	(157,139)	-	
	4,321,809	2,627,676	

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Notes (continued)

10 Unit holder balances

	June 2023		June 2022	
	No. of units '000	Shs '000'	No. of units '000	Shs '000
At beginning of the period	531,756	64,623,588	293,553	35,132,168
Creations	502,590	50,258,954	394,950	39,494,985
Liquidations	(496,865)	(49,686,463)	(191,387)	(19,138,663)
Profit distribution	-	3,703,101	-	2,197,482
At the end of year	537,480	68,899,180	497,116	57,685,972

11 Accrued expenses

	June 2023 Shs '000	December 2022 Shs '000
Management fees payable	120,984	114,902
Custody fees payable	8,472	8,046
Trustee fees payable	8,840	8,396
Annual general meeting payable	5,893	5,597
Licence fees payable	208	215
Audit fees payable	1,817	1,877
	146,214	139,033

12 Related party transactions

Britam Umbrella Fund Unit Trust Scheme is managed by Britam Asset Managers Company (Uganda) Limited. Britam Asset Managers Company (Uganda) Limited is controlled by Britam Holdings Plc, a company incorporated in Kenya. There are other companies that are related to Britam Asset Managers Company (Uganda) Limited through common shareholdings or common directorship.

Transactions and balances arising during the year with related parties:

(a) Unit holder's balances

	June 2023 Shs '000	June 2022 Shs '000
Britam Umbrella Scheme Uganda	1,306,602	668,173
Britam Insurance Company (Uganda) Limited	657	590
	1,307,259	668,763
 Britam Asset Managers Company (Uganda) Limited	 701,033	 454,181

Notes (continued)

13 Contingent liability

Uganda Revenue Authority in a letter to the fund managers indicated that distributions to the unit holders are dividends subject to withholding tax. This matter has been taken up by the industry and engagements are ongoing to streamline the position. The crystallization of this liability is considered low and dependent on the outcome of these ongoing discussions.

