UGANDA ELECTRICITY TRANSMISSION COMPANY LTD

ANNUAL REPORT
2021 -2022

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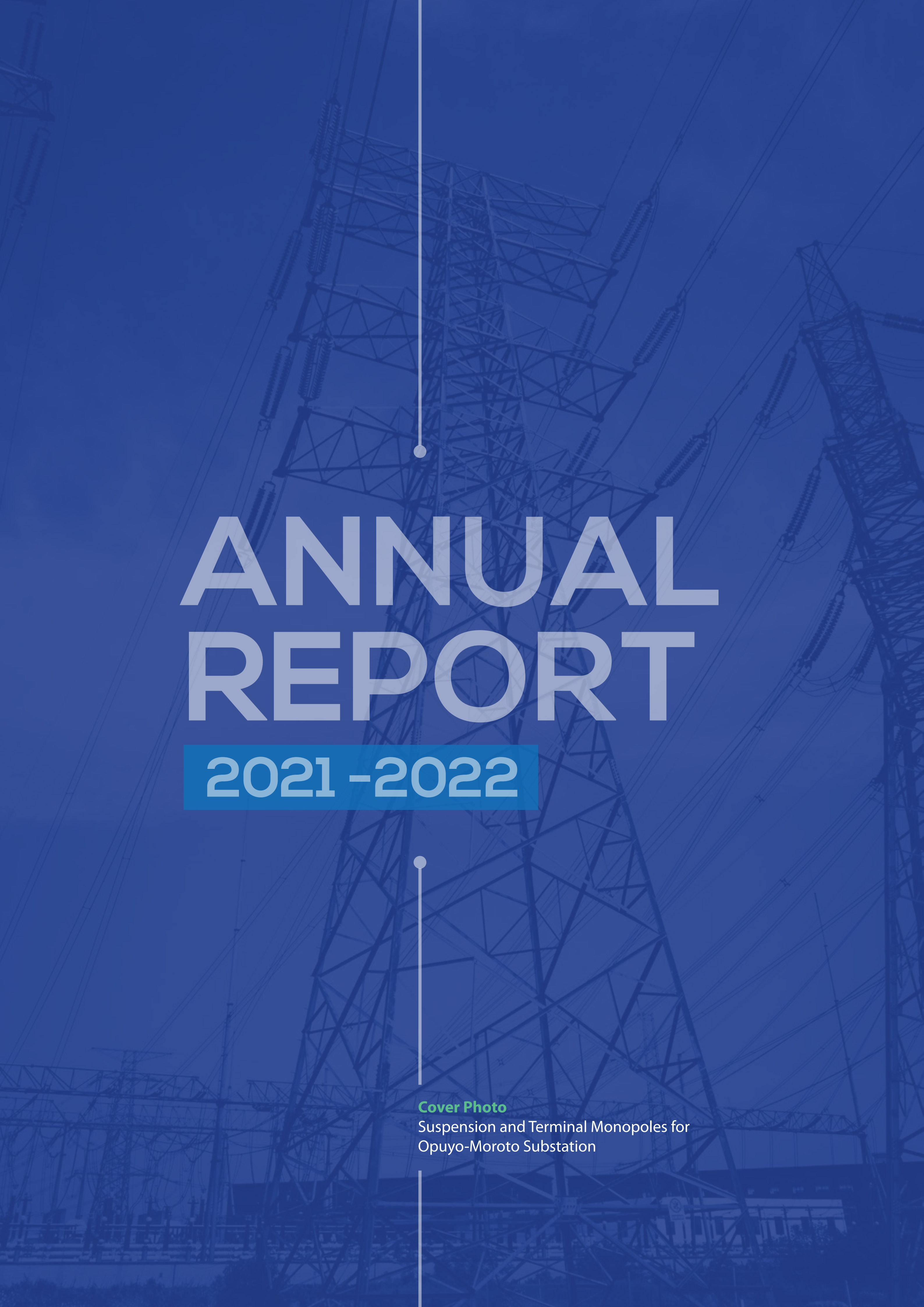

ANNUAL REPORT

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Cover Photo
Suspension and Terminal Monopoles for Opuyo-Moroto Substation

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CORPORATE INFORMATION

Registered Office	Plot 10 Hannington Road P. O. Box 7625, Kampala-Uganda Tel: +256 414 233 433/4, +256 417 802 000, +256 314 802 000 Fax: 256-41-4341789 Email: transco@uetcl.com
Shareholders	Government of Uganda represented by: Minister of Finance, planning & Economic Development AND Minister of State for Finance In charge of Privatization.
Directors	Mr. Kwame Ejalu Ejuku - Chairman Mr. George Rwabajungu - Executive Director Ms. Sylvia Muwebwa Nabatanzi- Non Executive Director, Ms. Achiro Sharon Loka- Non-Executive Director Eng. Cecilia Nakiranda Menya – Non-Executive Director Mr. Julius Mukholi Wamukota -Non-Executive Director Eng. Innocent Oboko Yotkum- Non-Executive Director
AG. Company Secretary	Mr. Erone Martin
Bankers	**Standard Chartered Bank (U) Limited** 5 Speke Road P .o Box 7111 Kampala **Citibank (U) Limited** Centre Court 4 Ternan Avenue, Nakasero **ABSA Bank (U) Limited** Plot 2/4 Hannington Road **Housing Finance Bank Limited** Plot 4 Wampewo Avenue
Principal Auditor	**The Auditor General** Plot 2/4 Kaggwa Road P. o. Box 7083 Kampala
Principal Legal Advisers	Uganda Electricity Company
Principal Tax Adviser	**Price Water House Coopers limited** P. o. Box 8053 Kampala

ABBREVIATIONS & ACRONYMS

CBP	Corporate Business Plan
CoD	Commercial Operations Date
ERA	Electricity Regulatory Authority
EUL	Eskom Uganda Limited
GIS	Gas Insulated Substation
GWh	Giga Watt-hour
HFO	Heavy Fuel Oil
HV	High Voltage
IPP	Independent Power Producer
KCCL	Kasese Cobalt Company Limited
kV	Kilovolts
kWh	Kilo Watt-hour
KML	Kilembe Mines Limited
KPLC	Kenya Power and Lighting Company Limited
MEMD	Ministry of Energy and Mineral Development
MFPED	Ministry of Finance, Planning and Economic Development
MW	Mega Watt
OFPS	Own Falls Power Station
PLC	Power Line Carrier
SCADA	Supervisory Control and Data Acquisition
TANESCO	Tanzania Electricity Supply Company
UEDCL	Uganda Electricity Distribution Company Limited

UETCL AT A GLANCE

Vision:
Electricity Transmission for Sustainable Regional Development

Mission:
To Buy Transmit and Sell Quality Bulk Power

Mandate:
- Transmission System Operator
- Bulk Power Supplier
- Operator of the High Voltage Transmission Grid
- Power Export and Import
- Public Infrastructure Service Provider

Source of Our Mandate:
- Electricity Regulatory Authority
- Uganda Communication Commission

Core Values
- Respect and Responsible Self-respect and respect for others
- **Respect and Responsibility:** Act Reliability, with Loyalty and Integrity
- **Transparency;** Strive for Openness and,
- **Compliance;** Safety for all and follow decisions that preserve the environment and the health and safety for self, all employees, other stakeholders and property.
- **Innovation;** Show initiative, self-drive and willingness to continuously learn and improve quality (ii) Be cooperative and show team spirit that enhances results and fosters equality, diversity, harmony and fellowship

Company Strategic Pillars

Security of Power supply and Regional Coperation

Robust Human Captial Development

Accelerated Grid Infrastructure Development

Financial sustanability

Effecient Business Processes

BUSINESS PERFORMANCE HIGHLIGHTS

4.32%

Increased Revenue
Electricity revenue grew from Ugx 1,294.5bn to Ugx 1,350.4bn, representing 4.32% annual growth. This was due to increased sales resulting from the continued economic recovery post Covid-19 period.

9.20%

Electricity Sales Growth
Electricity Sales volumes grew by 11.41% from 4,537GWh to 5,054.6GWh as a result of continued economic recovery. This was due to 9.20% growth in system peak demand.

1,350MW

Increased Generation Capacity
105 MW of new generation capacity was added during the year increasing Installed capacity to 1,350MW

9.20%

Growing System Demand
The highest registered Maximum system demand was 815.95 MW compared to 747.22MW registered the previous period representing 9.20% growth due to Covid economic recovery.

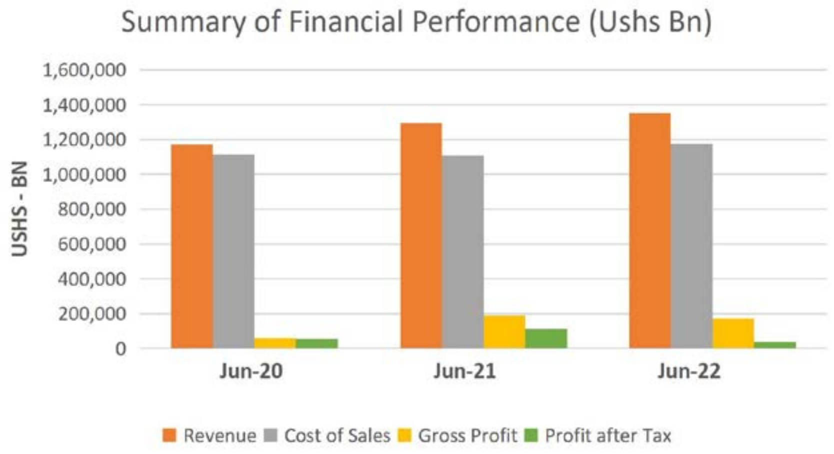
8.55%

Increased Asset Base
The asset base increased by 8.55% from Ugx 3,471.2 Bn to Ugx 3,767.9 B. This was majorly on account of accumulated costs (WIP) incurred by the company in execution of various grid expansion and system improvement projects (Ugx Bn 326 Bn)

37.7Bn

Profit Before Tax
Posted Ugx 37.7 Bn which was lower than the Ugx 112.1 Bn posted the previous year. This performance was as a result of forex exchange losses on foreign borrowings i.e. Forex Losses of 116bn as at June'22 Vs Forex gains of Ugx 107Bn as at June'21

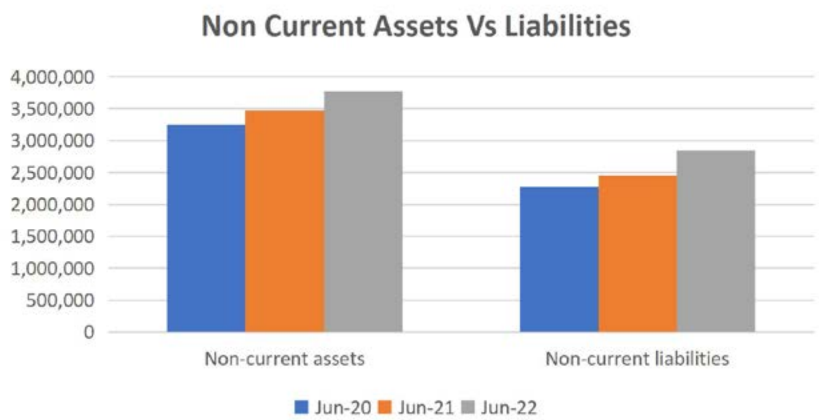
Business Performance Highlights



Revenue increased by 4.32% to Ugx 1,350 Bn due t0 11.41% increase in electricity sales volumes (GWh) as a result of continued economic recovery post Covid-19 period.

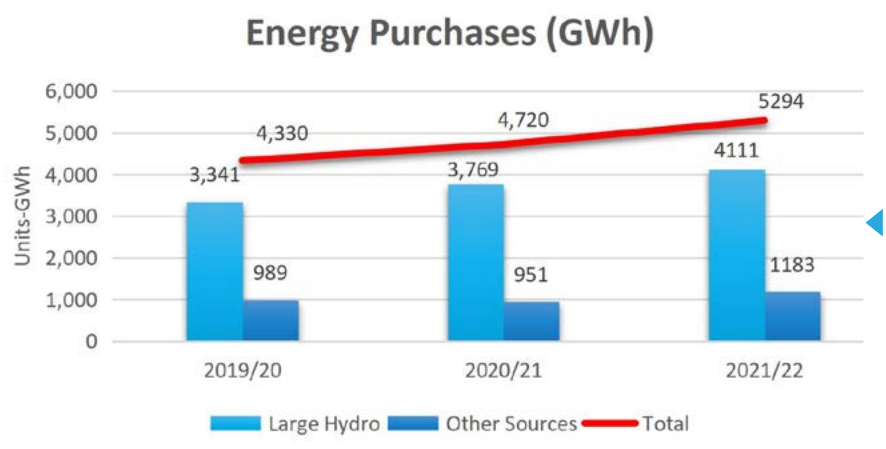
Cost of sales mainly driven by cost of electricity increased by 6.23%, to 1,177.3 Bn. This is in line with the increase in electricity demand registered during the period.

Profit for the year was Ugx 37.7 Bn which was below the performance of Ugx 112.1 Bn registered the previous year. This performance was as a result of forex exchange losses on foreign borrowings' i.e. Forex Losses of Ugx 116bn as at June'22 Vs Forex gains of Ugx 107Bn as at June'21

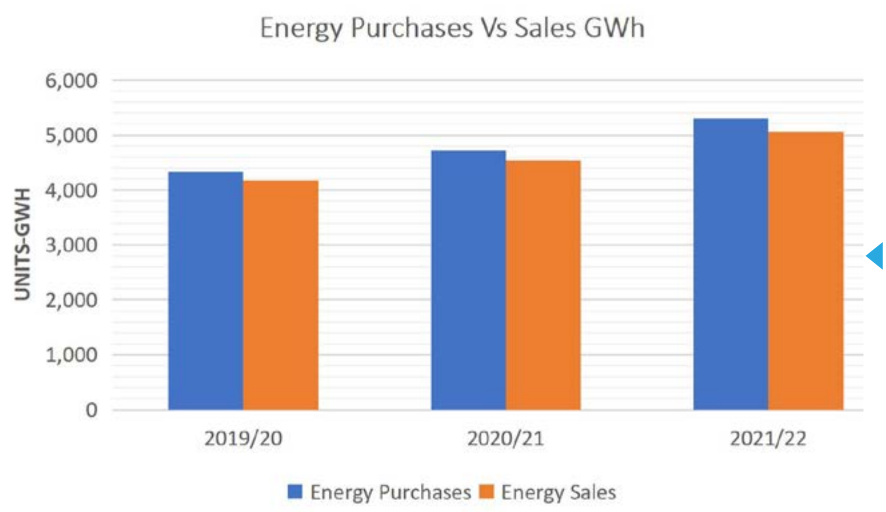


The non-current assets increased by 8.55% to Ugx 3,767.9 Bn from Ugx 3,471.2 Bn registered the previous year.

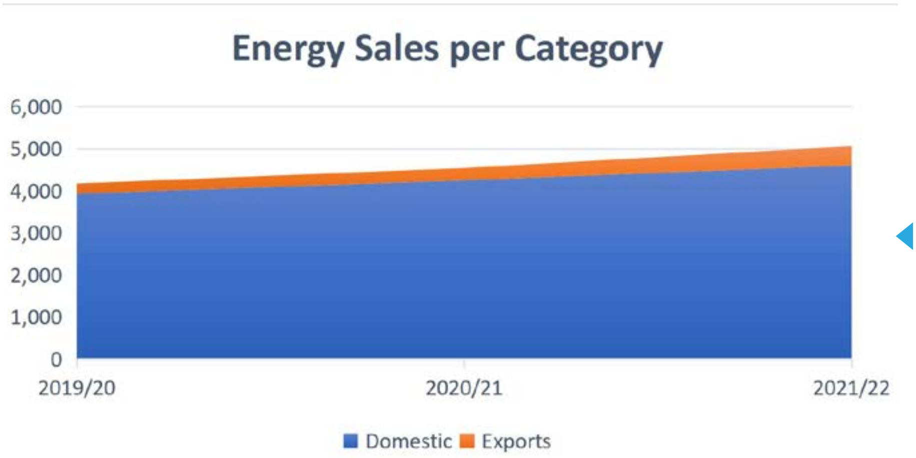
This performance (8.55%) was on account of accumulated costs (WIP) incurred by the company in execution of various grid expansion and system improvement projects (Ugx 326 Bn)



77.6% of the energy purchase costs were for large hydro plants, 12.5% mini hydro, 6.7% Co-generation, 1.9% Solar, 0.9% thermal and 0.4% Imports.

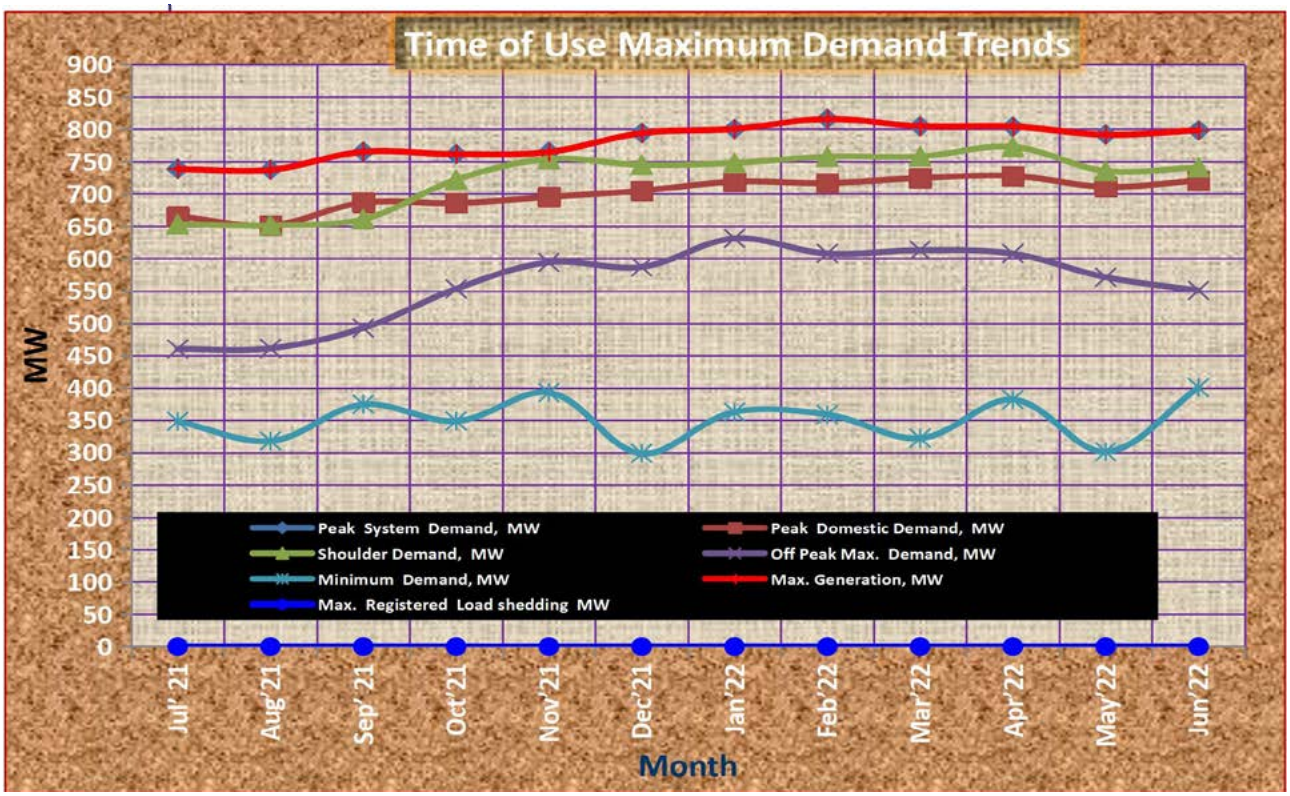


A total of 5,293.65 GWh was purchased from various generation plants and 5,054.60 GWh sold to different local distributors as well as export, representing transmission losses of 4.52%.

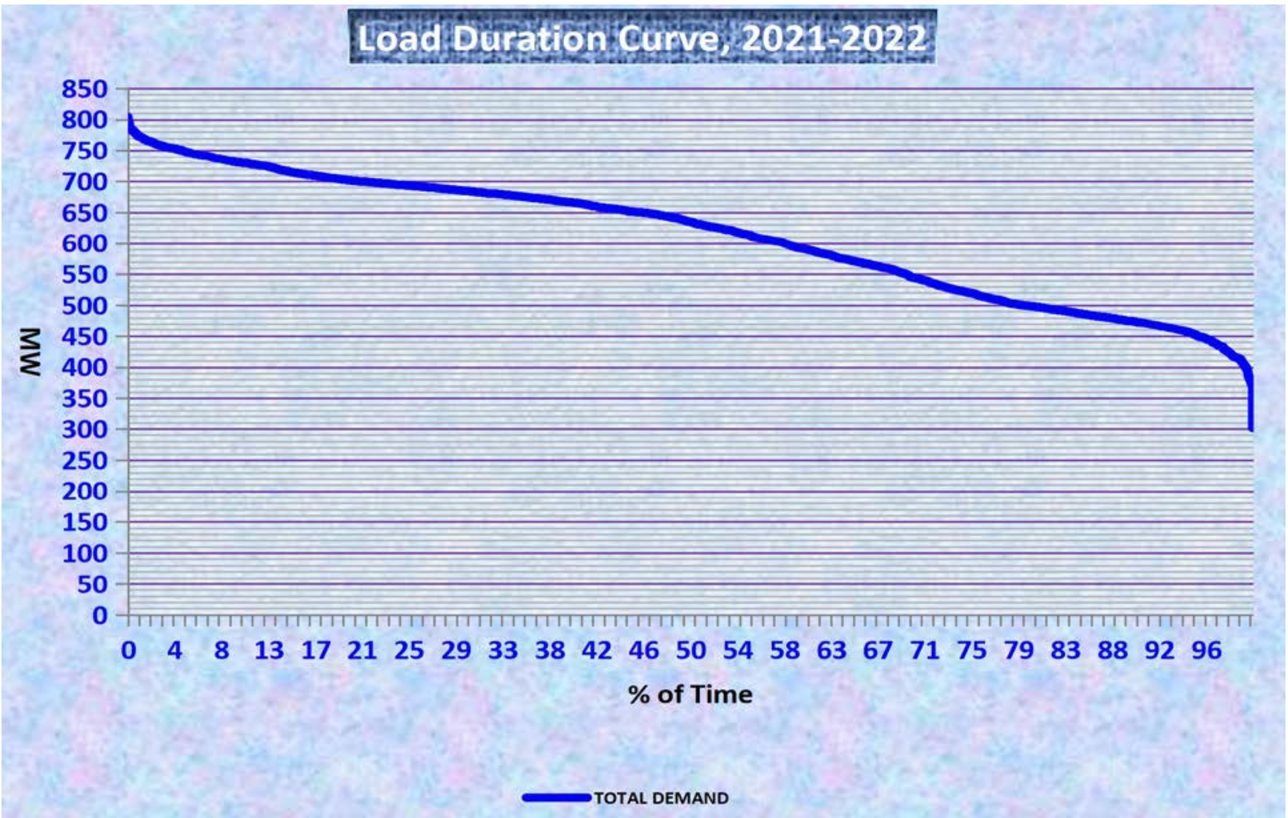


89% of the registered revenue was from domestic sales while 11% from export sales

Business Performance Highlights



Generally, the available generation was able to fully meet the demand with adequate reserve capacity.

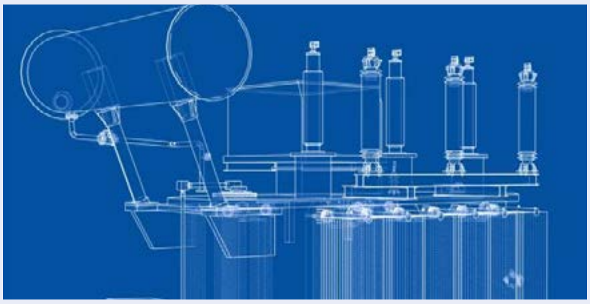


The growth in system demand suggests that the country is recovering from the negative impacts of the COVID-19 pandemic which hit the country in March 2020.

