THE REPUBLIC OF UGANDA

OFFICE OF THE AUDITOR GENERAL

ANNUAL REPORT OF THE AUDITOR GENERAL FOR THE YEAR ENDED 30TH JUNE 2008

VOLUME 4

STATUTORY CORPORATIONS

Contents **Page**

TABLE OF ACRONYMS

AG	Auditor General
BAT	British American Tobacco
CDC	Centre for Disease Control
CEO	Chief Executive Officer
CID	Criminal Investigation Department
CMB	Coffee Marketing Board
COCTU	Coordinating Office for Control of Trypanosomiasis in Uganda
COSASE	Committee on Statutory Authorities and State Enterprises
DDA	Diary Development Authority
DKK	Danish Krones
DRIC	Divestiture Reform and Implementation Committee
GoU	Government of Uganda
HSD	Health Sub-district
IAS	International Accounting Standard.
IDA	International Development Agency
JV	Joint Venture
JVA	Joint Venture Agreement.
KCCL	Kasese Cobalt Company Limited
MECE	Mount Elgon Coffee Europe APS
NAA	National Audit Act 2008
NAGRIC	National Animal Genetic Research Centre
NDA	National Drug Authority
NMS	National Medical Stores
NRV	Net Realizable Value.
NRWL	Nalukolongo Railway Workshop Limited
NSSF	National Social Security Fund
NWSC	National Water and Sewerage Corporation
PERDS	Public Enterprise Reform and Divestiture Statute
PPDA	Public Procurement and Disposal Authority.
SIP	Strategic Intervention Program
UCDA	Uganda Coffee Development Authority
UCF	Uganda Consolidated Fund.
UDCL	Uganda Diary Corporation Limited
UEB	Uganda Electricity Board
UEDCL	Uganda Electricity Distribution Company Limited.
UEGCL	Uganda Electricity Generation Company Limited.
UETCL	Uganda Electricity Transmission Company Limited.
UGCEA	Uganda Ginners and Exporters Association.
UGEMCO	Uganda-Egypt Coffee manufacturing Company
UNESCO	United Nations Education And Scientific Organization
URA	Uganda Revenue Authority
USAID	United States Agency for International Development.
UWA	Uganda Wildlife Authority.
VAT	Value Added Tax

1.0 INTRODUCTION

This is volume 4 of the Auditor General's annual report to Parliament. The report presents the number and types of audit opinions issued for Statutory Corporations entities audited during the period from 1st April 2008 to 31st March 2009.

The Office of The Auditor General is responsible for the audit of **Seventy five** (75) entities comprising of state enterprises, statutory authorities and commissions. The nature of the entities is such that their accounting dates are not co-terminus (do not all end on the same date). Four different accounting dates feature in the accounts of the entities as follows:-

- Year ending 30th June,
- Year ending 30th September,
- Year ending 31st October and
- Year ending 31st December.

1.1 MANDATE

The 1995 Constitution of the Republic of Uganda under Article 163 (3) and Section 36 of the Public Finance and Accountability Act 2003 and Section 88 of the Local Government Act 2007 and other various Acts of Parliament establishing Commissions and State Corporations require the Auditor General to examine and audit the various accounts on behalf of Parliament and submit annually a report to Parliament on the financial as well as value for money audits. In addition, the Auditor General is mandated to carry out special audits on any matter as requested by Parliament.

The Constitutional provisions are as follows: -

1.1.1 Article 163 (3)

The Auditor General shall –

(a) Audit and report on the public accounts of Uganda and of all public offices including the courts, the central and local government administrations, universities and public institutions of like nature, and any public corporation or other bodies or organizations established by an Act of Parliament; and

(b) Conduct Financial and value for money audits in respect of any project involving public funds.

1.1.2 Article 163 (4)

The Auditor General shall submit to Parliament annually a report of the accounts audited by him or her or under clause (3) of this article for the financial year immediately preceding.

1.1.3 The National Audit Act, 2008

Further to the constitutional mandate, National Audit Act (NAA), 2008 sets out the responsibilities with regard to the audit of public organizations, private organizations partly financed by public monies, special audits, investigations and certifications.

1.1.3.1 Section 17. Audit of accounts of public organizations

(1) Notwithstanding anything to the contrary in any law in force, the accounts of a public organization shall be audited by the Auditor General.

(2) In the exercise of his or her duties under this section, the Auditor General shall have the same discretion and powers in relation to the monies, stamps, securities, stores and other property of a public organization.

(3) The Auditor General shall within six months after the financial year to which the report relates, prepare and submit a report on the audit of accounts referred to in this section and shall give a copy to the President, the Minister, Minister responsible for the organization audited, the Minister responsible for ethics, the public organization concerned, the Inspector General of Government and the National Documentation Centre.

(4) The section applies to any state enterprise, any authority established by an Act other than a local government council and any entity, other than a local government council, which is audited by the Auditor General under any Act.

1.1.3.2 Section 18. Audit of public monies in private organizations and bodies.

The Auditor General may inquire into, examine, investigate and report, as he or she considers necessary, on the expenditure of public monies disbursed, advanced, or guaranteed to a private organization or body in which government has no controlling interest.

1.1.3.3 Section 19. Certification and report on audit

In exercising his or her functions, under sections 15, 16, 17 and 18 of the NAA, the Auditor General shall express an opinion on the accounts based on the results of each audit.

1.1.3.4 Section 22. Special audits and investigation

The Auditor General may carry out special audits, investigation or any other audit considered necessary by him or her.

1.2 VISION

The vision of the Office of the Auditor General is "To be an Effective and Efficient Supreme Audit Institution (SAI) in promoting public Accountability in the use of Resources in the enhancement of good governance".

1.2.1 Mission

The mission of the office of the Auditor General is "To audit and report to the Public and there by make an effective contribution in improving public accountability".

1.2.2 Core Values

The office of the Auditor General is run on three (3) specific core values which motivate and guide staff in their endeavours to achieve the vision and mission of the office. These core values are:-

- Integrity
- Objectivity and
- Professional Competence

1.3 SCOPE OF AUDITOR GENERAL'S WORK IN RELATION TO FINANCIAL AUDITS AND SPECIAL INVESTIGATIONS.

1.3.1 Auditor's Responsibility when conducting an audit

The responsibility of the Auditor is to express an independent opinion on the financial statements based on the audit. The Auditor conducts the audits in accordance with International Standards on Auditing. Those standards require that an audit is planned and performed to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements as well as evidence supporting compliance with relevant laws and regulations. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

1.3.2 Directors' responsibility for the financial statements

It is the responsibility of the Directors' of the audited entities to prepare financial statements which give a true and fair view of the state of affairs and operating results of their entities in accordance with International Financial Reporting Standards and the various Acts and Statutes establishing them. This responsibility also includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements ***that are free from material misstatement, whether due to fraud or error,*** selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in their circumstances. The audit of financial statements does not relieve management, or those charged with governance of their responsibility.

1.3.3 Representations by management

As part of normal audit procedures, the Auditor will where necessary request management of audited entities to provide written confirmations or oral representations.

After conducting audits based on the scope of the auditor's responsibility stated above, the auditor shall ***report to management in writing***, any significant weaknesses based on observations on the internal control system and other areas that come to their notice which they consider should be brought to management's attention by way of a ***Management letter.***

2.0 AUDIT OPINION AND TYPES OF OPINIONS

2.1 Audit Opinion (Certification of Accounts)

An audit opinion is a conclusion by the Auditor on the financial statements based on the audit work carried out. The statement gives assurance to the users of the financial statements as to whether they give a true and fair view or are prepared fairly, in all material respects, in accordance with the applicable reporting frame work.