FINANCIAL OPERATIONAL STATISTICS

	Jun-20	Jun-21	Jun-22
Revenue	1,172,384	1,294,465	1,350,394
Cost of Sales	1,113,581	1,108,268	1,177,329
Gross Profit	58,803	186,197	173,065
Profit after Tax	54,021	112,124	37,703
Basic & diluted Earnings per share	298	619	208
Financial Position at year end June 2021			
Non-current assets	3,247,565	3,471,184	3,767,965
Current assets	1,234,329	1,439,672	1,638,268
Total assets	4,481,894	4,910,856	5,406,233
Equity	1,455,855	1,692,218	1,763,238
Non-current liabilities	2,282,696	2,456,090	2,842,930
Current liabilities	743,343	762,548	800,065
Total Equity & Liabilities	4,481,894	4,910,856	5,406,233
Cash flow data for the year			
Net Cash flow from (used in) Operating Activities	191,765	71,610)	228,357
Net Cash flow from used in Investment Activities	678,248	(256,331)	(335,114)
Net cash flow from Financing Activities	643,353	292,131	302,351

GRID STATISTICS FOR THE YEAR ENDED

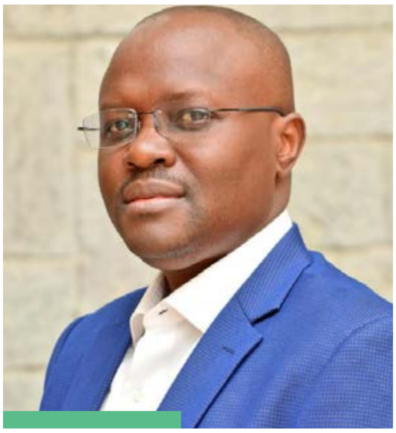
Installed Capacity	**1,350MW**	
System Max Peak Demand	**815.9MW**	
No. of IPPS	**39 Power stations**	
	220kV	1008km
	132kV	2,057km
	132kV (cable)	0.9km
	66kV	35.2km
	Total	**3,101km**
	220/132kV	1310MVA
	132/33kV	1221.5MVA
	132/11kV	220MVA
	66/11kV	28MVA
	Mobile substation 132/33/11kV	50MVA
	Total	**2829.5MVA**
System Domestic Load Factor	**77-79%**	

CORPORATE GOVERNANCE BOARD OF DIRECTORS

Kwame Ejalu Ejuku

Board Chairperson/
Member – Finance & Administration Committee of the Board

Mr. Kwame Ejalu Ejuku is a Ugandan Entrepreneur and Businessman. He holds a BSc Hons in Economics and Business Finance from Brunel University, Middlesex United Kingdom. He has previously served as the Chairman & Managing Director of Marsh Uganda Limited for four (4) years, the Managing Director of Alexander Forbes Uganda for eight (8) years, the Chief Operating Officer- Africa (Alexander Forbes Africa Investments (pty) for four (4) months, and the Executive Director of Liberty Insurance Brokers Limited for eight (8) years. He is currently the Chairman of the Board of Directors of Afrisafe Risk Consultants Limited, and the Executive Director of Zamara Actuaries, Administrators & Consultants Uganda Limited. He has twenty eight (28) years of experience and extensive knowledge in insurance and pensions sectors in Uganda and the East African region.



George Rwabajungu

Managing Director/CEO

George Rwabajungu was appointed as Managing Director with effect from July 01, 2020. George Rwabajungu holds a Masters of Business (Finance), University of Leicester Business School; Bachelor of Commerce (Accounting) Makerere University; Post Graduate Diploma in Management (Uganda Management Institute). George Rwabajungu is also a Fellow of the Association of Chartered Certified Accountants (United Kingdom); Member of the Chartered Institute of Management Accountants, (United Kingdom) and; Institute of Certified Public Accountants of Uganda respectively. Prior to his appointment, George Rwabajungu served with UETCL as Manager, Finance, Accounts & amp; Sales since May 13, 2010. He also worked with MapSwitch Uganda Limited as Finance Director, and; National Housing & Construction Company Limited as Chief Financial Officer. He also worked with Uganda Railways Corporation as an interim Chief Finance & Administration Officer (during the pre-concession period) and Assistant Accountant, and; Bank of Uganda as a Banking Officer.

Sylvia Muwebwa Nabatanzi

Non-Executive Director/
Chairperson – Human Resource Committee of the Board

Ms. Sylvia Muwebwa Nabatanzi is an Advocate of the High Court of Uganda, who has experience in National and International Institutions campaigning for Human Rights, fund raising for projects at both National and International level, supervising Development and implementation of project program plans in coordination with the counter partners. She has been involved in gender mainstreaming programs, monitoring election processes, law reform research, implementation of Justice, Law and Order sector policies. Ms. Sylvia has twenty-five (25) years of experience in legal practice, research, strategic litigation and adjudication.

Julius Mukholi Wamukota
Non-Executive Director/
Chairman – Audit & Risk Committee of the Board

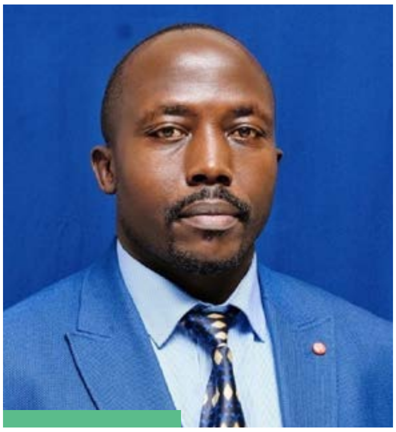
Mr. Julius Mukholi Wamukota is an Advocate of the High Court of Uganda, holder of a Bachelor of Laws Degree from Makerere University (LLB) and a Post Graduate Diploma in Legal Practice from the Law Development Centre. He also holds a Master of Laws (LLM) from Makerere University. He is currently the Principal Legal Officer at the Ministry of Finance, Planning and Economic Development and the representative of the Ministry of Finance, Planning and Economic Development on the Board. Mr. Julius Mukholi has eighteen (18) years of experience in legal practice, legislative drafting, legal research and advisory.

Celia Nakiranda Menya
Non-Executive Director /
Chairperson – Finance & Administration Committee of the Board

Eng. Abdon Atwine holds a Master of Science Degree in Energy Systems & Engineer Cecilia Nakiranda Menya is a registered Electrical Engineer with a Master of Science Degree in Electrical Engineering and Management from the University of Dundee/ Arberty, Scotland, a Bachelor of Science Degree in Electrical Engineering from the University of Dar- es Salaam, Tanzania. She currently holds the position of Commissioner Electric Power Development and Acting Director Energy Resources Directorate within the same Ministry. Engineer Cecilia has twenty six (26) years of experience in policy formulation, power systems planning, project planning, coordination and supervision as well as in procurement.

Achiro Sharon Loka
Non – Executive Director/
Member – Audit, Risk & Compliance Committee

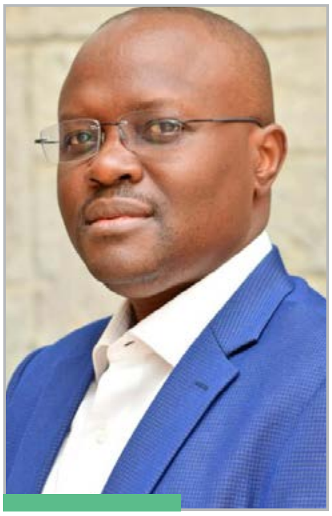
Ms. Achiro Sharon Loka is a Social Scientist with a Bachelor of Arts (Social Sciences) Degree from Makerere University, A Certificate in Child Protection from Makerere University Institute of SWASA, A certificate in Law from the Law Development Centre, and a Post Graduate Diploma in Project Planning and Management from Uganda Management Institute. She has previously worked with the Aids Information Centre, Arua District Local Government and is currently the Programme Officer in charge of Region in the Uganda Women Entrepreneurship Programme (UWEP) in the Ministry of Gender, Labour and Social Development. Ms. Sharon Achiro has ten (10) years' experience in both Public and Private organizations in the field of Gender Equality, women Empowerment, Community Development and Social Work.



Innocent Oboko Yotkum
Non – Executive Director/
Member – Audit, Risk & Compliance Committee

Engineer Innocent Oboko Yotkum is a registered Civil Engineer with a Master of Business Administration (MBA) from Edinburgh Business School, Heriot-Watt University, a Bachelor of Science Degree in Civil Engineering from Makerere University. He has worked as a Civil/ Structural Engineer, Project Engineer, Highways / Drainage and Structures Engineer, Geotechnical Engineer, Consultant, Senior Works Inspector/ Structural Engineer, team leader on various projects over a period of twenty (20) years.

MANAGEMENT TEAM



George Rwabajungu
Managing Director/CEO

Vacant
Deputy Chief Executive Officer

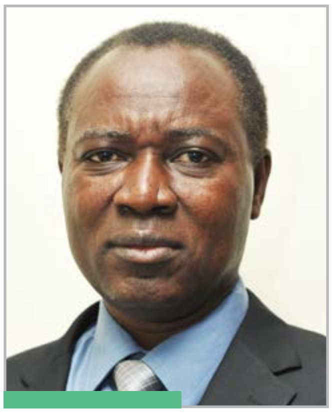
Martin Erone
Manager Corporate Service/ Ag. Company Secretary

Eng. Richard Matsiko
Manager Operations & Maintenance

Mrs. Mukazi Specioza
Manager Procurement and Disposal

William Nkemba
Manager Projects Implementation

Edward Muganyizi
Manager Internal Audit



Boneventura Buhanga
Manager Planning & Investment

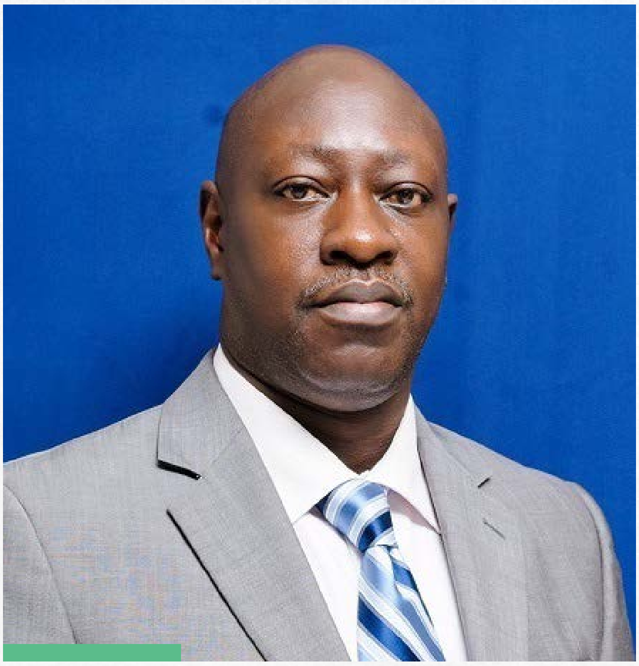
Peter Igibolu,
Manager ICT

Michael Taremwa Kananura
Manager Finance

Jacqueline Akello
Manager Human Resource and Administration

Vacant
Manager Governance, Ethics & Compliance

CHAIRMAN'S STATEMENT



Dear Shareholders

On behalf of the members of the Board, it is my pleasure to present the annual Performance Report, Audited Financial Statements and Auditor General's Report for the year ended June 30, 2022.

Despite the constraints birthed by COVID-19 Pandemic, to position the Company for greater prosperity, the board is adapting to changes in the operating environment and to this end, we are undertaking business reforms geared towards enhancing operational efficiency for improved profitability and sustainable growth.

The Government of Uganda National Development Plan III 2020/21 – 2024/25 under the Sustainable Energy Development Program emphasizes the need for increased access to a Reliable Electricity Supply to consolidate and increase the stock and quality of productive infrastructure.

Research done by the World Bank indicates that the Reliability of Electricity Supply is key for Socio-economic transformation.

The expansion, although still below the potential annual growth of 6-7 percent, suggests that the country is recovering from the negative impacts of the COVID-19 pandemic which hit the country in March 2020.

Despite these challenges, Uganda Electricity Transmission Company Limited remained profitable albeit at a lower level compared to the previous year.

I am pleased to report that during the period, UETCL remained profitable albeit at a lower level compared to the previous year. The Company posted an after-tax profit of Ugx 37.7Bn compared to the previous year's profit of Ugx 112.1Bn. This performance was mainly due to adverse foreign exchange on the company's borrowings in foreign currency that led to **exchange losses** for the year ended 30th June 2022 of Ugx 116Bn (Forex Gain Ugx 107Bn 30th June 2021)

Business Performance overview

Power Supply Situation

Total energy purchases were 5,294 GWh during the year ended 30 June 2022, compared to 4,721 GWh during the year ended 30 June 2021, representing an increase of 12.2%. This was due to 9.20% increase in system peak demand due to continued economic recovery.

Energy Sales;

Total energy sales for the year ended 30 June 2022 amounted to 5,055 GWh representing an increase of 11.4% when compared to 4,537 GWh recorded the previous year ended 30 June 2021.This increase was as a result of 9.20% and 8.55% increase in system peak demand and Peak domestic Demand respectively.

Revenue

Revenue for the year increased by 4.32% to Ugx 1,350 Bn, mainly on account of increase in electricity volumes sold as a result of continued economic recovery that has had a positive impact on electricity consumption.

Cost of Sales

The cost of sale (comprising the cost of energy purchase) was Ugx 1,177 Bn compared to Ugx 1,108 Bn posted the previous year, representing a 6.23% increase. This is majorly attributed to increase in energy demanded by consumers during the year.

Profitability

Company registered a Profitability of Ugx 37Bn as at 30th June 2022 against Ugx 112Bn registered during the previous year. This performance was on account of adverse foreign exchange loss on borrowings of Ugx 116Bn as at 30th June 2022 (Forex gain of Ugx 107Bn as at 30th June 2021)

Total Assets

The capital employed (total assets) recorded an increase of 10.09% from Ugx 4,911 Bn (Jun'21) to Ugx 5,406Bn as of June 2022. Total Liabilities as at 30th June 2022 stood at Ugx 3,642Bn demonstrating the company has a strong going concern position.

Equity;
The net-worth (shareholders' funds) increased to Ugx 1,763 Bn at 30 June 2022, up from Shs1,692Bn at 30 June 2021 as a consequence of GoU contributions during the year and the profit posted during the year

Dividend
The directors do not recommend payment of a dividend for the year ended 30th June 2022.

Policy & Regulatory Landscape

One of our challenges is around vandalism. It remains a critical issue to the sector and we are working with other stakeholders, security and the political establishments as well as the communities where we have such kind of infrastructure to ensure vandalism is addressed. I'm happy to report that following the amendment of the electricity act in June 2022, the act now provides for increased penalties for vandalism of power infrastructure. Effective January 2022, ERA introduced a Declining Block Tariff for Domestic Consumers, With this mechanism, Domestic Consumers pay Ugx. 412 per kWh for a 70-Unit bundle after consumption of 80 Units in a month. This targets to provide Domestic Customers with Access to Clean Energy for Cooking but will also stimulate demand for electricity so as to absorb supply from new generation plants.

During the period ERA commenced the Pilot for a special Tariff of 5 US Cents per kWh for Industrial Park, this is geared towards achieving affordable tariff for medium and large industrial consumers

Grid Infrastructure Development

Reliable and affordable electricity remains a top priority for the government with significant funding channeled towards development and refurbishment of the infrastructure and acceleration of electricity access.

Outlook & Conclusion

As we move into the future, we remain focused on strategies that enable us to take advantage of emerging opportunities for the business growth and sustainability. Our immediate focus will be on fast-tracking the implementation of ongoing and planned system expansion and network upgrade projects to provide transmission capacity for the expected increase in generation capacity as well as adopt strategies to improve system efficiency.

For UETCL to remain financially viable in the short and long-term, it requires adequate revenue to cover its revenue requirement/Costs. In this regard, the Company requires a cost-reflective Bulk supply tariff (BST) to not only meet the single buyer costs (cost of sales) but also Operate, maintain and expand the transmission grid in line with the Grid Investment Plan (GIP). Discussions in this regard are ongoing with the regulator (ERA).

I would like to thank my fellow Board Members for the continued support and insights during the year.

I wish to register my appreciation to the Managing Director/CEO, Management and staff for their resilience, sacrifice and courage to ensure high quality and sustained service delivery to our esteemed customers as provided for by the company mandate.

Finally, I thank our shareholders, regulators, IPPs, Customers, development partners and other stakeholders for their unwavering support and commitment to UETCL.

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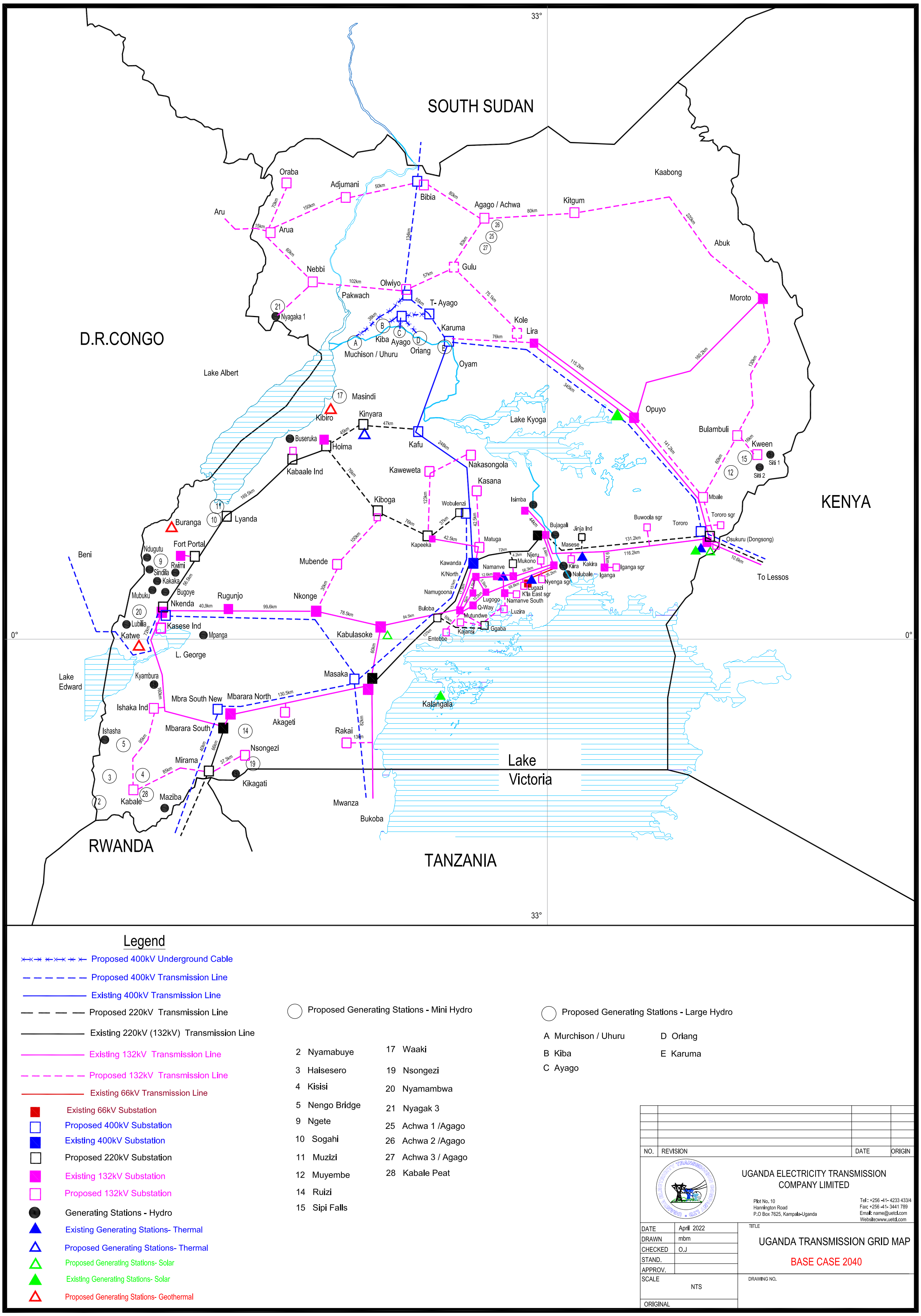
Kwame Ejalu Ejuku
Chairman, Board of Director

UETCL PRESENT & FUTURE TRANSMISSION GRID NETWORK



MANAGING DIRECTOR/ CEO'S REPORT

Dear shareholders, I take the pleasure of presenting to you this report for the year ended 30 June 2022. Roughout the period under review, we remained focused on our mandate to plan for sufficient electricity generation and transmission capacity to meet the country's energy demand; build and maintain the distribution network, and retail electricity to customers

Throughout the year under review, we remained focused on our core mandate of single buyer and Transmission System Operator while navigating challenging macro-economic conditions characterized by slow economic growth, inflation pressures stemming from external environment, currency depreciation which saw the UGX weaken by 8.5% against the US Dollar by close of June 2022. However, with GDP growth in 2022 projected to range between 2.5% to 3% and rise to 5% to 6% in 2023 driven by public investments and recovery in demand. With this positive economic outlook, we are optimistic that the economy will continue improving and support our electricity demand growth agenda.

Power Supply Situation

We ensure security of electricity supply to the Country through our mandate as a system operator. The supply and demand of electricity is balanced in real time to ensure stability of the national grid. During the year, the total maximum system demand was 815.95 MW registered in Feb 2022, while the maximum domestic system demand was 724.52 MW registered in March 2022. The maximum system demand grew by 9.2%, while maximum domestic system demand grew by 7.6% during the period under review. The growth in demand during the year was on account of recovery of the economy from the COVID-19 pandemic.

A total of 99MW of generation capacity from various IPPs was added to the generation mix during the year, bringing the total installed generation capacity to 1,350MW representing 7.94% increase. During period, total available generation capacity remained above the system demand and as a country we have a good problem and we are optimistic that as the Government's industrialization agenda picks up, we will soon put our adequate generation to good use and hence stimulate economic growth and development in line with our vision of "Electricity Transmission for Sustainable Development".

During the year, the transmission system grid availability considering all outages was an average of 98.6%, which was above the target of 98%. The level of transmission grid availability was mainly decreased by the restoration times of the 132kV Rugonjo – Nkonge and 132kV Kabulasoke – Nkonge following multiple failures of aged wooded structures supporting the lines. Despite performing better than target, concerns remain around the rampant vandalism of our transmission lines.

Financial Performance

Our electricity sales revenue by 4.1% to UGX 1,350.4 Bn, largely due to 11.4% growth in electricity sales units/volumes. There was an encouraging improvement in export sales volumes and a 55.7% increase was registered during the period compared to the previous period.

Cost of sales which include cost of electricity however increased by 5.9% to Ugx 1,177.3 Bn majorly due to increase in energy purchase volumes to meet growth in demand as we depreciation of the Ugx against the US dollar. This resulted in a 7.6% drop in the gross profit to Ugx 173.1 Bn for the period despite an increase in revenue.

The net profit after tax posted during the year was Ugx 37.7Bn which was below performance of Ugx 112.1 Bn registered the previous year. The decrease in the level of profitability was majorly due to a foreign exchange loss of Ugx116Bn recorded during the year compared to a gain of Shs107Bn registered the previous year.

The net-worth (shareholders' funds) increased to Shs1,763 Bn at 30 June 2021, up from Shs1,692Bn at 30 June 2021 as a consequence of GoU contributions received during the year and the profit of Ugx 37.7 Bn posted during the year
Total assets as at 30th June 2022 increased by 7.9% to Ugx 3,767 Bn, compared to Ugx 3,471 Bn registered the previous period ended 30th June 2021.

Transmission Infrastructure overview

We accelerated our investment in Transmission grid infrastructure in line with our grid investment Plan (GIP). The company is undertaking several grid projects aimed at expanding the national transmission as well as system reinforcement so as to increase power supply and reliability across the country. These projects are in sync with the government's National Development Plan and Vision 2040 that aims to expand and strengthen the Ugandan transmission grid. As such, UETCL continued with the implementation of several system improvement projects aimed at expanding the infrastructure and enhancing service delivery.

I am happy to report that during the period under review, among the recorded achievement was; the commissioning of the Opuyo – Moroto 132 kV transmission line and its associated substations.

Additionally, UETCL is committed towards expanding the grid, and the following projects were at different stages of implementation.

Component	Status - June 2022	Completion Target
1. TORORO-OPUYO-LIRA TRANSMISSION LINE PROJECT		
Construction of the Tororo-Opuyo transmission line	95%	December 2023
2. INTERCONNECTION OF ELECTRIC GRIDS OF NILE EQUATORIAL LAKE COUNTRIES - NELSAP PROJECT		
Completion of installation works of 220kV Bujagali-Tororo overhead transmission line	28%	December 2023
To attain completion, commissioning of the NELSAP Substations (Bujagali, Tororo and Mirama)	74%	December 2023
3. KARUMA INTERCONNECTION PROJECT		
Construction of 132kV 76km Karuma – Lira transmission line	87%	November 2022
Extension of Lira 132/33kV substation	90%	November 2022
Construction of 400kV 55km Karuma – Olwiyo transmission line and Olwiyo 2X20MVA 132/33kV substation	Completed	Pending Commissioning tests
4. KAMPALA-ENTEBBE TRANSMISSION PROJECT		
Construction of 132kV 23.8km Mutundwe – Entebbe transmission line	89%	December 2022
Construction of Entebbe substation and extension of Mutundwe substation	90%	December 2022
5. MIRAMA-KABALE TRANSMISSION PROJECT		
Completion of Compensation of Project Affected Persons	91%	December 2022
Construction of 83km 132kV Mirama-Kabale transmission line	43%	May 2023
Construction of 132/33kV Kabale substation and extension of Mirama 132/33kV Substation	0%	May 2023
6. GRID EXPANSION AND REINFORCEMENT PROJECT (GERP)		
Compensation of Project Affected Persons along 132kV Kole Gulu Nebbi Arua transmission line	88%	October 2022
Construction of 294km, 132kV Kole-Gulu- Nebbi-Arua	68%	March 2023
Construction of Kole, Gulu Nebbi and Arua 2X32/40MVA 132/33kV substations	65%	March 2023
7. GULU-AGAGO 132kV TRANSMISSION LINE AND ASSOCIATED SUBSTATIONS PROJECT		
Compensation of Project Affected Persons along 132kV Gulu Agago transmission line	97%	November 2022
Construction of 83km, 132kV Gulu – Agago	38%	March 2023
Construction of Agago substation, Agago HPP and Gulu substation extensions	17%	March 2023

Projects under Planning for Transmission Grid Improvement & Expansion;

The following planned Projects aimed at Improvement and Expansion of the Transmission Grid in line with the Grid Development Plan.