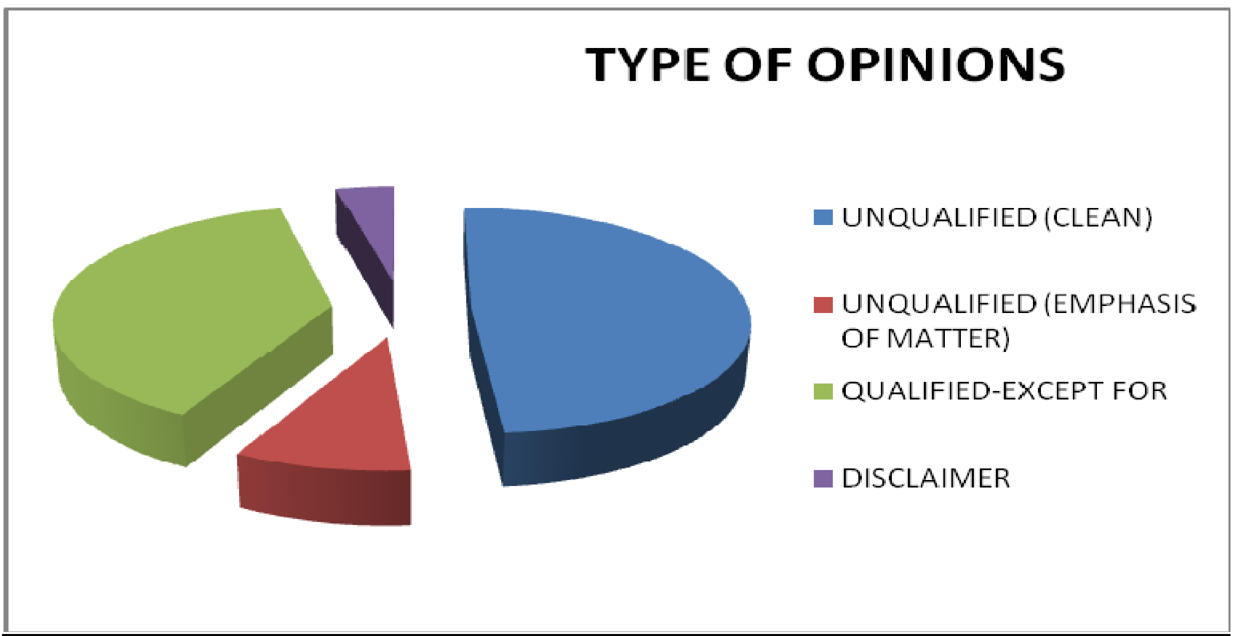
There are four kinds of opinion issued:-

- Unqualified; is where the financial statements contain no material misstatements or errors.

- Qualified-except for; is where the financial statements contain material misstatements or errors but are not pervasive.
- Disclaimer; is where the financial statements contain material misstatements based on limitation of scope on the work of an Auditor to the extent that there is uncertainty on the fairness and truthfulness of the financial statements and therefore the auditor is unable to give an opinion.
- Adverse; is where the financial statements contain material misstatements or errors and the Auditor has disagreed with management and as such concludes that the financial statements do not represent a true and fair position.

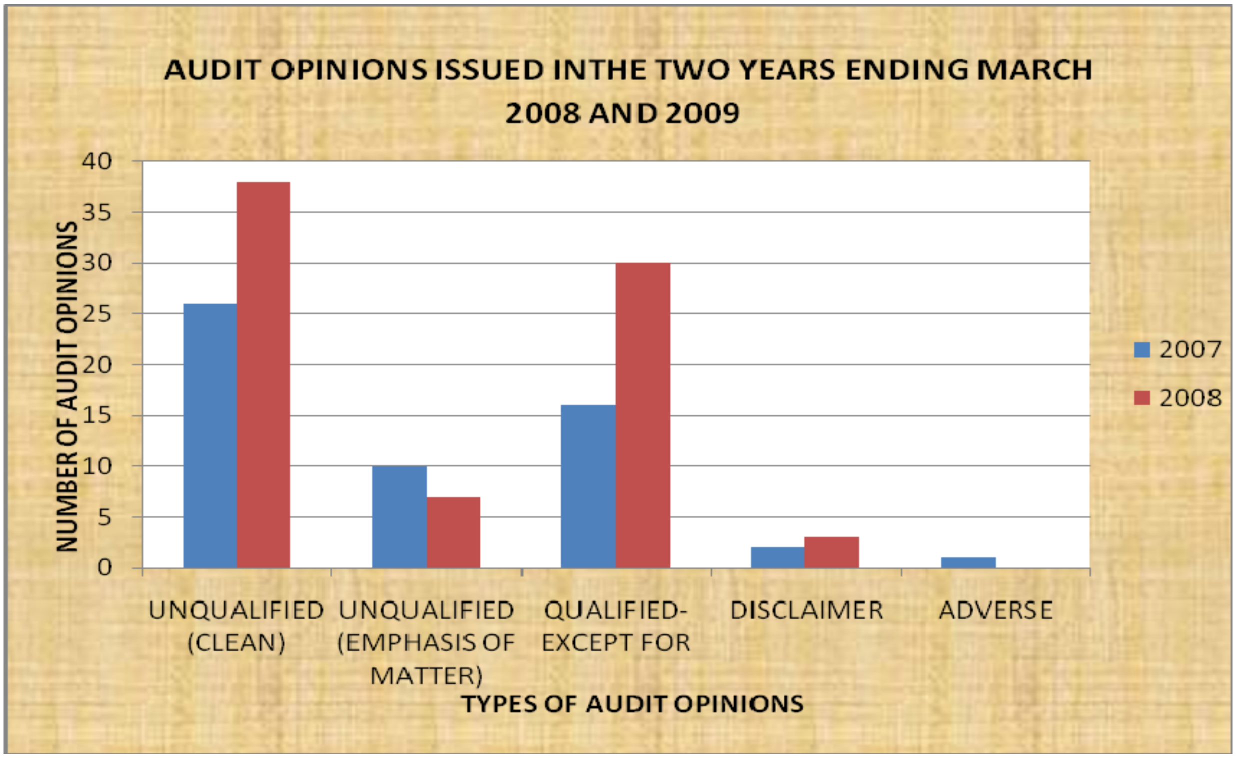
During the period, a total of seventy eight (78) financial audit opinions were issued compared to fifty five (55) in the previous year. Thirty eight (38) of the opinions were unqualified (clean), seven (7) were unqualified with emphasis of matter, thirty (30) were qualified-except for and three (3) were disclaimers, where I could not express an opinion. No adverse audit opinion was issued in the period. In addition, four (4) special audit reports were issued.

Chart showing the proportion of audit opinions



2.2 Comparison of types and opinions issued between two years

There has been an improvement in the number and type of audit opinions issued to entities as shown in the graph below:-



Details of entities with unqualified (Clean) and qualified-except for opinions are indicated in **Appendices A and B.**

3.0 ENTITIES WITH ACCOUNTS PRESENTED FOR AUDIT UP-TO-DATE

An organization is considered up to date when its audit report for its current year of operation is issued. During the period under review, twenty seven (27) entities had up-to-date audit reports. This however, shows a decrease in the number of up-to-date entities by five (5) compared to previous year's performance of thirty two (32). Details of up-to-date entities are in **Appendix C.**

4.0 AUDITS IN PROGRESS

A total of Ninety six (96) audits from Twenty eight (28) entities were not completed. The entities did not forward draft accounts in time to enable completion of the audits in time. The financial statements have been in arrears ranging from two (2) to eleven (11) years in an entity. However, a joint task force has been selected and deployed in all those entities. The status of those entities will be reported in my next annual report. **Appendix D** shows the list of entities with audits in this category.

4.1 ENTITIES THAT HAVE NOT SUBMITTED ACCOUNTS.

Six (6) entities failed to submit final accounts for audit in time, contrary to the Public Finance and Accountability Act (Section 38) and in further breach of the provisions of the respective entities' acts regarding submission of accounts to the Auditor General.