Component	June 2022 status	Target
1) Masaka-Mbarara 400kV Transmission Line and associated Substations Project		
Construction of Masaka-Mbarara 400kV, 135km Transmission Line and associated Substations	Procurement of a contractor in progress	Completed procurement by 31 November 2022
2) Hoima-Kinyara-Kafu 220kV		
Project Scope: Construction of Hoima-Kinyara-Kafu 220kV, 92km Line and associated substations	Feasibility study update stage	Completed feasibility study by 31 November 2022
3) Bulambuli (Kapterol) - Mbale Transmission Line and Associated Substations Project		
Project Scope: 132kV, 76km Bulambuli (Kapterol) - Mbale Transmission Line and Associated Substations Project	Feasibility studies ongoing	Completed detailed RAP study by 30 June 2023
4) Mirama – Kikagati - Nshongyezi 132kV, 37.3km Transmission Line and associated substations		
Project Scope: Mirama – Kikagati - Nshongyezi 132kV, 37.3km Transmission Line and associated substations	Approval of financing in progress	Complete construction by 31 December 2024

Regional Grid Interconnection

The Company is also actively involved in various regional grid interconnection initiatives aimed at improving security of supply as well as accessing electricity from regional markets. The objectives of these initiatives are optimization of the usage of energy resources available in the region, as well as power exchange.
These projects are summarized below.

NO	Component	June 2022 status	Target
1	Project Scope: 340km, 400kV (85km from the proposed New Masaka SS to Mutukula border)	Feasibility Study update in progress	Complete feasibility study update by 31 March 2023
		ESIA update in progress	Complete ESIA update by 31 December 2022
2	Project Scope: 400kV Transmission Line and Associated Substations (72.5km Nkenda-Mpondwe 400kV line and extension of Nkenda substation)	Feasibility study update in progress	Complete feasibility study update by 31 May 2023
3	Project Scope: Construction of 138km transmission line from Olwiyo Substation to the proposed Bibia East Substation to the Uganda/South Sudan Border) Mpondwe 400kV line and extension of Nkenda substation)	Procurement of feasibility study consultant in progress	Complete feasibility study, ESIA, RAP study by 30 September 2023
4	Project scope: Karuma - Tororo 400kV Transmission Line and associated substations and 132/33kV Ntinda substation and associated transmission line	Feasibility Study in progress	Complete feasibility Study and secure funding project execution by April 2023

Occupational Health and Safety

The Company pursues strategies focused on achieving financial stability and sustainability and giving reasonable return to shareholders for their investment. In order to achieve these objectives, the Company focuses on ensuring that cost-reflective electricity tariffs are approved to meet revenue requirement, as well as enhancing operational efficiency and reducing system losses. Once again the company delivered solid financial results while keeping the nation's lights on during the year.

Future focus areas and Conclusion

As we navigate to a new financial year, we strive for operational excellence in our business operations and this entails going back to basics, by implementing the correct processes and behaviors that support a culture of excellence. Disciplined execution of our standard operating procedures is a priority.

We continue to focus on improving the sustainability of our grid network and power system at large within capital budget constraints, ensuring continuity and reliability of power supply to the Country and managing associated liquidity challenges to the company. We believe, that the increased investment in renewable energy sources especially the large hydro plants will continue to reduce the weighted average generation tariff especially when most of the energy from the plants is consumed. Therefore exploring avenues to stimulate demand remains one of critical focus area working with the different stakeholders and this regard, several programs are being implemented such as development of several industrial park substations as well free connection policy and several rural electrification programs undertaken by Government.

At the same time, the Company is focused on managing costs at all levels of our operations for improved business efficiency. These include finance, power purchase, capital expenditure and, transmission costs.

Maintaining a Cost-Reflective Tariff Regime is instrumental in enabling a conducive environment for investment. Capital is required to install/ finance generation and network assets. In addition, funds are required to finance costs of operation, which by nature keep rising due to the effect of inflation and the impact of external shocks such as exchange rate depreciation on imported inputs. In this regard, we look forward to regulator maintain a cost reflective tariff in the future.

Resources have been identified, funding sourced from Government, tariff and Development Partners and strategies and plans have been devised to expand the business and also improve quality of service. These strategies, and the continued support of the Board of Directors, the Government, Development partners, loyal staff and other stake holders, will propel the Company to achieve its vision and licensed mandate.

On behalf of Management, I wish to appreciate all our customers and assure them of our commitment to improve our services and to meet their expectations. I express my profound gratitude to the Government of Uganda, Sector Ministries, the Board of Directors, our regulators, staff and all our development Partners for the goodwill we have enjoyed from them and their support to UETCL during yet another challenging year.

George Rwabajungu
Managing Director/CEO

HEALTH, SAFETY & ENVIRONMENT

UETCL is committed to providing a safe and healthy workplace for all our employees and contractors.

The Board and Management of Uganda Electricity Transmission Company Limited regard the health and safety of its employees, customers, contractors and the general public with utmost importance. The Company strives to ensure that work of all sorts is carried out by all stakeholders in a safe and proper manner.

Accordingly management commits itself to ensure the following at all times:

(i) The company provides a safe and healthy working environment in which all employees, visitors and contractors are aware of the need to observe safe practices to prevent injury to themselves and others.

(ii) As a minimum to comply with statutory requirements and company safety, health and environmental rules & regulations where these exceed the statutory requirement.

(iii) There exist safe, healthy and environmentally sound working procedures and practices, continually monitoring their implementation for all workers, workplaces and public interface points.

(iv) Employees are adequately trained to efficiently carry out their work in a safe, healthy and environmentally friendly manner and that they are made aware of any special safety requirements in their work area including emergency situations.

(v) Harmonious co-operation and communication is promoted between employees and management, ensuring that there is immediate implementation of viable suggestions related to health, safety and the environment.

(vi)That all accidents including near accidents and dangerous occurrences are investigated and remedial action taken.

(vii) Pollution of the environment resulting from Company activities is mitigated.

(viii) A Safety Rules and Regulations Manual is maintained and made available to all employees

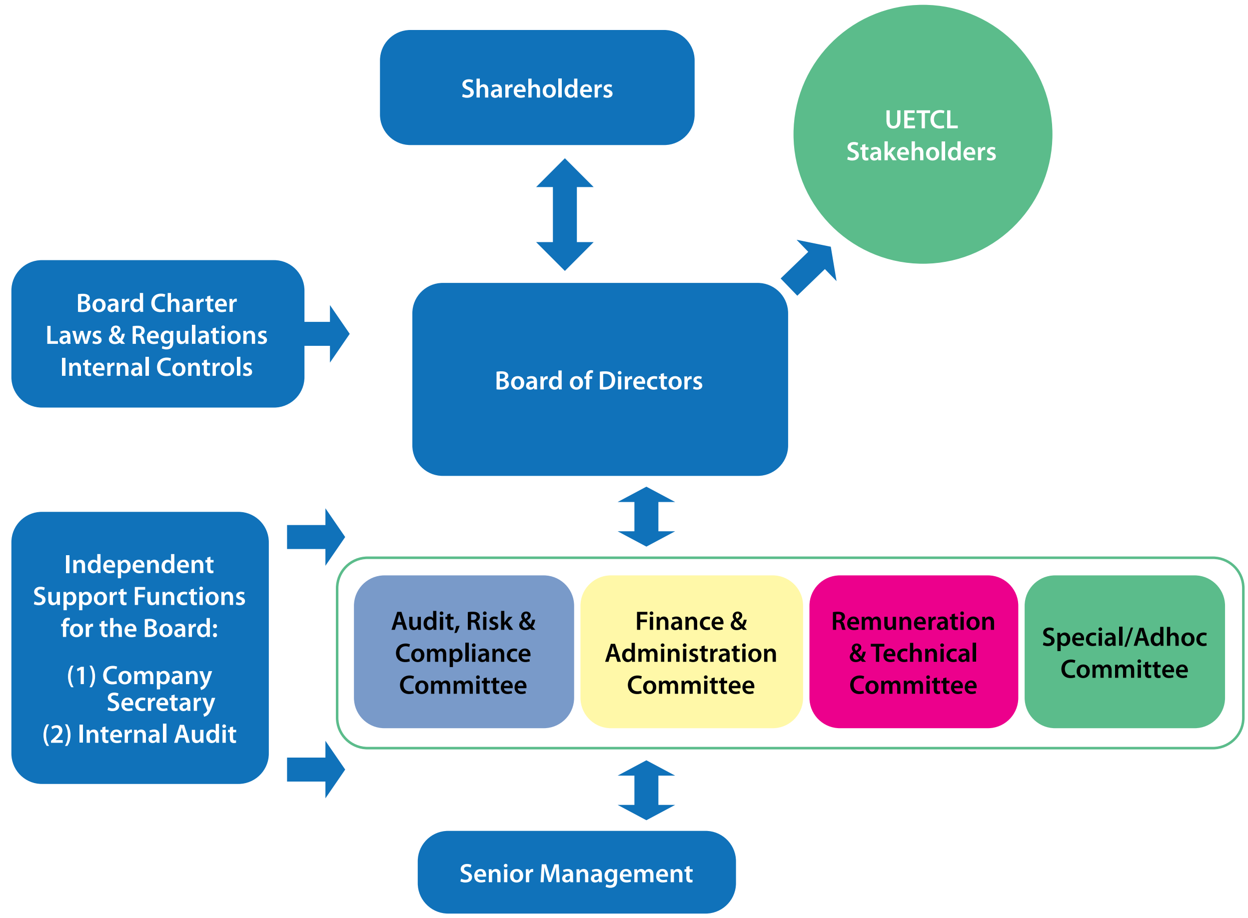
(ix) The Company continually improves Safety, Health and Environmental programs and performance through periodic evaluation and implementation of appropriate corrective and preventive actions.

(x) There is an established Health & Safety Committee that consults in a cooperative spirit to identify and resolve safety and health problems in support of the Company's Safety and Health programs and regulations.

Management is vested with the full responsibility of ensuring an effective healthy and safe working environment in the Company. In addition it is the responsibility of employees, contractors, customers and the general public to comply with all safety procedures and practices as established by the Company and take reasonable care at all times not to do anything or create any condition that will endanger their lives, communities around them and the assets of the Company.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of UETCL have aligned the Company's value creation chain to the Corporate Governance standards set by the Companies Act, 2012. This has been achieved through the restructuring of its company secretarial function; promotion of an ethical working culture; promotion of stakeholder centric decision making and promotion of accountability to the Company's Stakeholders.



Governance Oversight Function

The Board of Directors of UETCL is accountable to Stakeholders for the operations and affairs of UETCL and as such is the governing authority of UETCL. The Board of Directors is guided by a Board Charter which lays out its mandate, authority and responsibilities as well the powers it reserves for itself and those that it has delegated to its Committees and the Managing Director as the head of Senior Management.

The Board of Directors' Non-Executive Directors support the Board in protecting the Shareholders' interests including those of key Stakeholders like the Line Ministry – Ministry of Energy & Mineral Development. The Board of Directors is also supported by the Independent Non-Executive Directors, who provide independent oversight; constructive challenge and promote objectivity in decision making in the best interests of the Company.

The Board of Directors sets the strategy of the Company and its implementation by Management. The Board of Directors also sets policies and internal controls in place and regularly receive reports from Internal Audit function on the adequacy and effectiveness of these controls and policies. The Board's Non-Executive Directors support and advise the Managing Director/Chief Executive Officer.

The roles of the Board Chairperson and the Managing Director are separate. During the period under review, Peter Ucanda served as Board Chairperson and in July 2020, George Rwabajungu was appointed as the Managing Director. The Board's Committee Chairpersons during the reporting period were as follows:

Chairperson	Board's Committee
Julius Mukholi Wamukota	Audit, Risk & Compliance Committee
Sylvia Muwebwa Nabatanzi	Remuneration & Technical Committee
Eng. Cecilia Nakiranda Menya	Finance & Administration Committee
Eng. Innocent Obok Yotkum	Technical committee

Board size, composition, skills and experience in FY 2020/2021

The Board of Directors of UETCL is composed of seven members three (3) appointed by the Company's Shareholders – Minister of Finance, Planning & Economic Development and Minister of State for Privatization and Investment and four (4) appointed by the Ministry of Energy and Mineral Development.

No.	Name of Director	Position on the Board	Date of Appointment
1.	Kwame Ejalu Ejuku	Board Chairperson	April 07, 2022
2.	George Rwabajungu	Managing Director	July 2020
3.	Sylvia Muwebwa Nabatanzi	Member	April 07, 2022
4.	Achiro Sharon Loka	Member	April 07, 2022
5.	Eng. Cecilia Nakiranda Menya	Member	April 07, 2022
6.	Julius Mukholi Wamukota	Member	April 07, 2022
7.	Eng. Innocent Oboko Yoktum	Member	April 07, 2022

(a) Director Classification

During the FY2020/2021, the Directors classification stood as indicated in the table below:

Independent Non-Executive Directors	Non-Executive Directors	Executive Director(s)	Total Number of Directors
04	02	01	07

(b) Gender Mix

In the reporting period, the Directors' gender mix on the Board stood as follows:

Female	Male
02	05

(c) Skills & Experience Mix

The Board of Directors of UETCL annually assess the skills and experience of the Board Members on a collective basis.

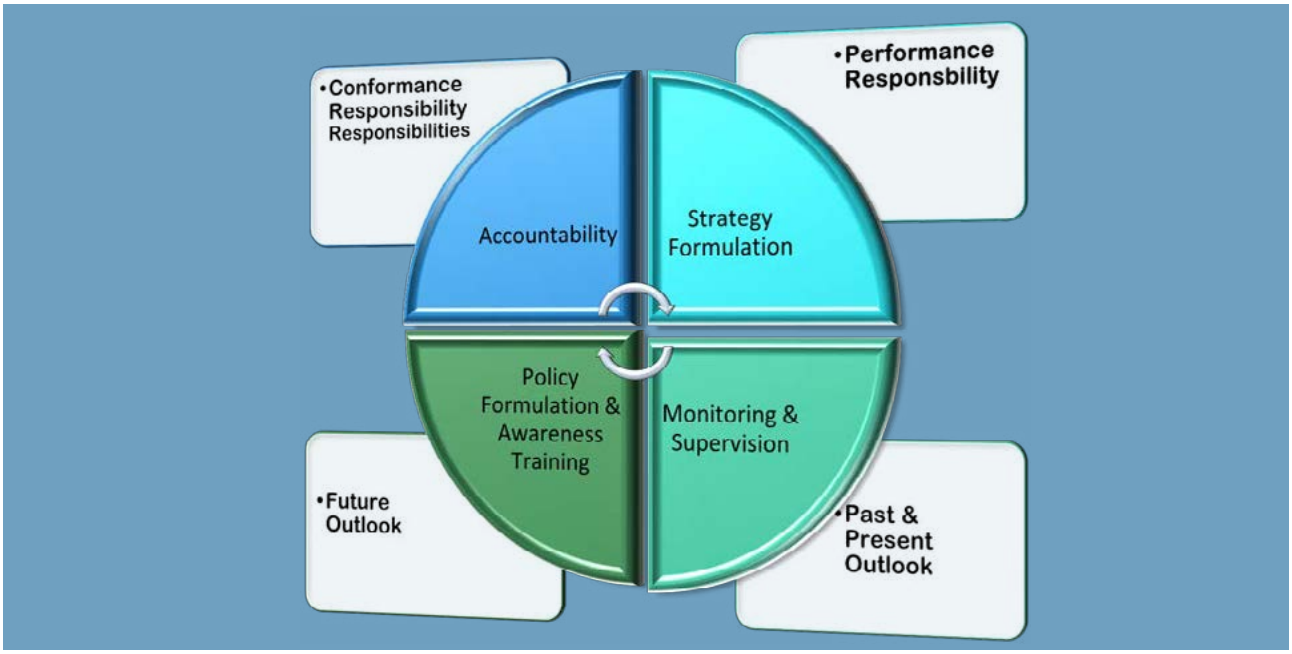
Board Skills	Collective Rating of Board Skills
Electricity Transmission Service Experience	Strong
Leadership Acumen	Strong
Strategy	Strong
Governance	Strong
Human Resource & Remuneration	Moderate
Project Management Experience	Strong
Financial Acumen	Moderate

Board Skills	Collective Rating of Board Skills
Technology & Digitalization	Moderate
Commercial Acumen	Moderate
Audit Acumen	Strong
Risk Management	Strong
Legal & Compliance	Strong
Procurement	Moderate

The moderate skills are enriched through customized Board Development programmes.

Board Structure in FY 2020/2021

The overall collective and individual responsibilities of the Board of Directors of UETCL are set out in the following diagram:



The responsibilities of the Board's Committees are presented here below

AUDIT, RISK & COMPLIANCE COMMITTEE

Meets at least four times a year and assists the Board in having oversight over UETCL financial reporting, internal control mechanism, determination of risk appetite and compliance management

FINANCE & ADMINISTRATION COMMITTEE

Meets at least four times a year and assists the Board in having oversight over –

- Financial planning
- Setting financial performance targets
- Procurement
- Investments in Grid development, operation and maintenance
- Business development
- Assets management

TECHNICAL COMMITTEE

Meets as per the requirements of the business of UETCL and assists the Board in having oversight for:

- **Project Planning, Design and Implementation**
- **Operation & Maintenance of the Transmission Grid**
- **Human Resource Management**
- **IT Strategy**
- **Dispute Resolution**
- **Asset Liability**

Directors' Attendance to Board Business in FY 2021/2022

To be inserted by Ag. Company Secretary

	JUNE 2021 TO APRIL 2022						
	Board Meetings	**FAD Com**	**RTC Com**	**ARC Com**			
Peter Ucanda	20	10					
Richard Santo Apire	21			5			
Sarah Irumba Muhumuza	23		9	5			
Abdon Atwine	21		9	4			
Christopher Mugisha	20	10					
Grace Oburu	21			5			
	APRIL 2022 TO JUNE 2022						
	Board Meetings	**FAD Com**	**T C Com**	**ARC Com**	**RHR Com**		
Kwame Ejalu Ejuku	6			1			
Sylvia Nabatanzi Muwebwa	6			1			
Sharon Achiro Loka	6	1	1	1			
Julius Mukholi Wamukota	6	1					
Eng. Cecilia Nakiranda Menya	6	1	1				
Eng. Innocent Oboko Yotkum	6		1	1			

NB. **FAD** – Finance and Administration Committee
RTC – Remuneration and Technical Committee
ARC - Audit, Risk and Compliance Committee
T C – Technical Committee
RHR – Remuneration and Human Resource Committee

Board Processes

Director Induction

The Board Charter has provisions for the induction of new Directors in line with the prevailing Corporate Governance standards.

Director Development

The Board Charter also provides for the continuous development of the Board Directors based on the identified training needs of the individual directors and the collective Board during the annual performance evaluations. The Company Secretary assists the Board Chairperson in the implementation of the approved Board Director Development programme. During the reporting period, the Board Director development programme was implemented as per the table below.

Director Development Requirements Addressed	Dates of Training Attended	Number of Directors Trained
Leadership and Governance at Board Level	18th – 28th October, 2021	3
Effective Team Leader	31st October, 2021 to 11th November, 2021	1
Leadership and Governance at Board Level	08th – 18th November, 2021	2

Financial Reporting Process, Internal Controls and Risk Management

(i) Integrity and robustness of financial and other controls

During the reporting period, the Board of Directors had appropriate policies, procedures and internal controls in place to facilitate appropriate financial reporting by Management.

(ii) Risk Management

During the reporting period, the Board of Directors had approved the relevant enterprise risk management framework which was being rolled out to staff.

(iii) Abusive related party transactions

The Board of Directors continued to maintain a record of disclosures of conflict of interest made by the Non-Executive Directors during the reporting period.

(iv) Whistle-blower mechanism

During the reporting period, the Board of Directors approved the Ethics and Compliance section in the Governance, Ethics & Compliance Department as an independent function to boost the 'speak up' system of Uganda Electricity Transmission Company Limited. The Board of Directors and Management continue to engage the Industry Regulator for funds to finance the development of a Company-wide Ethical Code of Conduct and related procedures to boost the Company's 'speak-up' system.

Board Information and Accountability

Dynamics and functioning of the Board: -

(i) Annual Board Calendar

The Board Calendar FY 2020/2021 was duly approved by the Board of Directors.

(ii) Information Availability – Reliability, as well

The Board's Non-Executive Directors have access to information. The Board of Directors have an established Internal Audit function which provides assurance on the reliability of the information provided by Management.

(iii) Interactions and Communications with the Managing Director/CEO
and Senior Executives

The Board of Directors interacts with the Company's Senior Executives through interactive Board-Management retreats held on a quarterly basis. The Board of Directors also enhance this interaction by encouraging its Committees' interaction with Senior Executives during Committee meetings.

(iv) Board Agenda

The Board's agenda is set by the Board Chairperson in consultation with the Managing Director/Chief Executive Director.

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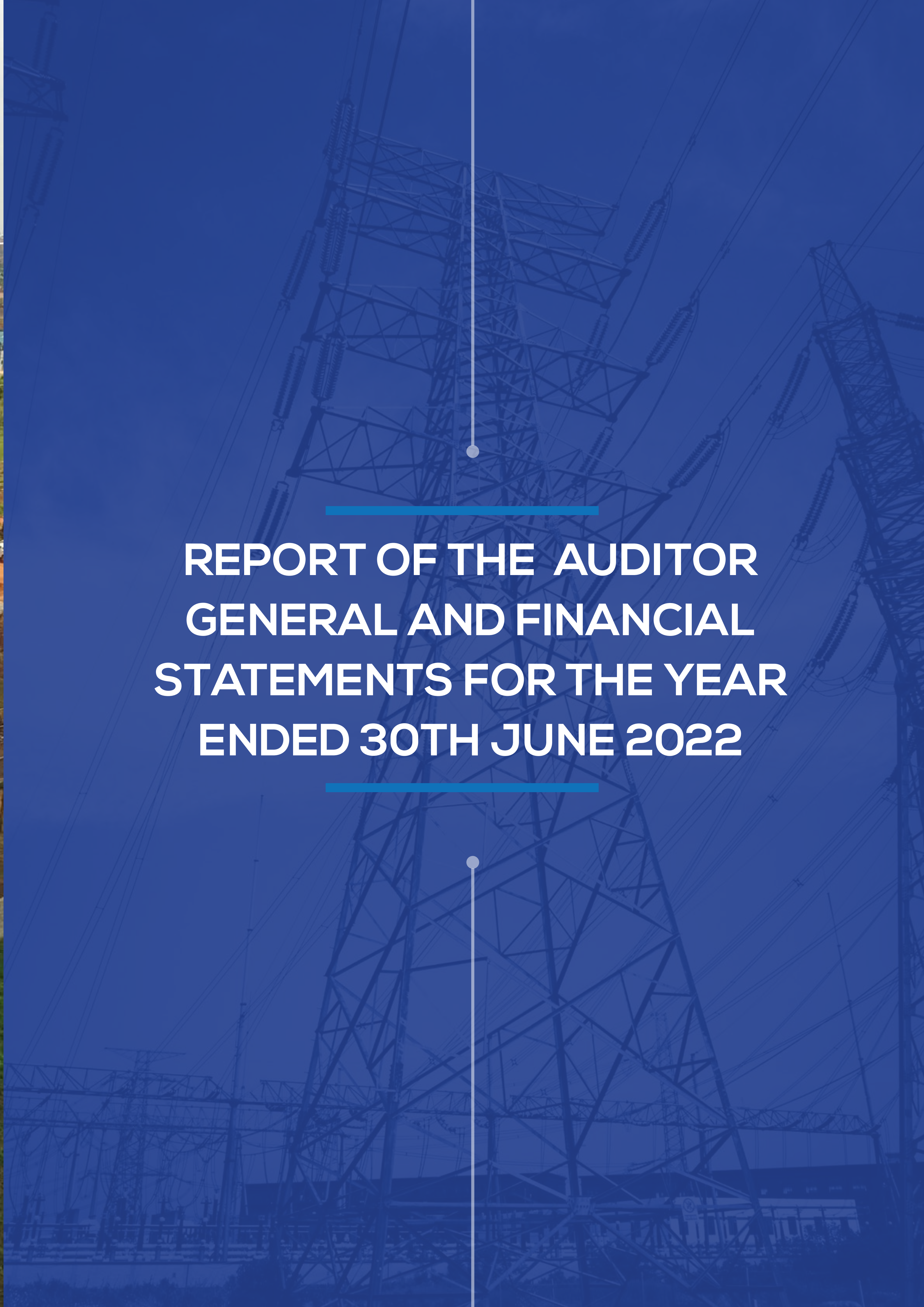
Chairman, Board of Directors

Luzira Industrial
Park Substation



REPORT OF THE AUDITOR GENERAL AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF UGANDA ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE 2022

OFFICE OF THE AUDITOR GENERAL UGANDA

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LIST OF ACRONYMS

Acronym	Meaning
F/Y	Financial Year
GOU	Government of Uganda
UETCL	Uganda Electricity Transmission Company Limited
ERA	Electricity Regulatory Authority
MoFPED	Ministry of Finance Planning and Economic Development
MEMD	Ministry of Energy and Mineral Development
INTOSAI	International Organization of Supreme Audit Institutions
ISA	International Standards on Auditing
IESBA	International Ethics Standards Board for Accountants
PAP	Project Affected Persons
PFMA	Public Finance Management Act, 2015
PIP	Public Investment Plan
NAA	National Audit Act
TI	Treasury Instructions
UGX	Uganda Shillings
USD	United States Dollar

REPORT OF THE AUDITOR GENERAL ON THE AUDIT OF FINANCIAL STATEMENTS OF UGANDA ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE, 2022

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the accompanying financial statements of the Uganda Electricity Transmission Company Limited (UETCL) which comprise the statement of Financial Position as at 30th June 2022, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with other accompanying statements for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of UETCL as at 30th June 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the requirements under the Companies Act of Uganda, 2012.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the company in accordance with the Constitution of the Republic of Uganda 1995 (as amended), the National Audit Act, 2008, the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), and other independence requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing audits in Uganda. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined the matters described below to be key audit matters communicated in my report.

- **Implementation of the approved budget**

  In July 2021, the board of UETCL approved the annual budget for financial year 2021/2022, which specified the resource available for the year and the outputs to be achieved. Over the years, I have undertaken evaluations of the performance of the budget and the extent to which planned out-puts have been achieved.