The Auditor General was therefore unable to report on the accounts of these entities as detailed below:-

	AUDIT ENTITY	ACCOUNTING PERIOD	NO. OF ACCOUNTS
	National Curriculum Development centre.	31st December 2007.	1
	Uganda Livestock Industries Ltd.	31st Dec. 2002 to 31st Dec. '07.	6
	Nakivubo War Memorial Stadium.	30th June 2007 & 30th June '08	2
	Uganda Nurses and Midwifes Council.	30th June 2006 & 30th June '08	3
	Hotel Tourist Training Institute.	30th June 2006 & 30th June '08	3
	NAGRIC	30th June 2006 & 30th June '08	3

DETAILED PARAGRAPHS OF AUDIT OPINIONS

5.1 EMPHASIS OF MATTER PARAGRAPHS

5.1.1 UGANDA ELECTRICITY DISTRIBUTION COMPANY LIMITED (31ST DECEMBER 2007)

Unqualified audit opinion with emphasis of matter

Going Concern status

I drew attention to note 2.1 in the financial statements, which indicate that as at 31 December 2007, the Company's current liabilities exceeded its current assets by Ushs 36,800 million and its total liabilities exceeded its total assets by Ushs25,906 million. These conditions indicate the existence of uncertainty which may cast doubt about the Company's ability to continue as a going concern. However the Company is a holding entity with its services fully paid for from the tariff or by other agencies it provides services to. The loans in the balance sheet were vested to the Company from UEB by the Government while it still managed and operated the distribution and supply of electricity. The principle and interest repayments for loans are fully paid from the tariff as part of the lease payments by the concessionaire. The operations of the off gird stations are subsidized from the tariff. Construction of rural electrification schemes is fully funded by Government of Uganda through the Ministry of Energy and Mineral Development. The Company has also got substantial liquid investments which will continue to generate income in the foreseeable future. These financial statements have therefore been prepared on a going concern basis.

5.1.2 KILEMBE MINES LIMITED (30TH JUNE 2007)

Unqualified audit opinion with emphasis of matter

European Investment Bank (EIB) Loan

As disclosed in Note 10 to the financial statements, the Government of Uganda acquired loans from the European Investment Bank in order to finance the purchase of Equity in Kasese Cobalt Company Limited (KCCL) through Kilembe Mines Ltd. The loan was to be repaid from dividends and cash distributions from KCCL in respect of this equity Investment. However no dividends have been forthcoming from KCCL to pay these loans.

Management is however confident of the going concern status of the company as this is a public enterprise that the Government is in the process of restructuring and divesting.

5.1.3 AMBER HOUSE LIMITED (31ST DECEMBER 2007)

Unqualified audit opinion with emphasis of matter

There were weaknesses in debt collection with the overall Trade and other receivables increasing from Ug.shs 2,367,824,676 to Ug.shs 2,517,157,146 at the end of the period. Included in this amount are debtors in respect of rental income which increased from Ug.shs 733,871,475 to Ug.shs 883,263,945 during the financial year. The organization is further owed a total of Ug.shs 1,633,953,201 by UEB a company currently under liquidation. Recoverability of this amount appears doubtful.

5.1.4 UGANDA COFFEE DEVELOPMENT AUTHORITY (30TH SEPTEMBER 2006)

Unqualified audit opinion with emphasis of matter

Joint venture losses

As stated in Note 10(a) of the financial statements, the Authority entered into a joint venture to promote Ugandan coffee overseas in Denmark, China and Egypt. The Authority has continued to make losses in these joint venture operations. This trend is unlikely to change soon.

During the year one joint venture partner (China) withdrew from the joint venture without making good its share of the loss. UCDA took over full control of the venture.

5.1.5 CABLE CORPORATION LIMITED (31ST DECEMBER 2007)

Unqualified audit opinion with emphasis of matter

Going Concern status

Attention was drawn to note 2 of the financial statements. The Company has accumulated revenue reserves deficit of Shs.7.9 billion as at 31st December 2007 (2006:Shs.9.1 billion) and as of that date its total liabilities exceeded total assets by Shs.5.4 billion (2006: Shs.5 billion). These conditions together with other matters as set forth in the note to the financial statements indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

5.1.6 PRIVATIZATION AND UTILITY SECTOR REFORM PROJECT – REDUNDANCY AND DIVESTITURE ACCOUNTS (30TH JUNE 2008)

Unqualified audit opinion with emphasis of matter

Attention was drawn to the following matters in the financial statements:-

Receivables

(i) Notes 7, 8, 9 to the financial statements show receivables amounting to Ugshs. 15,726 million mainly due from the Government of Uganda. The realization of the amounts is subject to the successful conclusion of a debt swap arrangement between the Project and the Government which is currently under negotiation.