I am also aware that some entities continued to face the effects of Covid-19 which affected the performance of their budgets and implementation of planned activities. Against this background, an evaluation of the performance of the 2021-2022 budget was considered a key audit area during the office-wide planning. It is against this background that an evaluation of the performance of the 2021-2022 budget by all government entities was considered as a key audit area during the office-wide planning.

UETCL is mandated under the Electricity Act to undertake the following activities; Operate and maintain the High Voltage Transmission Grid, Power Export & Import and Bulk Power Supply. The mandate is categorized into two business areas namely the Single Buyer and Transmission Systems Operator (TSO) businesses. Under the single buyer business, UETCL is authorized to negotiate all agreements related to the sale, purchase, import and export of electric energy and the TSO business involves conducting system operations including the dispatch and control of the operation of generation plants and other facilities necessary for system stability, security, reliability, safety and efficient operations.

The entity had an approved budget of UGX. 1,532,689,000,000 (including both Tariff and GOU development), out of which UGX. 1,574,481,765,994 was realized representing 102% of the budget. The entity's key deliverables for the financial year under review are detailed in the table below;

Table Showing key deliverables for UETCL for the year

No	Key deliverables	Budgeted Amount (UGX')	Cumulative %age share of the total approved budget
1	Energy Purchases (Bujagali Energy Ltd, UEGCL, Eskom, Agago Achwa HPP-Arpe, Tronde Bugoye, Kakira etc)	1,330,980,000,000	86.8
2.	GOU-counterpart funding (mainly for compensation related activities)	85,460,000,000	92.4
4.	Grid Maintenance costs (Substation maintenance, Software system Maintenance, Transmission line Maintenance & Optic fibre Maintenance, Wayleave costs etc)	9,642,161,207	93

I reviewed the implementation of the approved 2021/2022 budget by the entity and noted the following.

No	Observation	Recommendation
1.1	**Revenue Performance** The entity budgeted to earn income amounting to UGX 1.532TN of which UGX 1.574TN was earned, representing 102.7% performance as further explained below; **Table 1: Showing Revenue Performance**	I advised the Accounting Officer to engage with MoFPED and MEMD to ensure adequate release of Government counterpart funding and

	<table><tr><td>Source</td><td>Budget (UGX Bn)</td><td>Actual Revenue (UGX Bn)</td><td>Variance (UGX Bn)</td><td>Funding Gap/(Surplus)</td></tr><tr><td>Tariff</td><td>1,447.229</td><td>1,546.296</td><td>-99.067</td><td>(6.85%)</td></tr><tr><td>Gou Dev't Funding</td><td>85.460</td><td>28.186</td><td>57.274</td><td>67.02%</td></tr><tr><td>Total</td><td>1,532.689</td><td>1,574.482</td><td>-41.793</td><td>-2.73%</td></tr></table> <u>Tariff Budget Analysis</u> I reviewed the Tariff budget for the financial year 2021/2022 and noted that the entity budgeted to earn UGX.1.447Tn during the year under review. Out of this, UGX.1.546Tn was realised, representing a performance of 6.85% surplus above the target. However, there was a budget shortfall in Government subsidies of UGX. 23.5Bn towards capacity charges and deemed energy costs as detailed in Appendix 1. Shortfalls in Government subsidies will increase obligations towards capacity charges and deemed energy costs and may lead to possible litigation. <u>GOU Development Funding</u> In regards to GOU Development funding, a budget shortfall of 67.02% was registered in relation to compensation related activities as shown in the table above and Appendix 1. Shortfalls in revenue performance affects implementation of planned activities. The Accounting Officer explained that Management would continue engaging MEMD and MOFPED to accelerate releases.	subsidies.
1.2	<u>Implementation of outputs and activities-</u> I assessed the implementation of a sample of twelve (12) activities under two (2) projects worth UGX 76.173Bn and three (3) activities under the key performance indicators (KPIs) for the FY 2021/22. The two projects included Karuma Interconnection and Gulu-Agago Transmission Line & Associated Substations while the KPIs included the Energy Sales, Transmission losses and the net Energy Exports. I noted the following in the assessment of the activities. • Under the two (2) projects, nine (9) activities worth UGX 76.173Bn in relation to construction works were partially implemented while one activity in regards to Karuma project was not implemented. This was in relation to Lira Substation Testing & Pre-commissioning Activities whose expected completion date was October 2021. • In relation to compensation, the entity planned to compensate 531 Karuma project PAPs that were outstanding at the end of FY 20/21 given the scheduled project end date of 15th Oct 2022, however only 74 were compensated. For Gulu Agago project, out of the 21 PAPs that were outstanding at the end of FY 20/21, 15	I advised the Accounting Officer to always ensure that activities and outputs are implemented as planned

	were compensated during the FY 21/22. The 15 were compensated at a total cost of **UGX 96,302,921** out of **UGX 2,452,001,089** that was incurred on RAP related activities representing 3.93% of the expenditure. This points to challenges in the operational efficiency in RAP implementation as RAP related costs are not commensurate to the number of PAPs compensated in a particular FY. • In relation to the KPIs, the energy sales and the net energy Exports targets were fully met while the transmission loss target set by the regulator was not achieved. The company reported a transmission loss of 4.43% against a target of 3.16%. This was attributed to the increased dispatch from mini-hydros resulting into wheeling power over long distances to demand centres which in turn increased the losses than if the power was consumed in the IPP locations. Details in **Appendix 2** Non-implementation of planned activities implies that the expected services to the beneficiary communities were not fully attained. The Accounting Officer explained that Karuma Project KPIs were not met due to various reasons including continued court cases, lack of legal documentation by PAPs, irregular tittles and continued compensation disputes. Whereas for Gulu Agago, the KPI was not met due to protracted family disputes (6), 2 cases that were indisposed(abroad) and 7 cases that were still disputing compensation award. The accounting officer further indicated that other than the direct remittance of funds for compensation of PAPs there were other social risk mitigation activities that draw expenditure but tagged under land acquisition and these include; community development initiatives, livelihood restoration, management of cultural artefacts, mitigation of gender based violence, stakeholder engagement and grievance redress, construction of resettlement houses, staff salaries and allowances and vehicle maintenance and fuelling.	

Emphasis of Matter

Without qualifying my opinion, I draw attention to the following matters presented under the financial statements that in my judgment are of such importance and fundamental to the users' understanding of the financial statements;

- **Out-standing Receivables**

  Included under Note 23, Trade and Other receivables is an amount of UGX. 647 Bn, relating to trade receivables. I noted that receivables due from UMEME amounting to UGX 828Mn relates to outstanding energy sales for the period 60-90 days, whereas UGX 88.8Bn relates to the period of over 90 days. Further review of the receivables revealed that UMEME Ltd continued to withhold UETCL power sales revenue to a tune of UGX 64.8Bn on account of non-payment of electricity bills by Government

Ministries Departments and Agencies (MDAs). I raised this matter in my previous audit report for the year ended 30th June 2021.

Accumulation of the receivables and the sustained withholding of revenue by UMEME constrains UETCL's ability to pay electricity generators and could lead to revocation of bank guarantees by the Independent Power Producers, and in worst cases load shedding in the different service territories where these producers operate.

The Accounting officer explained that UETCL and UMEME agreed and signed a payment plan to have the undisputed arrears settled by January 2023 and UMEME is honouring the payment plan. UGX. 64.8 Bn relates to the amount withheld by UMEME on account of non-Payment of power bills by MDAs. The balance relates to disputed debit notes and investigations are on-going between UETCL and UMEME technical teams.
I advised the Accounting Officer to liaise with the relevant stakeholders including Ministry of Finance, Planning and Economic Development and Ministry of Energy and Mineral Development to have the funds defaulted by the MDAs recovered.

Other Matter

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

- **Understaffing**

  The UETCL staff structure provides for 491 staff. Audit however noted that only 357 positions were filled, resulting in a staffing gap of 134 (27%) of the staff structure. I further noted that staff turnover had increased, eight (8) staff had left the company during the period under review. There was continuous anxiety among staff which was likely to affect staff concentration and performance. This negatively affects implementation of planned activities which ultimately impedes achievement of company goals.

  The Accounting Officer explained that appointments had been turned down on account of short contract period. UETCL was one of the companies directed not to contract beyond June 2023.The current strategy was to appoint staff in acting positions which would inevitably affect the quality of service offered.

  I advised the Accounting Officer to liaise with ERA and MEMD to devise strategies that will ensure staff retention and possibly fill the approved vacant positions for efficient and effective service delivery.

- **Evacuation of power over weak third-party grids**

  According to clause 5.4.1 of the License for operation of High Voltage Transmission Grid, UETCL is obligated to plan construct and maintain a High Voltage Transmission Grid as may be necessary to provide transmission capacity sufficient to meet all the demands of all customers within Uganda.

  Within the framework of the Electricity Act 1999 applicable for the period under review, UETCL was licensed as the single bulk purchaser and system operator. Therefore, creating a duty for UETCL to purchase and evacuate all power generated

Within the framework of the Electricity Act 1999 applicable for the period under review, UETCL was licensed as the single bulk purchaser and system operator. Therefore, creating a duty for UETCL to purchase and evacuate all power generated from the delivery point under all Power Purchasing Agreements signed within the country.

UETCL relies on 33KV infrastructure of UEDCL, REA and UMEME as wheelers, to evacuate power, some of these lines are faced with various faults and outages making it unreliable. The failures affecting the availability of the network mainly include; broken jumpers, tripping of circuit breakers, broken conductors and other grid limitations which lower the overall availability below the target of 98%. This also increases technical losses on the evacuation lines, which in turn increases evacuation losses and in some cases lead to deemed energy costs since some dams cannot be fully evacuated over weak grids.

I further noted that there were no formal wheeling agreements imposing duties and obligations for the third-party wheelers.

Therefore, UETCL takes on all the risks for the evacuation losses and deemed energy accumulated on weak grids, which is gradually pushed to the consumer hence increasing the cost of power. This leads to unreliability of power transmission, a failure of UETCL to maintain the obligation of ensuring sufficient capacity and infrastructure to meet the customer needs at all times.

The Accounting officer explained that to address the above challenge, a number of interventions had been undertaken by UETCL working together with other sector players. The Electricity Regulatory Authority introduced the wheeling agreements framework between UETCL and the local distribution companies to ensure a level of grid availability by the distribution companies. The wheeling agreements would minimize deemed energy costs on account of the distribution grid non-availability. The Parties (UETCL, ERA and local distribution companies) were still discussing the implementation modalities for this framework. Management furher stated that a number of grid reinforcement projects had been undertaken to strengthen the grid and these include; construction of a dedicated 33Kv evacuation line from Elgon Siti2 to Mbale, construction of a second 33kv line to evacuate power from PA technical.

I advised the Accounting Officer to accelerate development of Grid networks and formalize its wheeling arrangement with third parties to effectively apportion the risks associated with evacuation of power over weak grids.

- **Non-remittance of the 5% Rural Electrification Levy-UGX.131,958,754,535**

The electricity (establishment and management of Rural electrification fund) instrument No. 75 of 2001 and instrument number 29 of 2021 state that the source of the monies of the electrification fund comprises a levy of 5% on transmission bulk purchases of electricity from generation stations paid by UETCL on a monthly basis. These funds support rural electrification programmes and its activities including general support activities for the preparation and implementation of rural electrification projects and private sector and local community investments in rural electrification projects.

In a letter dated 14th February 2022, MEMD expressed concern over the accumulated outstanding 5% transmission levy as at 30th June 2021, and tasked the company to provide an explanation for the delays in payment to REA. This similar concern was on several occasions raised by Parliament. The review of the rural electrification accrual account revealed that the company had an outstanding obligation of UGX. 131,958,754,535 as at 30th June 2022 that was not remitted into the fund. Refer to the table below

Outstanding obligation as at 30/June/2021	**95,784,978,591**
Additions during the FY 21/22	54,962,437,325
Payments during the FY 21/22	-18,788,663,881
Outstanding obligation as at 30/June/2022	**131,958,754,535**

The non-remittance of the levy hampers progress of the rural electrification activities.

The Accounting Officer explained that UETCL clarified to MEMD that UGX 103Bn had been offset from the amount payable on account of rural electrification levy, pending settlement of the obligations by Government. Management further stated that during the energy crisis of 2011, with concurrence of Government, UETCL applied part of the collected 5% levy funds towards the settlement of power bills so that once Government reimburses UETCL, the same would be remitted to REA. (33bn) Government had not availed the above funds to UETCL. Government owes Umeme Ltd over Ushs 64.779bn on account of Government MDAs non-payment of their power bills. Due to this, Umeme Ltd withheld and paid itself UGX 64.779 Bn against UETCL invoice for delivered/supplied energy. This was done after giving due notice to the Government –Ministry of Finance, Planning and Economic Development. This amount had been offset from the amount payable on account of the 5% levy and once Government reimburses the said amount, then the same would be remitted to the consolidated fund.

I advised the Accounting Officer to liaise with the relevant stake holders, MoFPED, MEMD and ERA to ensure settlement of the outstanding amounts to enable undertaking of rural electrification activities.

- **Rampant Vandalism of the Electricity Infrastructure**

I noted cases of increased vandalism on UETCL's installations specifically the transmission lines and substations. The company continued to be exposed to the vice.
In the FY 2020/21 UETCL incurred UGX 494,150,000 in purchase of Galvanized Angle bars to replace vandalized tower members and this did not include all costs incurred to replace all vandalized components during the period. Further analysis revealed that the company incurred UGX 1,561,537,405 in replacement costs on assorted transmission line items vandalized between 2017 and 2021.

In FY 2021/22 I further noted that the company incurred UGX 3,855,723,571 to provide temporary solutions in form of wooden structures for the vandalized transmission lines, so as to restore power supply. However, the estimated replacement cost for the assorted transmission lines vandalized during the year including the cost of repairs, replacement and security is about UGX 16,575,723,571. Table below refers;

Table Showing Vandalized Towers

Transmission Line	No of Towers affected
Owen Falls- Lugogo 132 kV Line	70
Mbarara-Nkenda 132 kV Line	46
Owen –Falls – Tororo 132 kV Line	43
Owen Falls – Lugazi 66 kV Line	24
Bujagali – Kawanda 220 kV Line	16
Opuyo – Lira 132 kV Line	3
Kawanda - Masaka 220 kV Line	3
Lugogo – Mutundwe 132 Kv Line	2
Hoima – Nkenda 220kV Line	2
Nkenda – Fort Portal 132 kV Line	1
Total	**210**

It is worth noting that some of the towers totally collapsed after vandalism. A case in point is the Bujagali –Tororo –Lessos 220Kv line where 59 towers collapsed

In relation to thefts in UETCL substations, some of the incidents reported in the past two (2) financial years include; vandalism and theft of capacitor banks at Namanve substation, the theft of copper cables at Queen's way substation, theft of transformer oil from the Soroti substation, destruction of towers and vandalism at NELSAP Transmission Line. Table below refers;

Table showing Cases of Vandalism and Theft at Substations

Date of theft	Affected Substation	Description of theft	Quantity	Value (UGX)
31/12/2020	Lira	Transformer oil	150 drums	168,005,396
29/12/2020	Tororo	Two cables from cable trenches	120m of 150mm^2	8,471,354
04/20/2020	Kampala North	Transformer oil	4 drums	4,480,144
09/01/2021	Mutundwe	Theft of copper cables	130m of 70mm^2	3,250,000
Total				**184,206,894**

The delayed curbing of the vice by government may cause severe socio-economic consequences, including loss of revenue through reduced power sales; loss of business opportunities and employment caused by unreliable power supply, increased cost of infrastructure replacement, among others. Some of the many impacts cited included; vandalism of 220kV Bujagali – Kawanda Line necessitating a shut down on 31st July and 1st August 2021 to allow repair of the vandalized towers. This resulted into day-time emergency load shedding of approximately 30MW in areas around Kampala Metropolitan Area. Furthermore, on 10th Nov 2021, the 132kV Mbarara South – Nkenda Line tripped as a result of vandalism. The line was restored on 20th Nov 2021 after erection of emergency restoration towers by UETCL. Besides the long power outage period, the outage of this line changed the topology of western Uganda transmission grid hence making it vulnerable to outages following faults on the grid.

The Accounting Officer explained that the recent vandalism was unprecedented, and it has become a national security matter whereby government security agencies have been asked to take up the matter, and a number of arrests made.

I advised the Accounting officer to liaise with all stakeholders to enhance the security of the power infrastructure and intelligence gathering to bring the culprits to book to safeguard the integrity of the power lines, substations and the attendant equipment.

Other Information

The Directors are responsible for the other information. The other information comprises the statement of responsibilities of the Director and the commentaries by the Head of Accounts and the Director, and other supplementary information. The other information does not include the financial statements and my auditors' report thereon. My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

Management Responsibilities for the Financial Statements

The Directors are also responsible for the preparation of financial statements in accordance with the requirements of IFRS and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Directors have a realistic alternative to the contrary.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the Directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

In accordance with Section 19 (1) of the National Audit Act, 2008, I report to you, based on my work described on the audit of Financial Statements, that; except for the matters raised in compliance with legislation section below, and whose effect has been considered in forming my opinion on financial statements, the activities, financial transactions and information reflected in the financial statements that have come to my notice during the audit, are in all material respects, in compliance with the authorities which govern them.

Report on the Audit of Compliance with Legislation

In accordance with Section 19 of the NAA 2008, I have a responsibility to report material findings on the compliance of the Company with specific matters in key legislations. I performed procedures primarily to identify findings but not to gather evidence to express assurance.

The material findings in respect of the compliance criteria for the applicable subject matters are as follows;

- **Management of Information Technology (IT) Investments in Government**

  The Government of Uganda (GOU) is making large investments in Information Technology (IT) systems because of the tremendous benefits that IT can bring to its operations and services. One of the key programmes of NDPIII 2020/21-2024/25 is *Digital Transformation*, in which Government of Uganda, aims to increase Information, Communication Technology (ICT) penetration and use of digital services for enhancing social and economic development.

  As a result of national prioritisation of ICT, the Auditor General undertook a thematic audit covering three financial years' expenditure (2019/20 to 2021/22) to scrutinise the management of IT Investments across Government. The overall objective was to assess whether the IT investments in Government are strategically aligned, managed appropriately and focused on achieving the NDP III objective. The procedures undertaken covered: planning and budgeting; procurement, utilization, maintenance and disposal of IT systems; governance, and financial reporting.

  For the current year 2021/2022, the entity budgeted for UGX 5,482,590,933 for acquisition and implementation of IT systems and equipment and received UGX. 4,816,994,118.

  A review of ICT activities implemented revealed the following;

No	Observation	Recommendation
10.1	**Procurement/Development and Use of Software/Licenses (IT Systems) and Equipment** The ICT Systems Development Lifecycle (SDLC) requires a systematic approach which includes; initiation, planning and execution. In addition, I made my assessment basing on PS/ST and NITA-U guidance on ICT developments which aim to promote rationalisation and avoid further development of isolated IT systems in MDAs and LGs. During the audit of UETCL, I observed the following; i. A total of four (4) IT Systems worth a total of UGX. 1,022,162,400 had no clearance from NITA-U. Refer to **Appendix 5(a)**.	I advised the Accounting Officer to enhance controls and improve compliance with the policies and guidelines.

	ii. One (1) IT system, the Dense Wave Division multiplexing (DWDM) terminal equipment at an approximate cost of UGX. 8,916,625,000 acquired prior to the period under review was not being utilized by UETCL. The board secretariat in a letter dated May 16, 2019 indicated that UETCL was failing to realize value for money from the DWDM which was fully functional but the company had continued to lease Dark Fibre. **Appendix 5(b)** refers. **iii.** I reviewed the inception reports for two (2) IT projects with a total cost of UGX. 488,590,000 and noted that set timelines were not met during implementation. **Appendix 5 (c)** refers. **iv.** I noted that the UETCL has a number of systems including but not limited to Sun system, Payroll System, Geographical Information System and Budget Information System for different roles. Despite the fact that all these systems or some of them are meant to share information to aid the smooth running of the entity, all these systems were operating in isolation of each other. They did not have any automated mechanisms to share information (integrated). As such, information sharing was purely manual despite being explicitly provided for, in the respective system requirements and contracts. **Appendix 5 (d)** refers. Non-compliance may lead to duplication of acquisition, procurement of non-compatible solutions and equipment; and general deviation from Government's efforts to rationalize resources for better service delivery. The Accounting Officer explained that; i) NITA-U clearance would be sought going forward. ii) In relation to the DWDM, the project was a public private partnership between UETCL and ZTE in which each party had a set of obligations. The equipment belongs to ZTE and the marketing of the service was an obligation of ZTE which obligation was not well executed and therefore management was in the process of remodelling the fibre business generally. iii) Interruptions by the COVID-19 pandemic caused the delays in execution of the digitization project beyond the set timelines stipulated in the inception report. iv) UETCL is undertaking a procurement for an Integrated Management Information System (IMIS) or ERP with the objective of systems integration and information sharing.	
10.2	**Disposal and Decommissioning of ICT Assets** Paragraph 15.11.1 of the TIs, 2017, PPDA Act, 2003 (as amended) and PPDA Regulations, 2014 together with the PFMA, 2015 require MDAs and LGs to efficiently and transparently dispose assets as recommended. However, I noted; **i.** Ten (10) IT systems or hardware equipment valued at UGX. 258,657,834 that had exceeded their useful life and recommended for disposal by the board of survey report were not disposed. **Appendix 6 (a)** refers.	I advised the Accounting Officer strengthen internal controls relating to asset management and security.

	ii. I noted that a total of 121 IT equipment worth UGX.482,978,198 were reported as not seen during the verification exercise conducted by UETCL in 2018. These however, appeared in the asset register of the same year and are still recorded in the asset register report of 30th June 2022. These could have gone missing but there is no evidence of police reports to confirm the loss. **Appendix 6 (b)** refers. Delayed disposal of IT assets leads to further diminution in value and loss to government. The lost assets correspond to financial loss by the entity. The Accounting Officer explained that financial constraints pertaining to Budget shortfalls, lead to such delays in disposal as staff would have no equipment to use.The assets were part of the vandalised pilot tower protection system. The case was reported to police and records kept. Unfortunately, all the officers that participated in the incident were no longer staff of UETCL. Efforts to retrieve the untraceable police report are ongoing.	
10.3	**ICT Governance** IT governance entails leadership, structures, and processes that enable an organization to make decisions to ensure that its IT sustains and extends its strategies and objectives. However, a review of the ICT governance structure of the entity revealed that; i. Out of the total approved established positions in the structure for the ICT Unit of sixteen (16) staff, only ten (10) representing (62.5 %) of the approved structure were filled leaving six (6) (37.5 %) positions vacant. The table below refers;	I advised the Accounting Officer to establish structures and mechanisms to follow up ICT related matters and implementation of ICT investments.

Table showing ICT staffing gaps

Position Per Establishment	No. of Approved Positions	No. of Positions Filled	Unfilled Positions
Principal IT Officer	1	0	1
Senior IT Officer	3	2	1
IT Officer	11	7	4
IT Technician	1	1	0
Total	**16**	**10**	**6**

ii. The entity has an ICT steering committee in place however discussions held with UETCL staff revealed that the ICT committee was inactive occasioned by competing priorities. For instance, audit was not provided with evidence of meetings held by the committee during the FY under review which would indicate discussion of ICT related issues or matters for implementation.

iii. There was no business continuity plan, contrary to Section 4.6 of the National Information Security Policy 2014.

Absence of ICT governance structures hampers formulation of appropriate ICT policies, strategies and real time upgrade of

	ICT interventions. In addition, it may lead to misalignment of IT investments with the overall entity strategic objectives. The Accounting Officer explained that the vacant positions were tailored to the implementation of the IMIS/ERP which was still under procurement. The staff would be recruited in tandem with the implementation of the IMIS. The audit finding on ICT steering committee had been noted and the recommendation shall be implemented going forward.	

- **Management of Public Land**

Section 45 of the Public Finance and Management Act (PFMA), 2015 (as amended) requires the Accounting Officers to be responsible for the management of the land under their custody. Public land management is the process by which public land resources are put to proper utilization. Paragraph 16.13.11 of the Treasury Instruction, 2017 requires that for a government entity to be considered to have control over land only when it has the title.

I observed that Government entities have challenges with regard to planning and budgeting, protecting, reporting, utilization and disposal of Public Land. These challenges include; inadequate record keeping, non-compliance to recognition and measurement criteria, loss of entity control due to encroachment and encumbrances, and lack of land titles, among others. These have negatively affected the quality of financial statements, and hampered service delivery and fulfillment of entity mandates.

Documents, such as; Laws and Regulations, approved strategic plans, policy statements, budgets, Financial Statements, Asset Register, Court case files and correspondences, Land titles and lease files were reviewed. In additions, I interacted with entity management and discussed issues affecting public land management. Furthermore, I physically inspected some pieces of land owned by the entities.

From the procedures undertaken, I noted the following;

No.	Observation	Recommendation
11.1	**Titling and Transfer** Section 49 (c) of the Land Act, Cap 227, requires that Uganda Land Commission shall procure certificates of title for any land vested in or acquired by the Government. I noted that out of 1,833 titles received from PAPs, only 246 (13%) of the Titles were processed and returned to the PAPs. Out of 723 Titles handed to the RAP consultant, only 379 (52%) had been processed and returned. It was further noted that of 1,110 titles submitted to UETCL, 331 (30%) were processed. **Appendix 7 refers** This was attributed to delays by the RAP Consultant in processing land titles for the transmission line corridor in the names of UETCL, as well as inefficiencies at the Ministry of Lands, Housing and Urban Development.	I advised the Accounting Officer to continue liaising with concerned Government agencies to expedite the process of acquiring land titles.

	Lack of Land titles may result into encroachment, disputes and loss of public land. The Accounting Officer explained that the entity was considering engaging other stakeholders such as MEMD and also coming up with a prequalified list of surveyors and land valuers to strictly handle titling and transfers as opposed to RAP consultants. The matter was escalated to the Permanent Secretary (PS), Ministry of Lands. However, for all the Projects, the costs of mutating and processing titles deterred the Consultant from completing the assignment and these were retrieved and will be handled by a task force.	
11.2	**<u>Delayed subdivision/mutation of Land</u>** Section 2.1 of the Ministry of Lands, Housing and Urban Development Clients' Charter 2017/18 – 2020/21, stipulates that the Department of Surveys and Mapping shall approve a subdivision/mutation of land within 7 working days. A review of a sample of records in the Way leaves information System for subdivision/mutation of land revealed delays of an average of 25 Months (2years) in concluding subdivisions/mutations for pieces of land measuring 6,539 Acres. **Appendix 8 refers** This was attributed to delays by the RAP Consultant in expediting the process of land titling, as well as inefficiencies at the Ministry of Lands, Housing and Urban Development. Lack of Land titles may result into encroachment, disputes and loss of public land.	I advised the Accounting Officer to ensure the RAP Consultant expedites the process of acquiring land titles. In addition, engage with the Ministry of Lands in order to resolve the delays in Titling of Land.

11.3	**Maintenance of land Register** Instruction 16.6.1 of the Treasury Instruction, 2017 requires the Accounting officer to maintain an electronic or manual register, in a form (TF 26) for all assets that contain the minimum of the following; Date of purchase of the asset, The supplier, The type and description of each asset,(for land - land registration number, The acquisition cost of the asset, The physical location of the asset, User of the asset/, Condition of the asset, Date of disposal (as applicable); and (l) Disposal proceeds (as applicable). I noted that the entity has not put in place a comprehensive land Register which includes information on date of acquisition, description of the asset, Cost of acquisition and location of the Asset. A list of Land Titles of pertaining to 241 pieces of land measuring approximately 2,749 hectares were not recorded in a Central Land register, hence completeness of its land inventory could not be confirmed. This was attributed to failure by Management to harmonize information on Land acquired by the entity, in the custody of the Legal department as well as the Operations department. The non-recording of land in the Central land registry affects the entity's ability to keep track and monitor all its land. The Accounting Officer explained that management would work on the process of coming up with a comprehensive Lands register.	I advised the Accounting Officer to ensure that all Land is duly recorded in the entity Land register.
11.4	**Unutilized Land** Instruction 16.13.12 of the Treasury Instruction, 2017 requires that to control an asset, a government entity usually be the predominant user of the asset. I noted through document review and inquiries with management that 33 pieces of land remained unutilised and have not been disposed of by the company. **Appendix 9 refers** Vacant land if not secured is susceptible to encroachment hence depletion of Public Land. The Accounting officer explained that the entity was in the process of obtaining Boards approval and valuations from the CGV, before embarking on the disposal process.	I advised the Accounting Officer to expedite the disposal process of the Pieces of Land.
11.5	**Encumbrance on Public Land** Instruction 16.13.12 of the Treasury Instruction, 2017 requires that to control an asset, a government entity should be the predominant user of the asset. I noted through land inspection, document review and inquiries with management that 19 pieces of land measuring 83.98KM and 20 land pieces at UEB quarters in Njeru, owned by UETCL had encumbrances in the form of encroachments. **Appendix 10 refers.**	I advised the Accounting Officer to resolve all forms of encumbrances on the land to ensure uninterrupted utilization of land for service delivery.

	It was further noted through review of the Way leaves Information System that a total of 56 Land titles under Karuma Kawanda Transmission Line, 16 Land titles under Karuma Lira T/L, and 7 Land titles under Tororo-Opuyo T/L had been retrieved by the UETCL Legal Department due encumbrances and Court injunctions. This hinders management's ability to utilize the affected land for the intended purpose, and may pose a risk of loss of land. The Accounting Officer explained that a meeting comprising the legal team, surveyors, encroachers and public relations with a view of evicting encroachers was held in 2018. However, encroachers demanded to meet with the local leaders of Njeru Municipal Council because they participated in allocation of the said land to the encroachers and consequently the local council is collecting taxes from them. Another meeting was affected by Covid-19 restrictions but engagements are still ongoing to ensure an encumbrance free wayleaves corridor.	

John F.S. Muwanga
AUDITOR GENERAL

20th December 2022

35	Njeru	Plot 7 Njeru Crescent	0.262	Wayleaves		
36	Njeru	Plot 7 Estate road	0.227	Wayleaves		
37	Njeru	Plot 9A Estate road	0.346	Wayleaves	Not indicated	Not indicated
38	Njeru	Plot 2 Dam road	0.393	Wayleaves	Not indicated	Not indicated
39	Njeru	Plot 1 Dam road	0.049	Wayleaves		
40	Njeru	Plot 9 Owen crescent	0.143	wayleaves		

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12	Lugogo - Kla North	Steel	5.5	TL	0.6	4.9
13	Lugogo - Mutundwe	Steel	10.4	TL	7.6	2.8
14	Kla N - Mutundwe	Steel	8.9	TL	0.0	8.9
15	Owen Falls - Tororo	Steel	119.6	TL	118.8	0.7
16	Tororo - Malaba	Steel	10.6	TL	10.6	0.0
17	Bujagali – Kawanda	Steel	73	TL	71.9	0.82
18	Kawanda - Mutundwe	Steel	17	TL	15.4	0.36
19	Owen Falls - Bujagali	Steel	8.0	TL	6.0	2.0
			Acreage			
20	Njeru	Plot 6A Falls Road,	0.079	Wayleaves	Not indicated	Not indicated
21	Njeru	Plot 8A Falls Road,	0.084	Wayleaves	Not indicated	Not indicated
22	Njeru	Plot 5 Falls crescent,	0.227	Wayleaves		
23	Njeru	Plot 1 Owen crescent	0.316	wayleaves		
24	Njeru	Plot 4 Owen crescent	0.279	Wayleaves		
25	Njeru	Plot 2 Estate Lane	0.324	Wayleaves		
26	Njeru	Plot 6 Dam Rise	0.245	wayleaves		
27	Njeru	Plot 7 Dam Rise	0.252	wayleaves		
28	Njeru	Plot 7 Power Road	0.356	wayleaves		
29	Njeru	Plot 9 Power Road	0.274	Wayleaves		
30	Njeru	Plot 10 Power Road	0.279	wayleaves	Not indicated	Not indicated
31	Njeru	Plot 12 Power Road	0.272	wayleaves	Not indicated	Not indicated
32	Njeru	Plot 14 Power Road	0.334	wayleaves		
33	Njeru	Plot 1 Njeru Lane	0.294	wayleaves		
34	Njeru	Plot 4 Njeru Lane	0.267	wayleaves		

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22	Plot 1082	Block 277-30C	Bujjuko, Busiro County	Wakiso
23	Plot 1079	Block 277-30C	Bujjuko, Busiro County	Wakiso
24	Plot 1084	Block 277-30C	Bujjuko, Busiro County	Wakiso
25	Plot 1201	Block 182	Bulindo, Kyadondo	Wakiso
26	Plot 1210	Block 182	Bulindo, Kyadondo	Wakiso
27	Plot 1332	Block 182	Bulindo, Kyadondo	Wakiso
28	Plot 1218	Block 182	Bulindo, Kyadondo	Wakiso
29	Plot 5282	Block 203	Kasubi-Lubya (Nansana), Kyadondo	Wakiso
30	Plot 3472	Block 203	Kasubi-Lubya (Nansana), Kyadondo	Wakiso
31	Plot 5252	Block 203	Kasubi-Lubya (Nansana), Kyadondo	Wakiso
32	Plot 5281	Block 203	Kasubi-Lubya (Nansana), Kyadondo	Wakiso
33	Plot 5271	Block 203	Kasubi-Lubya (Nansana), Kyadondo	Wakiso

Appendix 8: Encumbered Land- Encroachment

S/N	Location	Description	Land Area Length KM	Current Activity	Size utilized LengthKM	Size encumbered KM encroached
1	Mutundwe - Kabulasoke	Wooden	84.5	TL	73.5	11
2	Kabulasoke - Nkonge	Wooden	134	TL	128.6	[illegible]
3	Nkonge - Nkenda	Wooden	75	TL	71.1	3.9
4	Kabulasoke - Masaka West	Wooden	59.5	TL	50.5	9.0
5	Tororo - Opuyo	Wooden	119.5	TL	119.5	0.0
6	Opuyo - Lira	Wooden	141.2	TL	137.9	3.3
7	Owen Falls - Lugazi	Steel	35.2	TL	35.2	0.0
8	Masaka West - Mbarara North	Steel	129.6	TL	126	3.6
9	Masaka West - Kyaka	Steel	85	TL	73.8	11.2
10	Owen Falls - Kla North	Steel	68.8	TL	57.6	11.2
11	Owen Falls - Lugogo	Steel	75	TL	70.1	4.9

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9	Entebbe - Mutundwe	T/L	0.3237	1.01.2018	Not yet Received	
10	Karuma -Kawanda	Transmission Line	1.2767	28.11.2017	17.06.2021	42 Months
11	Kawanda -Masaka	Transmission Line	1.6842	7.10.2015	27.06.2018	33 Months
12	Nkenda-Hoima	T/L	2.1546	30.10.2016	12.11.2019	36 Months
13	Tororo-Opuyo-Lira	T/L	0.3968	01.12.2015	Not yet Received	
14	GERP	T/L	3.102	14.07.2021	Not yet Received	
15	Mbarara- Mirama	T/L	2.0922	01.12.2015	Not yet Received	
16	Mbarara-Mirama	T/L	1.9558	01.12.2015	Not yet Received	
17	Masaka-Mbarara		2.1617	14.01.2021	Not yet Received	
18	Masaka-Mbarara		2.6077	26.10.2021	Not yet Received	
	TOTAL		39.6342			283 Months

Appendix 7: Unutilized Land

S/N	Plot No	Block No	Location	District
1	Plots 104	Block 148	Buyuki, Kyaggwe	Wakiso
2	Plot 105	Block 148	Buyuki, Kyaggwe	Wakiso
3	plot 106	Block 148	Buyuki, Kyaggwe	Wakiso
4	Plot 358	Block 268	Namusera, Busiro County	Wakiso
5	Plot 359	Block 268	Namusera, Busiro County	Wakiso
6	Plot 355	Block 268	Namusera, Busiro County	Wakiso
7	plot 362	Block 268	Namusera, Busiro County	Wakiso
8	plot 360	Block 268	Namusera, Busiro County	Wakiso
9	Plots 3015	Block 347	Nalumunye, Busiro County	Wakiso
10	Plot 3016	Block 347	Nalumunye, Busiro County	Wakiso
11	Plot 3017	Block 347	Nalumunye, Busiro County	Wakiso
12	Plot 3022	Block 347	Nalumunye, Busiro County,	Wakiso
13	Plot 1280	Block 92	Namwezi, Kyaggwe County	Mukono
14	Plot 1281	Block 92	Namwezi, Kyaggwe County	Mukono
15	Plot 1072	Block 277-300	Bujjuko, Busiro County	Wakiso
16	Plot 1073	Block 277-300 Land	Bujjuko, Busiro	Wakiso
17	Plot 1074	Block 277-300	Bujjuko, Busiro County,	Wakiso
18	Plot 1075	Block 277-300	Bujjuko, Busiro County	Wakiso
19	Plot 1076	Block 277-300	Bujjuko, Busiro County	Wakiso
20	Plot 1080	Block 277-300	Bujjuko, Busiro County	Wakiso
21	Plot 1081	Block 277-300	Bujjuko, Busiro County	Wakiso

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Hoima Kafu	1	0	1	0	0	0
Mbarara Nkenda	49	37	12	8	2	8
Lira Gulu Agago	0	0	0	0	0	0
Gulu Nebbi Arua	2	1	1	0	0	0
Kawanda Kapeeka Kasana	0	0	0	0	0	0
Karuma Lira	25	0	25	0	0	0
Karuma Kawanda	435	77	358	65	103	68
Tororo Lira	23	1	22	0	0	0
Mbarara Mirama	14	5	9	0	0	0
Hoima Nkenda	69	40	29	34	28	31
Indus-Namanve	21	0	21	0	0	0
Indus-Iganga	5	0	5	0	0	0
Indus-Mukono	22	0	22	0	0	0
TOTAL	**1833**	**723**	**1110**	**379**	**331**	**246**

Appendix 6 – Delayed Sub-division/Mutation of Land

SN	MDA/LA	Land description	Size (Acres)	Date of submission of Title to RAP consultant	Date Title is received from Consultant after Subdivision/Mutation	Months taken for processing
1.	Kampala Metropolitan	T/L	0.11	11.01.2021	18. 02. 2021	1 Month
2.	Kampala Metropolitan	Transmission Line	0.77	16. 12.2021	27.04.2022	4 Months
3	Kampala Metropolitan	T/L	0.116	11. 01. 2021	27. 04.2022	15 Months
4	Nkenda- Hoima	T/L	1.4104	5. 07.2018	17.03. 2020	20 Months
5.	Nkenda -Hoima	T/L	7.4	23.07.2019	5. 08. 2022	24 Months
6.	Karuma-Kawanda	Transmission Line	3.1879	24. 01.2019	17.06.2021	29 Months
7.	Karuma -Kawanda	T/L	7.0708	17.01.2018	17. 06.2021	42 Months
8.	Kawanda Masaka	Transmission Line	1.8137	23.03.2016	17.04.2019	37 Months

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2	POWER SUPPLY SYSTEM WITH VIDEO RECORDER/STREAMER A	IT00001276	Maintenance	26,324,202
3	POWER SUPPLY SYSTEM WITH VIDEO RECORDER/STREAMER A	IT00001280	Maintenance	26,324,202
4	POWER SUPPLY SYSTEM WITH VIDEO RECORDER/STREAMER A	IT00001284	Maintenance	26,324,202
5	POWER SUPPLY SYSTEM WITH VIDEO RECORDER/STREAMER A	IT00001300	Maintenance	26,324,202
5	POWER SUPPLY SYSTEM WITH VIDEO RECORDER/STREAMER A	IT00001308	Maintenance	26,324,202
7	POWER SUPPLY SYSTEM WITH VIDEO RECORDER/STREAMER A	IT00001344	Maintenance	26,324,202
8	POWER SUPPLY SYSTEM WITH VIDEO RECORDER/STREAMER A	IT00001352	Maintenance	26,324,202
9	POWER SUPPLY SYSTEM WITH VIDEO RECORDER/STREAMER A	IT00001400	Maintenance	26,324,202
10	POWER SUPPLY SYSTEM WITH VIDEO RECORDER/STREAMER A	IT00001424	Maintenance	26,321,748
11	Computer Laptop Dell Xps M1530	ITVNT00013	Projects Implementation	4,590,960
12	Laptop Computers Dell E 6440 BTX-2619	TCIT140130	Information Technology	4,389,303
	Total			**277,674,627**

Appendix 5 – Titling and Transfer

Project	Titles Received From PAPS	Titles Submitted To The Rap Consultant	Titles With UETCL	Titles Returned By The Rap Consultant	UETCL Row Titles Returned To UETCL	Titles Returned To PAPS
Bujagali Interconnection	66	58	8	0	0	0
Bujagali Lessos	13	0	13	0	0	0
Masaka Mbarara	184	83	101	25	0	0
Mirama Kabale	24	0	24	0	0	0
Kawanda Masaka	529	273	256	189	145	120
Greater Kampala Metropolitan	72	69	3	57	48	15
Mutundwe Entebe	279	79	200	1	5	4

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							collection tool that the system had no integration with other systems
3	Geographical Information System – Planning tool	Grid Planning and evaluating of Grid assets positioning	46 under Planning & Investment Dept	2010	3,015,426,781	Planning & Investment Dept	ICT management indicated in the data collection too that Integration of this system with other key systems such as SCADA and fleet management had not yet been achieved
4	Budget Information System	Multiyear Budget preparation, budget checking and to manage the procurement process by checking requests against the annual budget	42 Staff under Finance Dept	01/09/2014	99,968,600.00	Finance	ICT management indicated in the data collection too that The System is of Silo nature with no integratior with other systems

Appendix 4 (a) – IT Systems and Equipment Recommended for Disposal but not yet disposed

S/N	IT Asset Name	Engraved No	Years in Use	Asset Cost(UGX)
1	Battery Charger 11Vdc Static Power	CE00000657	2.7	46,101,692
2	Battery Bank 110vdc Varta Having 9 Blocks	CE00000576	4.5	45,000,000
3	Printer HP Business Inkjet 2800	IT00000297	4	44,008,166
4	Battery Bank 11Vdc Alcad Having 85Blocks	CE00000664	2.7	28,096,823
5	Firewall Cisco ASA 5550 Series	IT00000766	5	27,560,400
6	Workstation Monitor HP LP2065	SD00000033	4.5	16,749,741
7	Laptop	TCIT070057	5	16,178,961
8	Printer copier-Kyocera Taskalanfa 4500i	TCIT130142	3	16,106,000
9	Workstation Monitor HP LP2065	SD00000037	4.5	13,399,792
10	PC Monitor Phillips 107s1 For Printer Oce Tcs500	IT00000505	5	5,456,259

Appendix 4 (b) – Sample of missing IT Assets without evidence of police reports

S/N	IT Asset Name	Engravement No	Section	Asset Cost (UGX)
1	CCTV Camera	ITVNT00150	Maintenance	31,779,000

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Appendix 3(c) – IT project implementations that did not meet set timelines

S/N	Name of IT System	Purpose of the System	Number of Users	Date of purchase	Cost of the System	User Department
1	Document Management System (Info Router)	Storage of vital company documents such as tittles	System not yet in use awaiting recruitment of temporary staff to man the electronic registry. Despite a contract extension from 27th June 19 to 20th Sep 2019 as per letter of 13th Aug 19 to Syscorp international Ltd(contractor)	01/06/2019	446,040,000	ICT
2	UETCL Billing & Receipting System	Automate the invoicing and receipting to UETCL power distributors and other clients.	Thirty-two (32) staff	01/08/2019	42,550,000	Finance Department
	Total				**488,590,000**	

Appendix 3 (d)– IT Systems not integrated/without interfaces

S/N	Name of IT System	Purpose of the System	Number of Users	Date of purchase	Cost of the System	User Dept	Remarks
1	Sun system	Financial Accounting & Reporting System(	42 Staff under Finance Dept	28/08/2019	111,451,000	Finance	One of the specific tasks as per sec 5.1 of the contract was for the contractor to design the integration services infrastructure however ICT mgt indicated in the data collection tool that the system has no integration with other systems
2	Future gateway	Human Resource Management System	45 staff	01/09/2020	247,210,000	Human Resource	The justification for the system in a letter dated 24 Oct 2019 from ICT to CEO indicated that the syster was easily customizable and could integrate well wi Sun System however ICT mgt indicated in the data

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2	Info Router	Document Management System	Not fully utilized yet awaiting recruitment of temp staff to man the electronic registry. However scanning & uploading of documents ongoing as per Q4 ICT report 21-22	01/06/2019	446,040,000	According to finance & Admin paper 24/2018-2019, the digitization project was to be jointly managed by the IT & admin sections at UETCL
3	Teammate	Audit management tool to automate internal audit processes.	Eleven(11) under internal audit department	01/10/2019	286,362,400	Internal Audit
4	UETCL Billing & Receipting System(part of the Sun-System Upgrade	fully operational web-based tool that is able to automate the invoicing and receipting to UETCL power distributors and other clients.	Thirty-two (32) staff under Finance, Accounts & Sales department	28th/08/2019(contract signing date)	42,550,000	Finance Department. (Discussion held with IT management indicate that the system was still under development although system development & deployment was in 4 months' time from contract signing i.e. 28th/08.2019)
	TOTAL				**1,022,162,400**	

Appendix 3 (b) – IT system not being utilized

S/N	Name of IT System	Purpose of the System	Number of Users	Date of purchase	Cost of the System	User Dept	Remark
1	Dense Wave Division multiplexing (DWDM terminal equipment)	To provide a high speed internet connection in Uganda and East African region	Internet service provides	2016	**$2.5m** equivalent to roughly **UGX 8,916,625,000** at Exchange rate of UGX 3566.65 (Average of Daily Exchange rates for FY 21/22)	ICT	The DWDM fibre optic was expected to increase the uptake of internet services in rural areas and strong returns for UETCL after 3 to 5 yrs of operation but the company had continued to lease Dark Fibre

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3			Two 132Kv Bays Extension at Gulu Substation.							
10			Two 132Kv bays extension at Agago HPP switch yard and associated Works)							
		LOT B(Construction of Transmission line)								
11		Procurement of plant design, supply, installation, testing and commissioning; -	Gulu-Agago HPP 132Kv Transmission line)	77% progress by end of FY	Yes		7,968,545,466	37.5%	39.5%	Partially Implemented
12		RAP activities under Lira-Gulu-Agago transmission line	Complete compensation of outstanding PAPs	Compensate 21 PAPS outstanding at end of 2020/21	Yes	5,180,000,000	2,452,001,089	15 PAPs were compensated at end of FY	6	Partially implemented
		Total					**76,173,562,806.39**			
13	Tariff	Energy Sales (GWh)	Increase in Energy Sales	4,845.09	Yes	N/A	N/A	5,059.35	+ve variance of 214.26	Implemented
14	Tariff	Technical Losses%	Level of Technical Losses	3.16%	Yes	N/A	N/A	4.43%	-ve variance of 1.27%	Not implemented
15	Tariff	Energy Exchange on the interconnector (Net Exports) (GWh)	Increase in Net Exports on the Interconnector	269.04	Yes	N/A	N/A	431.01	ve variance of 161.97	Implemented

Appendix 3 (a) – <u>IT Systems not cleared by NITA-U</u>

S/N	Name of IT System	Purpose of the System	Number of Users	Date of purchase	Cost of the System	User Department *(Finance/Human Resource/Procurement, etc)*
1	Future gateway(Human Resource Management System)	Payroll & Human resource management	45 staff under human resource & administration department	01/09/2020	247,210,000	Human Resource department

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			Testing & Pre-commissioning Activities within FY	end of Oct 2021				and testing not conducted as planned	achieved	
3		Kawanda Substation	Completion of Substation	Completion by December 2020	Yes	0	0	Substation completed only non-conformities were outstanding in civil & electrical works at end of FY	Non conformities outstanding in civil & electrical works	Partially-Implementec
3		Olwiyo Substation	Completior of Substation	Completior by May 2021	Yes	0	1,687,787,154.47	Substation was completed only non-conformities were outstanding at end of FY	Non conformities were outstanding	Partially Implementec
4		132 KV Karuma –Lira	Construction & installation works.	Completion of works	yes	0	0	87% complete at end of FY	13%	Partially Implementec
			Foundation and Tower erection works	Completion of works				All Towers erected apart from one	One tower not erected at end of FY due to ROW challenge	
5		400 Kv Karuma-Olwiyo	Rectifying outstanding snags pre-commissioning & testing completed	Rectify outstanding snags	Yes	0	3,272,789,019.92	Transmission line complete only Outstanding snags at end of FY	Outstanding snags	Partially Implementec
6		400Kv Karuma - Kawanda	Completion of identified snags in civil work	Completion of identified snags	Yes	0	48,847,628,990	99% physical completion	Completion of snags including change of 5 tower foundations prone to being submerged during rainy season	Partially Implemented
7		RAP activities for Karuma-Lira-Olwiyo and Karuma-Kawanda Segments	Complete compensation of outstanding PAPs	Complete compensation of 531 PAPs before project end date of 15th Oct 2022	Yes	7,000,000,000	4,621,602,975	74 PAPs were compensated at end of FY	457	Partially Implementec
	Lira Gulu Agago Transmission Line project									
	Component	LOT A(Construction of Substations)								
8		Design, manufacture, test, deliver, install, test & commission;-	Gulu-Agago HPP 132/33KV substations.	48.4% progress by end of FY	yes	16,890,000,000	7,323,208,112	17.49%	30.91%	Partially Implementec

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Mbale-Bulambuli (Atari) 132KV transmission line and Associated Substation	5,340,000,000	200,000,000	5,140,000,000	96.25%
Lira-Gulu-Agago 132KV transmission project	5,680,000,000	2,009,528,000	3,670,472,000	54.62%
Mirama - Kabale 132kv Transmission Project	5,270,000,000	1,512,592,000	3,757,408,000	71.30%
Grid Expansion and Reinforcement Project -Lira, Gulu, Nebbi to Arua Transmission Line	2,500,000,000	783,760,000	1,716,240,000	58.65%
Kampala Metropolitan Transmission System Improvement Project	1,960,000,000	459,556,373	1,500,443,627	76.55%
Masaka-Mbarara Grid Expansion Line	12,330,000,000	3,696,068,000	8,633,932,000	70.02%
Power Supply to industrial parks and Power Transmission Line Extension	34,510,000,000	9,900,000,000	24,610,000,000	71.31%
Kikagati Nsongezi Transmission Line	4,150,000,000	524,000,000	3,626,000,000	87.37%
Karuma Hydoelectricity Power Project	7,000,000,000	7,000,000,000	-	0.00%
Total	**85,460,000,000**	**28,185,594,111**	**57,274,405,889**	**57.02%**
TOTAL (Tariff Revenue & GOU Devt Funding)	**1,532,689,000,000**	**1,574,481,765,994**	**-41,792.765,994**	**-2.73%**

Appendix 2: Extent of Achievement of Entity Performance Targets

No	category	Activities to achieve planned target	Sub activities	Planned target	Is the activity fully quantified	Total Budget UGX "000"	Actual expenditure UGX "000"	Level of target achieved	Variance	Audit Conclusion
	Karuma Project	Interconnection								
1	Component	Karuma Substation	Completion of Substation	Completion by December 2020(ref: completion schedule of Oct 2020	Yes	0	0	Substation completed only non-conformities were outstanding in the civil & electrical works at end of FY	Non conformities outstanding in the civil & electrical works	Partially-Implemented
2		Lira Substation	Completion of	Completion at	Yes	0	0	Pre-commissioning	Activities not	Not-Implemented

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APPENDICES:

Appendix 1: Revenue Performance

Revenue Centre	Budgeted Revenue (A)	Actual revenue/warrants (B)	variances (c) = A-B	Funding gap in percentage (D) =C/A*100
TARIFF REVENUE				
Energy Sales-Domestic	1,196,320,000,000	1,201,498,839,327	-5,178,839,327	-0.43%
Total Export sales(including kenya, Tanzania, Rwanda& DRC)	113,251,000,000	148,894,466,702	-35,643,466,702	-31.47%
Total Energy Sales	**1,309,571,000,000**	**1,350,393,306,029**	**-40,822,306,029**	**-3.12%**
Other Income			-	
Line Rental	2,811,000,000	2,800,030,353	10,969,647	0.39%
Leasing Optic Fibre	7,865,000,000	5,268,125,166	2,596,874,834	33.02%
Asset Disposal		-	-	
Bank Interest	17,845,000,000	23,164,582,279	-5,319,582,279	-29.81%
Sale of Tender documents	141,000,000	168,299,403	-27,299,403	-19.36%
Others (Property Rentals-UMEME,interest on late payments/surcharges, gain on asset disposal, provision of consultancy services by UETCL staff & colocation)	4,090,000,000	83,113,000,000	-79,023,000,000	-1932%
Total Other Income	**32,752,000,000**	**114,514,037,201**	**-81,762,037,201**	**-249.60%**
Total (energy sales & other incomes)	**1,342,323,000,000**	**1,464,907,343,230**	**-122,584,343,230**	**-9.13%**
GoU Subsidies	104,906,000,000	81,388,828,653	23,517,171,347	22.42%
TOTAL INCOME (Tariff Revenue)	**1,447,229,000,000**	**1,546,296,171,883**	**-99,067,171,883**	**-6.85%**
GOU DEVT FUNDING				
Opuyo Moroto Interconnection Project	1,020,000,000	151,889,738	868,110,262	85.11%
Kampala-Entebbe Expansion Project	5,700,000,000	1,948,200,000	3,751,800,000	65.82%

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AUDITOR GENERAL
RECEIVED
30 DEC 2022
P.O. BOX 7083, KAMPALA

UGANDA ELECTRICITY TRANSMISSION COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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COMPANY INFORMATION

REGISTERED OFFICE	Plot 10 Hannington Road P.O. Box 7625, Kampala, Uganda Telephone +256-41-802000, Fax 256-41-341789 Email: transco@uetcl.com, Website: www.uetcl.com
SHAREHOLDERS	Minister of Energy & Mineral Development and Minister of Finance, Planning & Economic Development.