Liabilities

(ii) Note 11.2 to the financial statements shows a credit balance of Ug shs.9,676 million (2007: Ug.Shs11,057 million) arising from assumed liabilities from divested enterprises. The determination of these liabilities is subject to the outcome of the ongoing negotiations for the settlement between the Government of Uganda and the respective parties as part of the divestiture process.

5.1.7 KILEMBE MINE LIMITED (30TH JUNE 2008)

Unqualified audit opinion with emphasis of matter

European Investment Bank (EIB) Loan

As disclosed in Note 10 to the financial statements, the Government of Uganda acquired loans from the European Investment Bank in order to finance the purchase of Equity in Kasese Cobalt Company Limited (KCCL) through Kilembe Mines Ltd. The loan was to be repaid from dividends and cash distributions from KCCL in respect of this equity Investment. However no dividends have been forthcoming from KCCL to pay these loans.

Management is however confident of the going concern status of the company as this is a public enterprise that the Government is in the process of restructuring and divesting.

5.2 QUALIFICATION PARAGRAPHS

5.2.1 ELECTRICITY REGULATORY AUTHORITY (JUNE 2007)

Qualified: Except for

Land and Buildings

The value of the Authority's Land and Buildings is indicated as Shs.1,282,461,982 in the financial statements, against which, depreciation of shs.25,649,240 has been provided. Under IAS 16, land and buildings are separable assets and are dealt with separately for accounting purposes even when they are acquired together. Management has not been able to identify separately the cost of land and buildings. It was therefore not possible to confirm the actual value of the Authority's land and buildings separately.

5.2.2 COTTON DEVELOPMENT ORGANIZATION (31ST OCTOBER 2007)

Qualified: Except for

Titles to seed dressing stations

The Organization has seed dressing properties(seed sores, seed dressing halls and delinters) at Kasese, Ngetta, Nakivumbi and Kachumbala on which it has not secured land titles. The security of these investments is therefore not guaranteed.

Emphasis of Matter

Attention was drawn to the outstanding amounts due to Uganda Ginners and Exporters Association (UGCEA) of Shs7.8billion stated in note 7 to the financial statements; the Organization raised a loan from UGCEA in 2003 to finance cotton seed activities which government was implementing under the strategic intervention program (SIP). This loan is still outstanding. In the event that UGCEA recalls the loan the organization may not have sufficient resources to meet the payment.

5.2.3 NATIONAL MEDICAL STORES (30TH JUNE 2006)

Qualified: Except for

Non Compliance with Standards

Incidental procurement costs such as import duties and pre-shipment charges are not included in the inventory costing but expensed directly to the profit and loss account. This treatment is not in compliance with the relevant international Financial reporting standard on inventory. The costing of inventory should include all the procurement costs incurred to bring the inventory to its present location and condition.

5.2.4 NATIONAL MEDICAL STORES (30TH JUNE 2007)

Qualified: Except for

Inventory

The physical stock count that was carried out at 30th June 2007 did not agree to the general ledger balance by Ushs2.425 billion. This amount was written off through the Corporation income statement. At the time of the report, an investigation into the cause of the difference was ongoing and had not been concluded.

Incidental Procurement Costs

The Corporation incurs procurement costs such as import duties and pre-shipment charges during the procurement of inventory. However, such incidental costs are not included in the cost of inventory but are expensed directly through the income statement. The above treatment is not in compliance with the International Financial Reporting Standards on inventory (IAS 2) which requires that all costs incurred to bring the inventory to its present location and condition are included in the cost of inventory. The Corporation's costing method led to the understatement of inventory, total assets and profit of the Corporation by Ushs.342 million (2006: Ushs341 million).