DIRECTORS

Mr. Peter Ucanda	-	Chairman
Mr. George Rwabajungu	-	Executive Director
Ms. Sarah Irumba Muhumuza	-	Member
Eng. Abdon Atwine	-	Member
Mr. Christopher Mugisha	-	Member
Mr. Richard Santos Apire	-	Member
Ms. Grace Oburu	-	Member

On 30th April 2022, the Shareholders appointed new directors as follows;

Mr. Kwame Ejalu Ejuku	-	Chairman
Mr. George Rwabajungu	-	Executive Director
Ms. Achiro Sharon Loka	-	Member
Eng. Innocent Oboko Yotkum	-	Member
Ms. Sylvia Muwebwa Nabatanzi	-	Member
Mr. Julius Mukholi Wamukota	-	Member
Eng. Cecilia Nakiranda Menya	-	Member

COMPANY SECRETARY	Mr. Martin Erone, P O Box 7625, Kampala.
PRINCIPAL BANKERS	ABSA Bank Uganda Limited Citibank Uganda Limited Standard Chartered Bank Uganda Limited Housing Finance Bank Limited
AUDITOR	Auditor General Plot 2C Apollo Kaggwa Road P.O. Box 7083, Kampala
PRINCIPAL TAX ADVISERS	Ernst & Young P O Box 7215, Kampala

LEGAL ADVISERS:

Kateera & Kagumire Advocates P.O. Box 7026, Kampala	Shonubi, Musoke Advocates P O Box 3213 Kampala
A F Mpanga Advocates P O Box 1520, Kampala	Rem & Co Advocates P O Box 35949 Kampala
K & K Advocates P O Box 6061, Kampala	Ligomarc Advocates P O Box 8230, Kampala

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited Financial Statements for the year ended June 30, 2022 which show the state of affairs of Uganda Electricity Transmission Company Limited (the 'Company').

Principal activities

The Company is licensed by the Electricity Regulatory Authority (ERA) to operate and maintain high grid voltage transmission lines, as a system operator and a bulk power purchaser and seller in the local market and to import and export power into and out of Uganda.The Company is also licensed by Uganda Communications Commission as a Public Infrastructure Provider.

Results

The Company made a profit before tax of UGX 54,672 million for the financial year ended 30 June 2022 (Year ended June 30, 2021 UGX 206,975 million) and a profit after-tax of UGX 37,703 million (Year ended June 30, 2021 UGX 112,124 million) as indicated below:

Particulars	Year ended June 30, 2022 UGX'Mn	Year ended June 30, 2021 UGX'Mn
(Loss)/Profit before income tax	54,672	206,975
Income tax credit/(expense)	(16,969)	(94,851)
(Loss)/Profit for the year	**37,703**	**112,124**

The Company recorded a foreign exchange loss of UGX 116,257 million due to restatement of monetary assets and liabilities as at the year-end exchange rate. The exchange loss is attributable to depreciation of the Uganda shilling against the United states dollar. The company held significant foreign currency denominated liabilities at year end.

Dividends

The Directors do not recommend a declaration of a dividend in respect of the year ended June 30, 2022 (Year ended June 30, 2021: Nil).

Directors

The Directors who held office at the date of this report were:

Mr. Kwame Ejalu Ejuku	Chairman / Non - Executive Director (appointed 30th April 2022)
Mr. George Rwabajungu	Chief Executive Officer (appointed 30th April 2022)
Ms. Achiro Sharon Loka	Non-Executive Director (appointed 30th April 2022)
Eng. Innocent Oboko Yotkum	Non-Executive Director (appointed 30th April 2022)
Ms. Sylvia Muwebwa Nabatanzi	Non-Executive Director (appointed 30th April 2022)
Mr. Julius Mukholi Wamukota	Non-Executive Director (appointed 30th April 2022)
Eng. Cecilia Nakiranda Menya	Non-Executive Director (appointed 30th April 2022)

Corporate Social Responsibility.

In line with the Corporate Social Responsibility (CSR) policy, the Company supported a number of CSR activities / events that included among others: Contribution towards completion of maternity ward for Hoima Diocese, Contribution towards completion of Mugulu Church of Uganda in Mbale Diocese and contribution towards completion of Priest house of St. Joseph Mukasa Balikuddemebe in Kisoga in Mukono District.

Auditors

In accordance with Article 163 of the Constitution of the Republic of Uganda, Section 17 of the Public Enterprises Reform and Divestiture Act, Cap.98 and Sections 13 (1) (a), 17 and 23 of the National Audit Act, 2008, the Auditor General performed the audit of Uganda Electricity Transmission Company Limited for the year ended 30 June 2022.

By Order of the Board

COMPANY SECRETARY
KAMPALA

Date:

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2012 of Uganda and The Electricity Act, 1999 (Cap 145) of Uganda require the directors of the Company to prepare Financial Statements for each financial year that give a true and fair view of the state of financial affairs of the Company as at the end of the financial year and of its operating results for that financial year. It also requires the directors to ensure that the Company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company.

The directors are ultimately responsible for the internal control of the Company. The directors delegate responsibility for internal control to Management. Standards and systems of internal control are designed and implemented by Management to provide reasonable assurance as to the integrity and reliability of the Financial Statements and to adequately safeguard, verify and maintain accountability of the Company's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates, are applied on a consistent and going concern basis. These systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The directors accept responsibility for the annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2012 of Uganda. The directors are of the opinion that the Financial Statements present fairly, in all material respects, the state of the financial affairs of the Company and of its operating results. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of these controls that could result into material loss to the Company has occurred during the year.

The directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company will have adequate resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

The Financial Statements were approved by the Board of Directors on 29th December 2022 and signed on its behalf by:

....
Director Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 2022 UGX'Mn	June 2021 UGX'Mn
Revenue	8	1,350,394	1,294,465
Cost of sales (net)	9	(1,121,667)	(1,056,811)
Third party collection (charges) / recoveries	10	(55,664)	(51,457)
Gross profit		**173,063**	**186,197**
Other operating income	11	114,514	43,257
Foreign exchange gains		-	107,369
Total income		**287,577**	**336,823**
Expenses			
Grid maintenance expenses	12	(12,494)	(10,020)
Administrative expenses	13	(104,154)	(119,828)
Foreign exchange losses		(116,257)	-
Profit(loss) before tax		**54,672**	**206,975**
Income tax(expense) /credit	15(a)	(16,969)	(94,851)
(Loss) / Profit for the year		**37,703**	**112,124**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Total comprehensive income for the year, net of tax		**37,703**	**112,124**
Basic and diluted earnings per share	**32**	**208**	**619**

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Note	June 2022 UGX'Mn	June 2021 UGX'Mn
ASSETS			
Non-current assets			
Property, plant & equipment	17	3,334,616	3,037,132
Finance leasehold land	18	18,932	19,544
Wayleaves and Easements	19	414,192	414,192
Intangible assets	20	225	316
		3,767,965	**3,471,184**
Current assets			
Current income tax recoverable	15(c)	22,486	20,552
Inventories and Grid Spares	22	39,542	38,669
Trade and other receivables	23	883,499	767,047
Cash and bank balances	24	692,741	613,404
		1,638,268	**1,439,672**
TOTAL ASSETS		**5,406,233**	**4,910,856**
EQUITY AND LIABILITIES			
Equity			
Issued capital	25	90,654	90,654
Share premium		297,953	297,953
Contribution by Government of Uganda	26	1,115,562	1,082,245
Asset revaluation surplus		104,561	104,561
Retained earnings		154,508	116,805
		1,763,238	**1,692,218**
Non-current liabilities			
Deferred income tax liability	21	124,006	107,209
Capital grants	27	643,900	504,453
Borrowings	28	2,075,024	1,844,428
		2,842,930	**2,456,090**
Current liabilities			
Trade and other payables	29	796,784	759,831
Employee benefit obligations	30	3,281	2,717
		800,065	**762,548**
TOTAL EQUITY AND LIABILITIES		**5,406,233**	**4,910,856**

The Financial Statements were approved by the Board of Directors on 29th December 2022 and signed on its behalf by:

Director

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

Statement of Changes in Equity	Issued capital Note 25 UGX'Mn	Share Premium UGX'Mn	Contribution - Government of Uganda Note 26 UGX'Mn	Retained Earnings UGX'Mn	Asset revaluation surplus Note 17 UGX'Mn	Total UGX'Mn
At 1 July 2020	90,654	297,953	958,006	4,681	104,561	1,455,855
Government Contribution for the year	-	-	124,239	-	-	124,239
Profit for the year	-	-	-	112,124	-	112,124
Other Comprehensive income, net of tax	-	-	-	-	-	-
Total Comprehensive income	-	-	-	112,124	-	112,124
30 June 2021	90,654	297,953	1,082,245	116,805	104,561	1,692,218
At 1 July 2021	90,654	297,953	1,082,245	116,805	104,561	1,692,218
Government contribution for the year	-	-	33,317	-	-	33,317
Profit for the year	-	-	-	37,703	-	37,703
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive loss net of tax	-	-	-	37,703	-	37,703
30 June 2022	90,654	297,953	1,115,562	154,508	104,561	1,763,238

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30, 2022

	Note	Jun 2022 UGX'Mn	June 2021 UGX'Mn
Cash generated from/ (used in) operations	33	237,546	(63,406)
Gratuity paid	30	(5,486)	(5,234)
Income tax paid	15(c)	(3,703)	(2,970)
Net cash flows from/(used in) operating activities		**228,357**	**(71,610)**
Investing activities			
Purchase of property, plant & equipment		(335,405)	(255,978)
Acquisition of wayleaves and easements		-	(353)
Proceeds on disposal of property, plant and equipment		291	-
Net cash flows used in investment activities		**(335,114)**	**(256,331)**
Financing activities			
Government contributions received	26	34,914	124,239
Capital grants received	27	141,373	86,684
Increase in borrowings	28	129,821	85,609
Borrowings repaid	28	(3,757)	(4,401)
Net cash flows from financing activities		**302,351**	**292,131**
Net (decrease)/increase in cash and cash equivalents		195,594	(35,810)
Cash and cash equivalents at 1 July		613,404	541,845
Net foreign exchange differences		(116,257)	107,369
Bank balances at 30 June	**24**	**692,741**	**613,404**

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. COMPANY INFORMATION

Uganda Electricity Transmission Company Limited is incorporated in Uganda under the Companies Act, 2012 as a derivative action flowing from the Public Enterprise Reform and Divestiture Act, Cap. 98 and the Electricity Act Cap. 145 as a limited liability Company, and is domiciled in Uganda. The address of its registered office is:

Uganda Electricity Transmission Company Limited
Plot 10, Hannington Road
P O Box 7625, Kampala

The Company is wholly owned by the Government of Uganda through the Minister of Energy & Mineral Development and Minister of Finance, Planning & Economic Development.

The Company is licensed by the Electricity Regulatory Authority (**ERA**) as a system operator; bulk power purchaser and seller in the local market; an importer and exporter of power into and out of Uganda and to operate and maintain high grid voltage transmission lines. The Company is also licensed by the Uganda Communications Commission (UCC) as a Public Infrastructure Provider.

2. BASIS OF PREPARATION

The Financial Statements of Uganda Electricity Transmission Company Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the relevant provisions of the Companies Act, 2012 of Uganda.

For purposes of reporting under the Companies Act, 2012 of Uganda, the balance sheet in these Financial Statements is represented by the statement of financial position and the profit and loss account is represented by the statement of comprehensive income.

The Financial Statements have been prepared on a historical cost basis, except for certain assets that have been measured at fair value, which includes land and buildings and grid assets.

The Financial Statements are presented in Uganda shillings and all values are rounded to the nearest million (UGX'Mn) except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES

(a) Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the effect of amendments issued but not yet effective are described below.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets and Liabilities due from a single transaction

In May 2021 the IASB issued an amendment in respect of deferred tax related to assets and liabilities arising from a single transaction. The main change is an exemption from the initial recognition provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendment is effective for annual periods beginning on or after 1 January 2023.

(b) Standards issued but not adopted

The standards and interpretations that are issued but not adopted in issuance of the Company's Financial Statements are disclosed below. These are the changes that the Company has ascertained not to have an impact on its disclosures, financial position or performance. The Company intends to adopt these standards and interpretations, if applicable, should changes arise in the Company's financial operations in future.

IFRS 9 Financial Instruments

The standard entails requirements for classification and measurement, impairment, and hedge accounting. It encompasses extensive disclosure requirements for classification and measurement, impairment of financial assets including debt instruments (receivables) that entail collection of contractual cash flows at a future point in time. The Standard requires reporting enterprises to determine subsequent fair value of receivables based on historical and expected recovery trends. The Company adopted IFRS 9 effective the year ended 30 June 2018. During the year ended 30 June 2022, the Company's impairment provision has increased by UGX4,400 million. However, no impact is expected on the classification and measurement of the Company's financial liabilities.

IFRS 16 Leases

The Standard specifies recognition, measurement, presentation and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

In September 2022 the IASB issued an amendment on lease liability in a sale and leaseback arrangement and the amendment is effective for annual periods beginning on or after 1 January 2022. The Company has not adopted this amendment as it is not applicable to its operations

IFRS 17 Insurance Contracts

In December 2021 the IASB published *'Initial Application of IFRS 17 and IFRS 9 — Comparative Information'* an amendment that enables companies to improve the usefulness of comparative information presented on initial application of IFRS 17 and IFRS 9. An entity that elects to apply the amendment applies it when it first applies IFRS 17. The entity that applies IFRS 17 and IFRS 9 at the same time is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.

The Company adopted IFRS 9 effective the year ended 30 June 2018 and therefore the above amendment is not applicable

IAS 16 Property, Plant and Equipment

In May 2020 the IASB issued amendments to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is effective for annual periods beginning on or after 1 January 2022. The Company has determined that all its Property, Plant and Equipment only support operations and this obtains only after location and condition are ascertained.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the Financial Statements.

Impairment losses on receivables [note 23(a)]

The Company regularly reviews its receivables and makes judgments in determining whether an impairment loss should be recognized in respect of observable data that may impact on future estimated cash flows. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment (note 17)

The Company measures its grid assets and land and buildings at revalued amounts with changes in fair value being recognised in OCI. The grid assets and land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the assets. The Company engaged an independent valuation specialist to determine the fair value.

Estimates of residual values are made by management in addition to the estimates of expected useful lives of property, plant and equipment.

The depreciation method reflects the pattern in which economic benefits attributable to the asset flows to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programs, refurbishments, product life cycles and the intention of management.

Residual values of an asset are determined by estimating the amount that the entity would currently obtain from the disposal of the asset, after deducting the estimated cost of disposal, if the asset were already of age and in a condition expected at the end of its useful life.

The estimation of the useful life and residual values of an asset is a matter of judgment based on the past experience of the entity with similar assets and the intention of management.

Impairment of Non-Financial Assets
Non-financial assets are assessed at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists or when an annual impairment testing is required, the Company makes an estimate of the assets recoverable amount. An asset's recoverable amount is the higher of asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For all assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the asset's recoverable amount is estimated. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

The carrying amounts of the non-financial assets are calculated as cost less accumulated depreciation, and the depreciation rates used per class of items are estimated based on industry rates in the sector.

Taxes (note 15)
The Company is subject to income tax and various other government taxes under the Ugandan tax laws.
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income and as such, significant estimates and judgements are required in determining the provision for taxes on certain transactions. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all its revenue arrangements since it is the primary obligor in all the revenue arrangements and is also exposed to credit risks.

The following specific recognition criteria must be met before revenue is recognised.

- **Optical fibre**:
  Income arising from operating leases on cores to the customers is accounted for on a straight-line basis over the lease terms and is included in the statement of profit or loss due to its operating nature excluding Value Added Tax or any other Government levies.

- **Energy sales:**
  Income is recognised upon billing of energy supplied to the distributors and represents amounts billed excluding Value Added Tax (VAT) or any other Government levies. The billing is done for each monthly billing cycle based on the units supplied as read on the boundary metres and at approved Bulk Supply Tariff (BST) rates.

- **Government grants and subsidies**
  Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Grants received for costs already incurred (reimbursement of costs incurred in the past) are recognized immediately in profit or loss. The Company has chosen to present grants related to an expense as other operating income in the statement of profit or loss.

  When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments. The Company has elected to present Government grants in the statement of financial position as deferred income, which is recognised in profit or loss on a systematic and rational basis over the useful life of the asset.

  Government subsidies comprise reimbursements received from the Government of Uganda towards capacity payments to power suppliers and are recognised as income in profit or loss under Government of Uganda subsidies.

- **Interest income:**
  Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable unless collectability is in doubt.

(b) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

- **Company as a lessee**

  A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

  Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

  A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

  An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

- **Company as a lessor**

  Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which these are earned.

(c) Property, plant and equipment

Property, plant and equipment (except for land, buildings and grid assets) is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land, buildings and grid assets are measured at fair value less accumulated depreciation on buildings and grid assets and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency (five years) to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Any revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. Upon disposal, any revaluation reserve relating to the particular asset being disposed is transferred to retained earnings.

Depreciation is calculated on the straight-line basis to write-down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

	(%)
Transmission line – Wooden	2.2
Transmission lines – Metallic	2.0

Substations and related infrastructure	2.0
Pole plant and related infrastructure	20.0
Office machinery and equipment	20
Furniture & fittings	12.5
Buildings	1.7
Communication equipment	*5.0*
Computer equipment	*33.3*
Scada Equipment	*6.6*
Motor vehicles (Sedan)	*20*
Motor vehicles (Heavy)	*10*
Tools and equipment	*12.5*
Leasehold	*Over the lease period*

The assets' residual values, useful lives and deprecation methods are reviewed at each reporting date and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

(d) Capital work in progress
All assets that are under construction or assembling in a project nature are classified as work in progress. Capital work in progress is included as part of property, plant and equipment and comprises of costs incurred on ongoing capital works relating to transmission lines and internal works. These costs include materials, transport, consultancies, borrowing costs and labour costs incurred. When the project is completed the related assets are transferred to property, plant and equipment. Capital work in progress is stated at cost, net of impairment losses, if any.

(e) Wayleaves and Easements
Wayleaves refer to right of way and registered easements for various transmission line projects cumulatively acquired over time following acquisition of access corridors for transmission lines routes after owners are compensated through Resettlement Action Programmes. Economic benefits accrue to the Company immediately on payment of compensations for the project affected persons. Thus, all costs are capitalized and reflected in the Statement of Financial Position immediately payments are effected. Thereafter the Company continues to pursue ownership status by acquisition and/or consolidation of titles based on specific and identifiable transmission line segments.

(f) Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives (software) are amortised over the useful economic life (five and ten years) using the straight-line method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

De-recognition of intangible assets:
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(g) Impairment of non-financial assets
The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Company bases its impairment on detailed budgets and forecasts, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long term- growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For impairment of transmission lines and substations, a decline in the value of transmission lines would have a significant effect on the amounts recognised in the Financial Statements. Management assesses the impairment of the lines whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Factors that are considered important which could make an impairment review necessary include the following:

- Significant decline in the market value beyond that which would be expected from the passage of time and normal use.
- Evidence from internal reporting that may indicate that the performance of the asset is or would be worse than expected.
- Significant changes with the adverse effect on the Company have taken place during the period, or will take place in the near future, in the technology or market environment in which the Company operates.

- The carrying amount of the net assets of the entity is more than its market capitalisation.

Management may reinforce, replace or upgrade transmission lines, substations and other installations after assessing evidence of the above key indicators of impairment.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates that the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(h) Inventories and Spares

The Company's inventories consist mainly of consumables and are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes transport, taxes and handling costs. Inventories also include mandatory spares for installed equipment received from completed projects. Where appropriate, provision is made for obsolescent, slow moving and defective inventories.

(i) Transactions and balances in foreign currencies

The Company's Financial Statements are presented in Uganda Shillings

Transactions in foreign currencies are initially recorded by the Company at spot rates at the date the transaction first qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are translated into Uganda shillings at the spot rates of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(j) Taxation

The income tax expense for the year comprises current and deferred income tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or equity, in which case the income tax expense is also recognised in other comprehensive income or equity, respectively.

- **Current income tax**

  The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

  Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in Uganda.

  Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

- **Deferred income tax**

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

- **Value added tax**

  Expenses and assets are recognised net of the amount of value added tax, except:

  - When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

  - When receivables and payables are stated with the amount of value added tax included

  The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(k) Financial instruments

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

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

I) **Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale Financial Statements as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include trade and other receivables and cash and bank balances.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories; Financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for sale financial assets.

The most relevant to the Company is loans and receivable category.

- ***Loans and receivables***

These are non-derivative financial assets with fixed or determinable payments. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in profit or loss. Financial assets included in this category are trade receivables and other receivables and receivables from related parties.

An allowance is made against doubtful receivables based on a review of all outstanding amounts at year end. The movement in the provision is recognised in profit or loss. Bad debts are written off during the year in which these are identified. The losses arising from impairment are recognised in the statement of profit or loss in other operating expenses.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  Or,

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In this case, the Company also recognises an associated liability.

The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

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

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

ii) **Financial liabilities**

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, Government of Uganda contributions and borrowings.

- **Government of Uganda Contributions**

Funds received from the GoU to settle persons affected by the project in the process of the Company's implementing its projects are recognised as a non-current liability until when the related projects are completed.

Subsequent measurement
After initial recognition, the Company's financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

- **Borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any issue cost and any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Finance charges including premiums payable on settlement or redemption are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

- **Trade payables**

Trade payables are measured at amortized cost.

De-recognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments:
Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(l) Provisions
Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

(m) National Social Security Fund
The Company contributes to the statutory retirement benefit scheme established under the National Social Security Fund (NSSF) Act. This is a defined contribution scheme under which the Company contributes 10% of the employees' salaries. The Company's contribution is charged to profit or loss.

(n) Other employee benefits
Employee entitlements to gratuity and leave pay are recognised when these accrue to employees. A provision is made for the estimated liability for such entitlements as a result of service rendered by employees up to the end of each reporting period.

(o) Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above.

(p) Share capital and equity
Ordinary shares are classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of any entity after deducting all its liabilities. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

(q) Dividends
The Company recognises a liability to make cash distributions to shareholders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in Uganda, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity and the approved dividends are recognised as liabilities until when paid.

(r) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction and production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise trade and other payables, borrowings and Government of Uganda Contributions. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. Market risk is comprised of foreign exchange risk and interest rate risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Board of Directors that advises on financial risks and appropriate financial risk governance structures for the Company. The Board of Directors provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Company's overall risk management programme focuses on the identification, management of risks and seeks to minimise potential adverse effects on its financial performance, by application of agreed tariff levels with the Electricity Regulatory Authority, purchase/sale agreements with its Independent Power Producers (IPPs), distributors, and Government.

The Board of Directors reviews and agrees policies for managing each of these risks as summarised below:

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including cash held with banks and foreign exchange transactions.

- **Trade receivables**

Uganda Electricity Transmission Company Limited's credit risk is primarily attributable to its trade and other receivables and amounts due from related parties, estimated by management based on prior experience, existing financial and economic factors faced by the debtor and the debtors' exit options available.

The Company has policies in place to ensure that goods and services are only provided to fully licensed customers by the Electricity Regulatory Authority (ERA) and to customers with an appropriate credit history. In addition, the Company only deals with financial institutions that have a strong credit rating.

The maximum exposure to credit risk represents a worst-case scenario of credit risk exposure to the Company at the comparative end of reporting periods. For assets carried on the statement of financial position, this exposure is based on net carrying amounts as reported. The Company does not hold any collateral as security for its receivables. Low credit risk exists on cash and bank because counter-parties are banks with high credit ratings.

The following table summarises the Company's maximum exposure to credit risk:

	June 2022 UGX'Mn	June 2021 UGX'Mn
Cash and bank balances	692,741	613,404
Trade and other receivables including related parties (Note 23)	806,785	922,235
Provision for doubtful accounts	(166,110)	(161,710)
	1,333,416	**1,373,929**

As at June 30, 2022, trade and other receivables with a carrying value of UGX 166,110 (2021: UGX161,710) were impaired and fully provided for.

	Total UGX'Mn	Fully Performing UGX'Mn	Past due but not impaired UGX'Mn	Impaired UGX'Mn
As at June 30, 2022				
Financial assets				
Cash and bank balances	692,741	692,741	-	-
Other receivables	213,025	204,413		8,612

Trade receivables including related parties	661,841	504,343	-	157,498
As at June 30, 2021				
Financial assets				
Cash and cash equivalents	613,404	613,404	-	-
Other receivables	183,971	183,971	-	-
Trade receivables including related parties	576,555	414,845	-	161,710

There exist some clauses in the power sales agreements with power distributors that the Company invokes to facilitate collection of debt in case of any default or delay in payment on account of the power distribution companies.

(b) Currency risk

The Company undertakes certain transactions denominated in foreign currencies and holds monetary assets and liabilities denominated in foreign currencies.

A significant portion of the Company's currency risk arises from borrowings and trade payables, which are denominated in foreign currency. On the transactions side the Company meets most of its foreign exchange requirements at average rate from Bank of Uganda. The average rate returned by Bank of Uganda is in most cases much lower than commercial bank rates. Further the Company's exposure to foreign exchange risk is also mitigated through a provision in the tariff methodology that allows for adjustment for foreign exchange rate movements on a quarterly basis.

The Company's profit after income tax and equity would decrease/increase by UGX 5,808 million (Year ended June 30, 2020: UGX 1,488 million) respectively were the UGX to US$ year end exchange rate to increase/decrease respectively by 5%. The Company's exposure to foreign currency changes for all other foreign currencies is not material.

The Company had the following significant foreign currency positions:

	USD UGX'Mn	Euro UGX'Mn	JPY UGX'Mn	Total UGX'Mn
At June 30, 2022				
Financial assets				
Cash and bank balances	123,374	316	-	123,690
Trade and other receivables	65,824	-	-	65,824
	189,198	**316**	**-**	**189,514**
Financial liabilities				
Trade and other payables	256,821	-	-	256,821
Borrowings	2,016,911	45,649	12,464	2,075,024
	2,273,732	**45,649**	**12,464**	**2,331,845**
Overall net position	**(2,084,534)**	**(45,333)**	**(12,464)**	**(2,142,331)**
At June 30, 2021				
Total financial assets	**110,174**	**2,233**	**-**	**112,407**
Total financial liabilities	**2,060,502**	**33,123**	**10,513**	**2,104,138**
Overall net position	**(1,950,328)**	**(30,890)**	**(10,513)**	**(1,991,731)**

(c) Liquidity risk

Liquidity risk is the risk that a Company may be unable to meet short term financial demands when they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk through continuously monitoring forecasts and matching the maturity profiles of financial liabilities and ongoing review of future commitments and credit facilities available to the Company. The Company through Government of Uganda actively solicits for funding facilities to match the demands of its investment (grid expansion) programmes.

The table below analyses assets and liabilities into relevant maturity groupings as at 30 June 2022 based on contractual undiscounted receipts and payments.

	Up to 1 Month UGX'Mn	2-3 Months UGX'Mn	4-12 Months UGX'Mn	1 - 5 Years UGX'Mn	Over 5 Years UGX'Mn	Total UGX'MN
At June 30, 2022						
Financial assets						
Cash and bank balances	692,741	-	-	-	-	**692,741**
Trade receivables	114,967	316,160	143,709	87,005	-	**661,841**
Other receivables	106,512	85,210	21,302	-	-	**213,024**
Other assets	-	-	-	-	-	-
	914,220	**401,370**	**165,011**	**87,005**	-	**1,567,606**
Financial liabilities						
Trade payables	81,426	122,139	203,565	-	-	**407,130**
Borrowings	-	-	-	-	2,075,024	**2,075,024**
Employee benefit obligations	2,296	656	329	-	-	**3,281**
Other payables	75,131	187,828	112,697	-	-	**375,656**
	158,853	**310,623**	**316,591**	-	**2,075,024**	**2,861,091**
Net liquidity gap	**755,367**	**90,747**	**(151,580)**	**87,005**	**(2,075,024)**	**(1,293,485)**
At June 30, 2021						
Financial assets						
Cash and bank balances	613,404	-	-	-	-	613,404
Trade receivables including related	115,311	317,105	144,139	81,004	-	657,559
Other receivables	91,985	73,588	18,397	-	-	183,970
	820,700	**390,693**	**162,536**	**81,004**	-	**1,454,933**
Financial liabilities						
Trade payables	80,348	120,523	200,871	-	-	401,742
Borrowings	-	-	-	-	1,844,428	1,844,428
Employee benefit obligations	1,902	543	272	-	-	2,717
Other payables	50,138	125,345	75,207	-	-	250,869
	132,388	**246,411**	**276,350**	-	**1,844,428**	**2,499,577**
Net liquidity gap	**688,312**	**144,282**	**(113,814)**	**81,004**	**(1,844,428)**	**(1,044,644)**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's short-term financial liabilities are interest free. The Company also has interest bearing loans but these do not present a material interest rate risk exposure to the Company given the fact the rates at which interest is charged are fixed.

6. CAPITAL MANAGEMENT

For purposes of the Company's capital management, capital includes issued capital and all other equity reserves attributable to equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company's objectives when managing capital are:

i) To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

ii) To maintain a strong capital base to support the development of its business.

The Company monitors capital using a gearing ratio, which is computed as net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing borrowings, employee benefits obligations and trade and other payables, less cash and bank balances. Capital includes equity attributable to the equity holders of the Company.

The Company aims to maintain a gearing ratio of 50%. The Company's gearing ratio as at June 30, 2022 was 41% (At June 30, 2021: 58%) as shown in the table below:

	June 2022 UGX'Mn	June 2021 UGX'Mn
Interest bearing borrowings (note 28)	2,075,024	1,844,428
Trade and other payables (notes 29, 30)	796,784	759,831
Less: cash and bank balances excluding committed funds (note 24)	(334,728)	(247,751)
Net debt	**2,537,080**	**2,356,508**
Total equity	**1,763,238**	**1,692,218**
Net debt and capital	**4,300,318**	**4,048,726**
Gearing ratio	**41%**	**58%**

The committed funds have been excluded because these are earmarked solely for implementation of projects, and cannot therefore be utilized in the settlement of the Company's trade, loans and other liabilities.

8. Revenue

	June 2022 UGX'Mn	June 2021 UGX'Mn
Energy sales: Local		
Umeme Limited	1,164,244	1,167,339
Uganda Electricity Distribution Company Limited	27,053	21,039
Other local distributors	10,202	9,294
Energy sales: Exports		
Kenya	118,267	70,230
Tanzania	27,776	23,500
Rwanda and DRC	2,852	3,063
Total Revenue	**1,350,394**	**1,294,465**

). **Cost of sales**

Energy purchases – Eskom	81,360	88,989
Energy purchases – Kasese Cobalt Company Limited	10,041	7,967
Energy purchases - Kenya Power Lighting Company Limited	5,729	6,423
Energy purchases – Kilembe Mines Limited	504	-
Energy purchases – Rwanda Energy Utility Corporation Limited	1,840	1,515
Energy purchases – Jacobsen	10,756	44,692
Energy purchases – ElectroMax	19,837	14,200
Energy purchases -Tronder Bugoye	21,342	23,929
Energy purchases - Bujagali Energy Limited	453,510	466,315
Energy purchases – Kakira	58,326	56,595
Energy purchases – Kinyara Sugar Works Limited	-	704
Energy purchases - Hydromaxx Limited	19,182	23,674
Energy purchases - Africa EMS Mpanga	18,230	21,609
Energy purchases - Eco Power Uganda Limited	5,698	5,781
Energy purchases – Sugar and Allied	14,880	11,921
Energy purchases - Access Solar Uganda Limited	6,493	6,912
Energy purchases - Muvumbe Hydro	12,049	11,011
Energy purchases – Elgon Siti	5,252	8,817
Energy purchases – Tororo Solar North	6,320	6,627
Energy purchases – Rwimi EP Company Limited	8,573	9,660
Energy purchases – Africa EMS Nyamwamba	7,644	4,661
Energy purchases – Lubilia Kamwembe Limited	6,878	6,840
Energy purchases – Nkusi Small Hydro	20,966	23,720
Energy purchases – Mahoma Small Hydro	4,142	4,711
Energy purchases – Hydromaxx (Nkusi) Limited	5,886	7,145
Energy purchases – Xsabo Power Limited	12,177	12,360
Energy purchases – Emerging Power Uganda Limited	6,892	6,997
Energy purchases – Butama Hydro Electricity Limited	5,605	6,768
Energy purchases – Ziba Limited	12,490	11,286
Energy purchases – Ndugutu Power Company Limited	7,105	8,285
Energy purchases – Elgon Siti 2 Hydro (PVT) Limited	10,075	20,128
Energy purchases – ARPE Limited	66,194	60,529
Energy purchases – Uganda Electricity Generation Company Limited	146,626	135,119
Energy purchases – Tororo Pv Power Company	8,039	6,995
Energy purchases – Timex Bukinda Hydro Limited	13,099	7,038
Energy purchases – Nyamagasani 2 HPP Ltd	6,024	-
Energy purchases – SCOUL	46,123	-
Energy Purchases - Rwenzori Hydro (PVT) Ltd	6,039	-
Energy Purchases - Kitagati Power Company Ltd	13,196	-
Energy Purchases - Kakaka Small Hydro Plant	3,483	-
Energy Purchases - UEGCL Namanve Thermal Plant	17,580	-
Energy Purchases - Africa EMS Nyamwamba 2	2,077	-
Energy Purchases - ARPE HPP1	12,207	-
Energy purchases - Other energy generators	2,585	2,594
	1,203,056	**1,142,517**
Government of Uganda subsidies	(81,389)	(85,706)
Net Cost of sales	**1,121,667**	**1,056,811**

Government of Uganda subsidies relate to reimbursements received or receivable from the Ministry of Finance for payment of available capacity charged by the thermal power suppliers.

10. Third party collection (recoveries)/charges

	June 2022 UGX'Mn	June 2021 UGX'Mn
Rural electrification levy	55,132	51,167
Generation levy	532	290
Total	**55,664**	**51,457**

Rural electrification levy
As per the Electricity Act, a charge of 5% of the local energy purchase costs excluding cost of imported power and capacity charges is collected and remitted to Ministry of Energy and Mineral Development (Rural Electrification Program) to fund rural electrification schemes.

Generation levy
This relates to a 0.03% charge on exported energy. This is collected and paid to Electricity Regulatory Authority (ERA).

Electricity Regulatory Authority funds: Over recoveries/claw backs
These represent amounts enshrined in the tariff structure that are collected and deployed as per Electricity Regulatory Authority ('ERA' or 'the Authority') guidelines.

11. Other operating income

	Note	June 2022 UGX'Mn	June 2021 UGX'Mn
Lease of optic fibre	11(a)	5,268	7,081
Line rental	11(b)	2,800	2,926
Property rentals	11(c)	611	985
Bank interest	11(d)	23,165	18,867
Sale of bid documents		168	77
Surcharges		7,529	4,480
Grant income: Amortization of capital grants	11(e)	1,926	1,660
Settlement of Isimba loan through tariff	11(f)	-	6,290
Gain on asset disposal		281	-
VAT write-back	11(g)	69,799	-
Other income	11(h)	2,967	891
Total		**114,514**	**43,257**

a) Lease of Optic Fibre

This income is obtained from leasing optic fibre to various telecommunication companies. Lease payments are made three months in advance for fibre cores and twelve months in advance for co-location spaces. Contract periods are generally five years.

b) Line Rental
This relates to a dedicated line rented to TANESCO Company in Tanzania for transmission of power from Masaka West Substation to Northern Tanzania. Rental income is receivable on a quarterly basis.

c) Property rentals
Property income relates to rent received by the Company for office premises rented by UMEME (the largest energy distributor in Uganda) and co-location fees at substations for placement of equipment for optic fibre clients. Rental income is receivable on a quarterly basis for a contract period of five years.

d) Bank Interest

This relates to interest earned by the Company on bank deposits in various financial institutions.

e) Amortization of capital grants.
The amount relates to the amortized value of various grants used in the past to sponsor construction of various substations. The grants are amortized over the useful life of the substations.

f) Settlement of Isimba loan through tariff
Settlement of the China Exim bank loan is through the energy purchases tariff levied to UETCL by UEGCL who operates the Isimba Hydro Power Plant. Settlement is ordinarily recognised by a downward adjustment to cost of sales, sales revenue and the loan balance. The amount credited for the previous year represents an adjustment through other income for the debt service component of the tariff for the year ended 30 June 2021.

g) The VAT write-back represents Valued Added Tax previously due to thermal power generators Electromaxx Limited and Jacobsen Power Plant Limited that arose during the period 2010 – 2012. The amounts had to be paid by Government of Uganda (GoU) but remained unpaid because GoU had not provided the funds. It was later established that by the Finance Act 2014 GoU remitted, among others, GoU VAT arrears due to Uganda Revenue Authority. Consequently, the amounts have been written back through the Income Statement during the year ended 30 June 2022

h) Other operating income includes among others proceeds from one-off services rendered to third parties by UETCL in the normal course of energy transmission business.

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12. Grid maintenance costs	**June 2022**	**June 2021**
	UGX'Mn	**UGX'Mn**
Substations maintenance	2,932	2,207
Software system (SCADA) maintenance	2,076	103
Transmission lines maintenance	4,320	4,545
Other grid maintenance costs	3,166	3,165
Total	**12,494**	**10,020**

13. Administrative expenses	**June 2022**	**June 2021**
	UGX'Mn	**UGX'Mn**
Staff costs (note 14)	41,931	36,328
Transport costs	3,659	3,032
Maintenance costs	1,725	3,365
Licenses	1,639	1,671
Consultancy	842	808
Utilities	1,056	1,164
Bank and Guarantee charges	362	222
Advertising and publicity	449	563
Provision for doubtful debts	4,400	32,492
Pension costs [Note 13 (a)]	355	414
Depreciation and amortization	38,614	32,711
Other administration costs	9,122	7,058
Total	**104,154**	**119,828**

17. Property, plant and equipment

	Land & buildings	SCADA equipment	Plant & machinery	Communication equipment	Furniture & fittings	Tools & equipment	Motor vehicles	Computer equipment	Office machinery	Capital work in progress	Total
	UGX'Mn	UGX'Mn	UGX'Mn	UGX'Mn	UGX'Mn	UGX'Mn	UGX'Mn	UGX'Mn	UGX'Mn	UGX'Mn	UGX'Mn
Cost or valuation											
At 1 July 2020	84,033	26,160	1,095,946	47,677	1,817	11,272	24,686	12,335	5,444	1,675,853	2,985,223
Additions	83	1,383	279	881	208	2,884	2,934	881	825	245,618	255,976
Reclassification	-	-	-	-	-	-	779	-	-	(779)	-
Transfer to wayleaves	-	-	-	-	-	-	-	-	-	(15,902)	(15,902)
Disposals	-	-	-	-	-	-	-	-	-	-	-
At June 30, 2021	84,116	27,543	1,096,225	48,558	2,025	14,156	28,399	13,216	6,269	1,904,790	3,225,297
Additions	-	-	3,119	256	239	2,005	2,032	882	626	326,246	335,405
Reclassification	708	84	21,077	798	5	1,388	727	79	77	(24,943)	-
Disposals	-	-	-	(66)	(17)	(23)	(1,313)	-	-	-	(1,419)
At June 30, 2022	84,824	27,627	1,120,421	49,546	2,252	17,526	29,845	14,177	6,972	2,206,093	3,559,283
Depreciation											
At July 2020	3,844	9,921	93,101	8,491	1,324	6,953	18,571	10,909	3,061	-	156,175
Charge for the year	811	1,970	21,572	2,364	147	946	2,096	1,142	942	-	31,990
At June 30, 2021	4,655	11,891	114,673	10,855	1,471	7,899	20,667	12,051	4,003	-	188,165
Charge for the year	815	1,988	25,597	2,912	136	1,954	2,543	866	1,100	-	37,911
Disposals	-	-	-	(56)	(17)	(23)	(1,313)	-	-	-	(1,409)
At June 30, 2022	5,470	13,879	140,270	13,711	1,590	9,830	21,897	12,917	5,103	-	224,667
Net Carrying Amount											
At June 30, 2022	79,354	13,748	980,151	35,835	662	7,696	7,948	1,260	1,869	2,206,093	3,334,616
At June 30, 2021	79,461	15,652	981,552	37,703	554	6,256	7,732	1,165	2,266	1,904,790	3,037,131

Revaluation of assets

The revalued assets consist of land and buildings and grid assets.

The fair value of the assets was determined as at 31 January 2013 by Parsons Brinckerhoff Africa (Pty) Limited, a South African engineering professional services consulting firm. However, the final report was issued in July 2014 and the required adjustments were incorporated into the Company's books of account effective 01 January 2014. The fair value of grid assets was based on depreciated replacement cost values, having considered long-term trends in world metal prices. The fair value of the rest of the assets was based on prevailing market prices determined among others by assets' condition, location and use.

Net carrying amounts of buildings and grid assets at cost:
If the land and buildings and grid assets were measured using the cost model, the carrying amounts would be as follows:

June 30, 2022	Land & buildings UGX'Mn	Scada Equipment UGX'Mn	Plant & machinery UGX'Mn	Communication equipment UGX'Mn	Total UGX'Mn
Cost	46,755	27,268	1,127,793	43,915	1,245,731
Accumulated depreciation	(7,693)	(17,341)	(350,331)	(20,892)	(396,257)
Net carrying amount	**39,062**	**9,927**	**777,462**	**23,023**	**849,474**

June 30, 2021	Land & buildings UGX'Mn	Scada Equipment UGX'Mn	Plant & machinery UGX'Mn	Communication equipment UGX'Mn	Total UGX'Mn
Cost	46,755	27,184	1,103,597	42,928	1,220,464
Accumulated depreciation	(6,898)	(15,541)	(327,775)	(18,696)	(368,910)
Net carrying amount	**39,857**	**11,643**	**775,822**	**24,232**	**851,553**

Depreciation charge for the year

Included in the depreciation charge for the period is UGX 1,926 million in respect of assets acquired in the past by way of grants from Government of Uganda and Development Partners. The same amount has been amortised against the capital grant value (Note 27).

Capital-work in progress

Capital work in progress represents accumulated costs incurred in the execution of various grid expansion projects for various transmission line projects and related infrastructure.

Included in capital work in progress is UGX 162,003 million (June 30, 2021 UGX 126,328 million) in respect of works on Opuyo- Moroto 132kV funded by a grant from Government of Uganda to UETCL, out of proceeds of the Islamic Development Bank (IDB) Loan to Government of Uganda. The terms of the loan to Government of Uganda are such that the asset is owned by the IDB until the entire loan is repaid by government. As such, this asset is held as collateral for the loan.

Capitalised borrowing costs

The Company is implementing various grid expansion projects. The construction of the assets is financed by borrowings from Government of Uganda. The amount of borrowing costs capitalised during the year ended June 30, 2022 was UGX 21.72 billion (Year ended June 30, 2021: UGX27.60 billion). All the loans are obtained for purposes of constructing grid assets.

No items of property, plant and equipment have been pledged as security for liabilities apart from the assets in respect of works on Opuyo- Moroto 132Kv, and Karuma Interconnection 400kV line and Isimba substation and its 132kV Interconnection line which are held as collateral for the related loans to Government of Uganda from Islamic Development Bank and Exim Bank of China.

Impairment and write-offs

During the year ended 30 June 2022, there were no impairment losses recognised in the Income Statement. Further no previously revalued assets were disposed during the year, hence no revaluation surplus was realized during the year.

		June 2022 UGX'Mn	June 2021 UGX'Mn
18	**Finance leasehold land**		
	Cost		
	At 1 July	24,229	24,229
	Additions	-	-
	Transfer from capital work in progress (Note 17)	-	-
	At 30 June	24,229	24,229
	Amortization		
	At 1 July	4,685	4,072
	Charge for the year	612	613
	At 30 June	**5,297**	**4,685**
	Net carrying amount		
	At 30 June	**18,932**	**19,544**

The Company leases land at various locations where it carries out its operations. The leases have been classified as finance leases on the basis that the leases transfer substantially all risks and rewards incidental to ownership to the Company during the term of the lease. The Company pays lease rentals in full at the inception of the lease and amortises them over the lease period on a straight-line basis.

The fair values of the leasehold land was determined as at 31 January 2013 by Parsons Brinckerhoff Africa (Pty) Limited, a South African engineering professional services consulting firm. However, the final report was issued in July 2014 and the required adjustments were incorporated into the Company's books of account effective 01 January 2014. The fair values were based on prevailing market prices determined, among others, by the assets' condition, location and use.

Net carrying amounts of the finance leases at cost:

	Finance leasehold land UGX'Mn
June 30, 2022	
Cost	7,797
Accumulated depreciation	(2,798)
Net carrying amount	**4,999**
June 30, 2021	
Cost	7,797
Accumulated depreciation	(2,186)
Net carrying amount	**5,611**

19 Wayleaves and Easements

Wayleaves refer to right of way and registered easements for various transmission line projects cumulatively acquired over time following acquisition of access corridors for transmission lines routes after owners are compensated through Resettlement Action Programmes. Compensation costs and related costs are recorded and accumulated over time within capital work in progress in Property, Plant and Equipment. Wayleaves and easement costs are capitalized immediately after payment is made. During the year ended 30 June 2022, movement was as follows:

	June 2022 UGX'Mn	June 2021 UGX'Mn
Balance at 1 July	414,192	397,937
Additions	-	353
Transfers from capital work in progress (Note 17)	-	15,902
At 30 June	**414,192**	**414,192**

20 Intangible assets

	June 2022 UGX'Mn	June 2021 UGX'Mn
Cost		
At 1 July	9,279	9,279
Additions	-	-
At 30 June	**9,279**	**9,279**
Amortization		
At 1 July	8,963	8,854
Charge for the period	91	109
At 30 June	**9,054**	**8,963**
Net carrying amount		
At 30 June	**225**	**316**

The intangible assets comprise of software including: SCADA software, Eagle Point software, Printing Traffic software, transmission software, Road base Software, Software Disturbance Recorder Valpro Recpro, among others.

21 Deferred income tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2021: 30%) The movement on the deferred tax account is as follows:

	June 2022 UGX'Mn	June 2021 UGX'Mn
Deferred income tax liability		
As at 1 July	107,209	12,637
Increase / (decrease)	16,797	94,572
As at 30 June	**124,006**	**107,209**

The net deferred income tax liability and deferred income tax expense in the statement of comprehensive income are attributable to the following:

June 30, 2022	As at 1 July 2021 UGX'Mn	Charge/(credit) to profit or loss UGX'Mn	As at 30 June 2022 UGX'Mn
Accelerated depreciation – property, plant & equipment	210,757	8,452	219,209
Bad and doubtful debts provision	(48,513)	(117,597)	(166,110)
Net foreign exchange losses	(8,156)	80,989	72,833
Fair value gains	31,368	-	31,368
Tax losses carried forward	(78,247)	44,953	(33,294)
Net deferred income tax liability	**107,209**	**16,797**	**124,006**

June 30, 2021	As at 1 July 2020 UGX'Mn	Charge/(credit) to profit or loss UGX'Mn	As at 30 June 2021 UGX'Mn
Accelerated depreciation – property, plant & equipment	196,318	14,439	210,757
Bad and doubtful debts provision	(38,765)	(9,748)	(48,513)
Net foreign exchange losses	(37,724)	29,568	(8,156)
Fair value gains	40,754	(9,386)	31,368
Tax losses carried forward	(147,946)	69,699	(78,247)
Net deferred income tax liability	**12,637**	**94,572**	**107,209**

22 Inventories and Spares

	June 2022 UGX'Mn	June 2021 UGX'Mn
Stores stock	10,078	10,587
Scrap	2,043	2,043
Spares for plant and machinery	30,594	29,212
	42,715	**41,842**
Less: provision for obsolete inventories	(3,173)	(3,173)
At 30 June	**39,542**	**38,669**

		June 2022 UGX'Mn	June 2021 UGX'Mn
23	**Trade and other receivables**		
	Trade receivables	647,761	576,555
	Impairment and provision for doubtful accounts	(157,498)	(161,359)
		490,263	**415,196**
	Receivables due from related parties [note 23(c)]	159,024	145,235
		649,287	**560,431**
	Prepayments	8,632	6,522
	Sundry receivables	234,192	200,445
	Provision for doubtful accounts - sundry receivables	(8,612)	(351)
	Total	**883,499**	**767,047**

Trade receivables are generally on 45-day terms and become interest bearing if such are not settled within 45 days after the invoice date. The provision for bad debts relates to customers with unpaid balances due to unmet terms and conditions of the power sales agreement. Based on trend of outstanding balances, specific provisions have also been made on certain receivables in accordance with the requirements of IFRS 9.

Sundry receivables majorly consist of items such as receivables from lease of optic fibre, line and property rentals, contractual advances to projects contractors, claimable tax etc.

		June 2022 UGX'Mn	June 2021 UGX'Mn
a)	**Movement in the provision for bad and doubtful debts**		
	At 1 July	161,710	129,218
	Impairment loss for the year – trade receivables	4,400	32,492
	Recoveries during the year	-	-
		166,110	**161,710**
	Impairment loss for the year – sundry receivables	-	-
	At 30 June	**166,110**	**161,710**

Debtors past 45 days are considered past due but not impaired. Note 6(a) explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

		June 2022 UGX'Mn	June 2021 UGX'Mn
b)			
	Neither past due nor impaired < 45 days	375,458	414,844
	Past due but not impaired > 45 days but less than 120 days	128,885	-
	Over 120 days and impaired	157,498	161,359
		661,841	**576,203**

(c) Receivables from related parties

Name	Nature of transactions	Nature of relationship
Uganda Electricity Distribution Company Limited	Energy sales	Common shareholder
Government of Uganda	Government of Uganda contributions for payment of capacity charges to thermal power generators	Shareholder through the Ministers

The following were the transactions carried out with related parties and the balances as at June 30, 2022. Transactions with related parties relate to mainly purchase and sale of power.

June 30, 2022 **Related Party**	**At 1 July 2021 UGX'Mn**	**Sales/ purchases UGX'Mn**	**Payments /funding UGX'Mn**	**At 30 June 2022 UGX'Mn**
Uganda Electricity Distribution Company Limited	15,987	29,837	(31,744)	14,080
Government of Uganda	129,248	93,934	(78,238)	144,944
Total	**145,235**	**123,771**	**(109,977)**	**159,024**

June 30, 2021 **Related Party**	**At 1 July 2020 UGX'Mn**	**Sales/ purchases UGX'Mn**	**Payments /funding UGX'Mn**	**At 30 June 2021 UGX'Mn**
Uganda Electricity Distribution Company Limited	17,183	23,374	(24,570)	15,987
Government of Uganda	80,044	85,628	(36,424)	129,248
Total	**97,227**	**109,202**	**(60,994)**	**145,235**

Amounts due from Government of Uganda (GoU) are comprised of the following:

i) UGX 33,124 million (At June 30, 2021: UGX 33,124 million) which was utilised by UETCL with consent of Government of Uganda to pay power generators during the power crisis of 2011. The amounts used to pay power generators ought to have been paid to Rural Electrification Agency since it had been collected as a levy through the tariff.

ii) UGX (33,386) million [At June 30, 2021: UGX (32,706) Mn] relating support for thermal capacity charges received in advance from Government as at June 30, 2022

iii) UGX 129,526 Million (at June 30, 2021 UGX 113,150 Mn) in respect of support for deemed energy for ARPE Hydro Power plant

iv) Pension arrears and legal costs of UGX 15,680 million paid to former employees of Uganda Electricity Board (UEB) and their lawyers which Government committed to refund.

Amounts due from Uganda Electricity Distribution Company Limited (UEDCL) comprise UGX 14,080 million (At June 30, 2021: UGX17,183 million) relating to energy sales

Outstanding balances at the period-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables. For the year ended June 30, 2022 the Company has recorded an impairment provision against Uganda Electricity Distribution Company Limited within the requirements of IFRS 9.

This assessment is undertaken at each financial period through examining the financial position of the related party and the market in which the related party operates. The Company had no commitments with related parties for the year ended June 30, 2022.

24 Bank balances	June 2022 UGX'Mn	June 2021 UGX'Mn
Operations Balances:		
Standard Chartered Bank Uganda Limited	58,962	46,481
Housing Finance Bank Limited	265,648	13,275
Citibank Uganda Limited	9,831	2,496
ABSA Bank Uganda Limited	279	185,488
Cash at hand	8	11
	334,728	**247,751**
Committed funds: Bank of Uganda Project Accounts		
Cash balances relating to grants – note 34(a)	110,182	51,410
Cash balances relating to Government of Uganda Contributions – note 34(b)	87,645	107,573
Committed funds: Project operations accounts		
Cash balances held in commercial banks – Note 34(c)	159,834	201,262
ABSA Bank – Drawn performance securities - note 34(d)	352	5,408
	358,013	**365,653**
Total bank balances	**692,741**	**613,404**

Committed funds: Bank of Uganda Project Accounts and Project Operations Accounts

The above funds relate to loans, contributions and grants received from Government of Uganda by UETCL as an implementing agent, to manage the various ongoing power projects (grid expansion projects). These funds are maintained in Bank of Uganda and other project operations accounts, and the terms of use stipulate that the funds can only be used to implement projects activities and none other. Therefore, these funds have been committed to the implementation of specific project activities.

25 Issued capital

	June 2022 UGX'Mn	June 2021 UGX'Mn
Authorised, issued and fully paid 181,307,630 ordinary shares of UGX 500 each	90,654	90,654

26 Government of Uganda contributions

	June 2022 UGX'Mn	June 2021 UGX'Mn
At 1 July	1,082,245	958,006
Contributions received during the year	34,914	124,239
Witholding tax on interest earned on Government of Uganda funds for previous years [15(c)]	(1,597)	-
Total	**1,115,562**	**1,082,245**

The contributions from Government of Uganda relate to funds appropriated by Parliament of Uganda and remitted to the Company for Resettlement Action Plan (RAP) activities for the acquisition of wayleaves, construction of Transmission lines and related infrastructure.

27 Capital grants

	June 2022 UGX'Mn	June 2021 UGX'Mn
Norwegian Agency for Development (NORAD)	152,743	152,754
Swedish International Development Association (SIDA)	1,299	1,329
Japan International Cooperation Agency	57,891	59,527
Government of Uganda	10,389	10,640
Islamic Development Bank	186,210	139,974
KfW	35,988	33,393
International Development Agency	199,380	106,836
Total	**643,900**	**504,453**

Norwegian Agency for Development (NORAD)

On 21 November 2001, an agreement for Norwegian Kroner 60 million was signed between the Government of Uganda and the Government of the Royal Kingdom of Norway through the Norwegian Agency for Development (NORAD), regarding financial assistance for rehabilitation of 133/33/11 KV substations and improvement of reliability of the grid network. The grants which related to completed and commissioned projects were converted into equity.

The Government of Norway through NORAD extended a grant Norwegian Kroner 300 million for the construction of Nkenda-Hoima Transmission line, Norwegian Kroner 7 million for the feasibility study of

Hoima-Kafu Transmission line, Norwegian Kroner 14.6 million for the feasibility study for the Karuma Interconnection and Norwegian Kroner 9 million for feasibility study of Mirama-Kikagati -Nshongyenzi transmission line project.

Swedish International Development Association (SIDA)

In December 2007, a grant agreement of SEK 3,392,830 was signed between UETCL and a consultant, SWECO International AB under the auspices of the Swedish Government to finance feasibility study of Mbarara – Nkenda – Fort Portal 132kV transmission line.

There were no conversions to equity during the year ended June 30, 2021. (2020: Nil)

Japan International Cooperation Agency (JICA)

On 25 November 2014, a Grant Agreement of JPY 2,519 million was signed between the Government of Uganda and the Government of Japan through the Japan International Cooperation Agency (JICA) for the refurbishment and upgrade of Queensway substation to improve reliability of power supply in Kampala Central Business District and surrounding areas.

Islamic Development Bank

On 10 December 2013 a loan agreement was signed between the Government of Uganda and Islamic Development Bank to finance 132kV Opuyo Moroto Project for an amount not exceeding US$86,620,000 payable after fifteen (15) years with a gestation period of four (4) years. The loan terms are of that of vendor and purchaser with principles of Shari' ah as interpreted by the Islamic Fiqh Academy and enunciated in the Shari' ah standards published by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). The loan to Government was passed over by Government of Uganda as a grant to UETCL to execute the required project activities.

KfW

On 16 December 2009, a grant financing agreement of Euro 6,000,000 was signed between the Government of Uganda and KfW for the promotion of renewable energy and energy efficiency through facilitating the construction of a 132 KV Mutundwe - Entebbe transmission line and a new 132/33 kV outdoor substation at Entebbe. On 22 September 2015 a Euro grant agreement worth £14.7 million, under the Get Fit premium payment mechanism was signed between KfW and Government of Uganda, out of which GBP 3,800,000 was allocated to UETCL for the upgrade of Opuyo Substation.

International Development Agency

On 17 March 2017, a financing agreement of SDR71,000,000 was signed between the Government of Uganda and the International Development Association to finance the following projects under a Grid enhancement and Reinforcement Project (GERP) arrangements:

(a) Construction of 132kV double circuit transmission line from Lira through Gulu and Nebbi to Arua.
(b) Extension of existing 132kV double bas bar at Lira substation or construction of a switching station between Lira and Gulu.
(c) Construction of substations with all ancillary installations in Gulu, Nebbi and Arua.

(d) Provision of technical advisory services for supervision of the project's activities required for the mentioned projects.

The Government of Uganda has passed over to UETCL the financing under the GERP arrangement as a grant.

The overall movement in capital grants during the year was as follows:

	June 2022 UGX'Mn	June 2021 UGX'Mn
At 1 July	504,453	419,429
Cash received during the year	141,373	86,684
Amortisation during the year	(1,675)	(1,409)
Amortization of grant from Government of Uganda	(251)	(251)
At 30 June	**643,900**	**504,453**

Capital grant from Government of Uganda

The grant relates to Rugonjo 33/132kv substation granted to UETCL in 2015 by Government of Uganda through the Rural Electrification Agency to facilitate evacuation of power from Mpanga Hydro Generation Plant. The movement during the year is as follows:

	June 2022 UGX,Mn	June 2021 UGX, Mn
At 1 July	10,640	10,891
Amortisation	(251)	(251)
At 30 June	**10,389**	**10,640**

28 Borrowings

Borrowings comprise the following:

June 30, 2022	Principal UGX'Mn	interest payable UGX'Mn	Total UGX'Mn
International Development Association	183,424	3,126	186,550
African Development Bank	297,242	8,557	305,799
Japanese Bank of International Co-operation	191,270	63	191,333
French Development Agency	85,445	6,057	91,502
Export Import Bank of China	1,155,350	98,841	1,254,191
KfW	43,940	1,709	45,649
	1,956,671	**118,353**	**2,075,024**
June 30, 2021			
International Development Association	173,401	2,955	176,356
African Development Bank	281,000	7,960	288,960
Japanese Bank of International Co-operation	179,549	59	179,608
French Development Agency	80,776	5,726	86,502
Export Import Bank of China	1,008,726	75,046	1,083,772
KfW	28,800	430	29,230
	1,752,252	**92,176**	**1,844,428**

The existing loans are all non-current, since the shareholder/lender has no intention to recover both the principal amounts and accrued interest in the foreseeable future as the Government of Uganda sources and directly repays the scheduled instalments. However, in the case of Exim Bank Isimba, the loan was borrowed on commercial terms such that certain amounts are repayable annually. The amounts repayable by UETCL in any one year are dependent on the amount recovered through energy volumes billed through the tariff. The amount repayable in any one year is therefore not known with certainty since the billings depend on the energy volumes dispatched from the Isimba Generation Plant, that can only be determined after end of any one year. Consequently, it is not possible to ascertain and reclassify amounts that are payable within one year.

The movement during the year was as follows:

	June 2022 UGX'Mn	June 2021 UGX'Mn
At 1 July	1,844,428	1,850,630
Cash drawdowns and direct contractor payments	108,916	57,584
Interest for the year	20,905	28,025
Unrealised foreign exchange (gains) / losses	104,743	(87,410)
Repayments	(3,757)	(4,401)
At 30 June	**2,075,235**	**1,844,428**

African Development Bank and Japanese Bank of International Co-operation

A loan agreement was signed on 1 October 2007 between the Government of Uganda, the African Development Bank, Japanese Bank for International Development for the construction of Bujagali - Kawanda, Mutundwe - Kawanda line and Kawanda Substation and upgrade of Bujagali switch to 220KV. Financing of the project amounted to JPY 3,484 million and UGX 44 billion from JBIC, AFDB and Government of Uganda respectively. The loans received are unsecured and the interest rates were 0.75% per annum for African Development Bank and 0.01% per annum for the loans from the Japanese Bank of International Co-operation.

African Development Bank

A loan agreement was signed on 13 May 2009 between the Government of Uganda and African Development Fund to provide financing in various currencies equivalent to Units of Account 7,590,000 for the construction of Mbarara - Mirama / Bujagali – Tororo – Lessos and associated substations.

Another loan agreement was signed on 13 May 2009 between the Government of Uganda and African Development Bank to provide funding in various currencies equivalent to Units of Account 52,510,000 for Mbarara / Nkenda and Tororo / Lira transmission lines. The loans received are unsecured and the interest rate is 0.75% per annum.

French Development Agency

A loan agreement was signed on 13 October 2013 between the French Development Agency and the Government of Uganda to provide funding amounting to US$ 23,000,000 for the Mputa interconnection project. The loan is at an interest rate of 7.13% per annum and is not secured.

International Development Association Loan

A loan agreement was signed between the Government of Uganda and the International Development Association under the Electricity Sector Development project to provide financing in various currencies equivalent to special Drawing Rights 74,100,000 to fund Kawanda – Masaka Transmission line and related sub-stations.

Japanese Bank of International Co-operation

On 26 March 2010 a loan agreement was signed between the Government of Uganda and Japan International Cooperation Agency to provide financing of up to Japanese Yen 5,406,000 for the construction of Mbarara - Mirama / Bujagali – Tororo – Lessos transmission Line and associated substations.

On 26 April 2018 a loan agreement was signed between the Government of Uganda and Japan International Cooperation Agency to provide financing of up to Japanese Yen 13,659,000,000 for the implementation of Kampala Metropolitan Transmission System Project aimed at improvement of the transmission system in Kampala and surrounding areas through construction and renovation of substations, transmissions lines and introduction of mobile substation.

Export Import Bank of China

In 2016 a commercial loan agreement for USD 99,975,885 was signed between Government of Uganda and Export Import Bank of China to finance construction of substations and remote ends for Industrial Parks that include Luzira, Iganga, Namanve South and Mukono. The loan is to be repaid by Government of Uganda over a 15-year period at an annual interest rate based on LIBOR and a margin of 300 basis points.

On 18 December 2014 and 20 February 2015 commercial loan agreements amounting to USD 1,435,158,682 were signed between Government of Uganda and Export Import Bank of China to finance construction of Karuma Interconnection Projects that include Dam, transmission lines and associated substations. Under this arrangement Government of Uganda was to lend to UETCL US$246,419,437 for construction of transmission lines and associated sub-stations. The loan to UETCL is repayable over a 20-year period at an annual interest rate of 2%.

On 24 November 2014 a commercial loan agreement amounting to USD 482,578,200 was signed between Government of Uganda and Export Import Bank of China to finance construction of Isimba 183MW Hydro Power Project and Isimba - Bujagali 132kV Interconnection transmission line and associated substation. Under this arrangement Government of Uganda was to lend to UETCL US$18,082,359.78 for construction of the 132kV transmission line and associated sub-station. The loan to UETCL is repayable over a 20-year period at an annual interest rate of 2%. The debt service cost to finance repayments is included within the tariff levied to UETCL by the Uganda Electricity Generation Company Limited that operates the Isimba Hydro Power Plant.

KfW

On 16 December 2009, the Government of the Republic of Uganda signed an Agreement with Kfw for promotion of renewable energy and energy efficiency. By a Channelling Agreement dated 24 June 2013 signed with Uganda Electricity Transmission Company Limited, the Government of Uganda passed over a grant of Euro 15,000,000 to facilitate construction of part of the 35Km 132Kv Mutundwe Entebbe transmission line and associated substation works. The loan is repayable over a twelve-year period at an annual interest rate of 4.5%

All the loans are on-lent to Uganda Electricity Transmission Company by GoU to implement the intended projects.

29 Trade and other payables	Jun 2022 UGX'Mn	Jun 2021 UGX'Mn
Trade payables - Non related parties	358,084	376,655
Trade payables - Related parties**	49,047	25,087
Accruals	13,996	11,615
Other payables - Non related parties	243,529	250,689
Other payables - related parties**	132,128	95,785
Total	**796,784**	**759,831**

Amounts due to related parties consist of the following

	Jun 2022 UGX'Mn	Jun 2021 UGX'Mn
**Uganda Electricity Generation Company Limited	49,047	25,087
**Rural Electrification Agency	132,128	95,785

The payable to Rural Electrification Agency (REA) results from rural electrification charge levied at 5% of local energy purchases. The related party relationship between UETCL and REA arises out of the fact that both UETCL and REA subscribe to a common policy through the Ministry of Energy and Mineral Development.

Other payables consist of retention on project invoices, payables to Electricity Regulatory Authority, Uganda Communications Commission, taxes such as Pay As You Earn (PAYE) and NSSF, and payables to several other suppliers.

		June 2022 UGX'Mn	June 2021 UGX'Mn
30	**Employee benefit obligations**		
	At 1 July	2,717	2,451
	Provision during the period	6,050	5,500
	Paid during the period	(5,486)	(5,234)
	At 30 June	**3,281**	**2,717**

The Company is obliged to pay service gratuity equivalent to 30% of employee's annual basic salary every year to all employees on the anniversary of their contractual employment. The related obligation is provided for on a monthly basis.

		June 2022 UGX'Mn	June 2021 UGX'Mn
31	**Related party disclosures**		
(a)	**Key management compensation**		
	Salaries (including Executive Director's salary)	2,798	2,713
	Allowances and benefits	1,969	1,735
	National Social Security Fund contributions	477	445

		June 2022 UGX'Mn	June 2021 UGX'Mn
(b)	**Directors' Emoluments**		
	Executive Director's salary and benefits (also included in key management compensation)	934	942
	Directors' fees	796	826

32 Basic and diluted earnings per share

	June 2022 UGX'Mn	June 2021 UGX'Mn
(Loss)/ Profit after tax attributable to owners of the Company	37,703	112,124
(Loss)/Profit used in the calculation of basic earnings per share	37,703	112,124
Weighted average number of ordinary shares for the purposes of basic earnings per share – Millions	181	181
(Loss)/Profit per share - basic and diluted	**208**	**619**

Earnings per share are calculated by dividing the profit after tax by the number of shares in issue as at end of the year.

33 Cash generated from operations

	Note	June 2022 UGX'Mn	June 2021 UGX'Mn
Profit /(Loss) before income tax		54,672	206,975
Adjustments for:			
Grant income	11	(1,926)	(1,660)
Depreciation	17	37,911	31,990
Amortization of finance leasehold land	18	612	613
Amortization of intangible assets	20	91	109
Provision for gratuity	30	6,050	5,500
(Profit)/loss on disposal of property, plant & equipment		(281)	-
(Gain) on disposal of property, plant & equipment			-
Unrealised foreign exchange (gains)/losses on borrowings	28	104,532	(87,410)
Net foreign exchange (gains) / losses		116,257	(107,369)
		317,918	**48,748**
Changes in working capital			
Increase in inventories and grid spares		(873)	(778)
Increase in trade and other receivables		(116,452)	(130,315)
Increase / (decrease) in trade and other payables		36,953	18,939
Cash generated from/(used in) operations		**237,546**	**(63,406)**

34 Projects' bank accounts

These are accounts in the names of Ministry of Energy and Mineral Development that are opened by the Accountant General in Bank of Uganda. The bank accounts are responsible for holding project funds from both government and donors pending disbursements to defray obligations in respect of Resettlement Action Plans executed by UETCL as the implementing agency. Funds from Government to these project bank accounts are appropriated by Parliament of Uganda under the vote to the Ministry of Energy and Mineral Development and at the end of any one fiscal year, the unutilized balances on those bank accounts may be transferred to the Consolidated Fund at the discretion of the Accountant General.

These bank accounts and associated projects are audited separately by the Auditor General. The funds held with Bank of Uganda consist of the following:

	June 2022 UGX'Mn	June 2021 UGX'Mn
Cash balances relating to grants – note 34(a)	110,182	51,410
Cash balances relating to Government of Uganda Contributions – note 34(b)	87,645	107,573
Total funds held with Bank of Uganda	**197,827**	**158,615**
Project accounts held with commercial banks (cash balances relating to Government of Uganda contributions) – note 34(d)	159,834	201,262
Project funds with commercial banks drawn from performance securities for defaulting contractors – note 34(e)	352	5,408
Total funds	**358,013**	**365,653**

(a) Balances relating to grants received

Account Name	Donor	Purpose	June 2022 UGX'Mn	June 2021 UGX'Mn
Grid Expansion Reinforcement Project (GERP)	International Development Association (IDA) through GoU	Financing Gulu – Lira – Nebbi Line	**110,182**	**51,410**

(b) Balances relating to Government of Uganda Contributions

	Account Name	Purpose	June 2022 UGX'Mn	June 2021 UGX'Mn
1.	Karuma Interconnection RAP	Resettlement action plan for persons affected by Karuma Interconnection Project	14,269	11,891
2.	Mbarara-Nkenda &Tororo-Lira Transmission Line Escrow	Handle Resettlement Action Plan funds	345	9,773
3.	Mputa Interconnection Project	Handle Resettlement Action Plan GOU funded plans	14,898	15,059
4.	Bujagali Resettlement Escrow Account	Government under an Escrow Agreement with Bujagali Energy Limited Special account to handle Nile Equatorial Grid.	3,052	3,419
5.	Interconnection of Electric Grid of Nile Equatorial Lakes Countries Project	Project financed by Government of Uganda	30,316	35,972
6.	Masaka-Kawanda 220Kv Transmission Line	Handle Resettlement Action Plan for Kawanda Masaka Project.	3,146	3,967
7.	Opuyo Moroto Transmission Line	Handle Resettlement Action Plan	2,168	3,331
8.	Grid Expansion	Handle Resettlement Action Plan	19,451	24,161

	Account Name	Purpose	June 2022 UGX'Mn	June 2021 UGX'Mn
	Reinforcement Project (GERP)	for Gulu – Lira – Nebbi Line		
	Total		**87,645**	**107,573**

(c) Commercial banks balances relating to Government of Uganda contributions

	Bank	Purpose	June 2022 UGX'Mn	June 2021 UGX'Mn
1	Citibank Uganda Limited	To maintain and disburse funds for specific project works	84,089	103,823
2	Housing Finance Bank Limited	To maintain and disburse funds for RAP activities for various projects	75,200	61,212
3	Standard Chartered Bank Limited	To maintain and disburse funds for RAP activities for various projects	545	4,702
4	Absa Bank Uganda Limited	Escrow account to manage specific project compensations	-	31,525
	Total		**159,834**	**201,262**

(d) Commercial banks balances relating to funds drawn from performance securities on account of defaulting contractors

	Bank	Purpose	June 2022 UGX'Mn	June 2021 UGX'Mn
1	ABSA Bank Uganda Limited	Holding funds drawn from performance securities against contractors who default on contractual obligations	**352**	**5,408**

35 Employees

The total number of employees as at June 30, 2022 was 503 (at 30 June 2021: 524) of which 356 (at 30 June 2021: 359) were mainstream contract staff and 147 (at 30 June 2020: 148) were deployed on various Projects. The salaries and benefits in respect of Project Staff are capitalized as part of the project costs.

36 Contingent assets and liabilities

Legal Actions

The Company is a defendant on various legal actions arising in the normal course of business. The Company has been advised by its legal counsel that it is only possible, but not probable, that actions estimated at UGX 39.73 billion will succeed. Accordingly, no provision for these liabilities has been made in these Financial Statements. The Company is defending itself against these actions and, therefore, it is not practical to state the timing of payments, if any.

Further the Company is a plaint in various legal actions arising both in the normal course of business and against various contractors. The Company has been advised by its legal counsel that it is only possible, but not probable, that actions estimated at UGX 59.755 billion will succeed. Accordingly, no adjustment for these assets has been made in these Financial Statements. The Company is pursuing these cases and, therefore, it is not practical to state the timing of awards, if any.

The summary of the cases in terms of longevity and financial magnitude is as follows:

Status	Period Elapsed since lodgment of Suit	0 -1 Year	1 - 2 Years	3 - 5 Years	Above 5 Years	Total
Company as Defendant	Number of Cases	4	1	3	2	**10**
	Amount (Shs'Mn)	21,185	350	16,930	1,265	**39,730**
Company as Plaint	Number of Cases	7	18	55	14	**94**
	Amount (Shs'Mn)	909	7,830	47,548	3,468	**59,755**

Other Circumstances

The Company has a claim of UGX 8.082 billion in respect of interest on bank account relating to periods to 30 September 2019. The claim is a result of a shortfall in interest credited at less than the agreed interest rate. The amount is in dispute and the case is under mediation. Due to the uncertainty surrounding its realization, no accrual has been made in the Financial Statements.

37 Events after the reporting period

No events have occurred after the reporting date that would require adjustments to, or disclosures in, these Financial Statements.

NOTES

Plot 10 Hannington Road
P. O. Box 7625, Kampala-Uganda
Tel: +256 414 233 433/4,
+256 417 802 000, +256 314 802 000
Fax: 256-41-4341789
Email: transco@uetcl.com