USAID CDC funds

The Corporation under the Cooperative agreement was awarded funding by the United States Government through CDC (Centre for Disease Control) to procure, store, distribute and track the delivery of HIV/AIDS related laboratory and other medical supplies at all Health Centres 3,4 and government hospitals. By 30th June 2007, CDC had already disbursed US$9.55 million to National Medical Stores. It was difficult to ascertain the balance of the unspent CDC funds as at 30th June 2007 from the Corporation books. Alternative procedures carried out such as independent confirmation of the balance by CDC was not responded to. There were no other alternative procedures that could be performed to ascertain the fair statement of the CDC balance as at 30 June 2007.

5.2.5 UGANDA TOURIST BOARD (30TH JUNE 2008)

Qualified: Except for

Governance

The total number of board of directors is seven instead of nine as provided for by section 4 (a) to (d) of the Uganda tourist board statute, 1994. Furthermore there was no board sitting for the entire year contrary to the six times stipulated in schedule 1 (i) of the Uganda tourist board statute, 1994. This was largely attributed to the resignation of the board chairman on 13th September 2007 and a failure to appoint a replacement.

5.2.6 UGANDA INSURANCE COMMISSION (30TH JUNE 2006)

Qualified: Except for

Debtors

We noted that debtors' ledgers were not regularly updated. Consequently debtor balances have been understated by Shs.15,249,571 in the financial statements. Included in the debtors balances is Shs.11,541,754 which has remained outstanding for over two years. Management has not provided for bad debts in the financial statements.

Depreciation

Note 1 to the financial statements states that the accounting policies adopted for depreciation of property, plant and equipment will be based on a straight line basis. A reconciliation of depreciation charges for the year revealed that a reducing balance method has been used instead.

IAS 16 requires that a change in the depreciation policy should be made if there is a significant change in the expected consumption pattern of future economic benefits of assets and such changes should be accounted for as a change in an accounting estimate in accordance with IAS 8. Due to the inconsistency in application of depreciation methods, depreciation charges amounting to Shs.30,520,814 arising from a change from straight line to reducing balance method has not been disclosed in the financial statements. Consequently, I was unable to confirm the accuracy of the value of property, plant and equipment stated in the balance sheet.

5.2.7 DIARY DEVELOPMENT AUTHORITY (31ST DECEMBER 2003)

Qualified: Except for

Valuation of properties, Plant and Equipment

Most of the properties do not have land titles. Besides, the Authority's assets were last valued in 1996. IAS 16 requires that items of property, plant and equipment which are carried at revalued amount be revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. The Authority has not carried out any subsequent revaluation of the revalued assets. This constitutes non compliance with the revaluation requirement of the IAS 16.

Due to the above limitation I was unable to confirm the accuracy, completeness and valuation of property, plant and equipment shown in the balance sheet.

Government Grants

The Authority received grants relating to assets. IAS 20 requires that the nature and extent to government grants received be appropriately disclosed in the financial statements and that assets related grants, including non-monetary grants at fair value be presented in the balance sheet either by setting up the grants as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

The authority did not treat government grants in accordance with IAS 20. Due to this limitation I could not confirm the accuracy of fixed assets related grants in the financial statements.

5.2.8 DAIRY DEVELOPMENT AUTHORITY (31ST DECEMBER 2004)

Limitation of scope

Valuation of Property, plant and equipment

The Authority's assets were last valued in 1996 and most of the properties do not have land titles.

- IAS 16 requires that items of property, plant and equipment which are carried at revalued amount be revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. The Authority did not carry out any subsequent revaluation of the revalued assets.

- IAS 16 also requires the subsequent increase in the revaluation to be carried under equity as revaluation surplus; this was not done in the financial statements.

Due to the above limitations I was unable to confirm the accuracy, completeness and valuation of the property, plant and equipment shown in the balance sheet.

Government Grants

It was noted that the Authority received grants relating to assets. IAS 20 requires that asset related grants including non-monetary grants at fair value should be presented in the balance sheet either by setting up the grant as deferred income and amortizing it over the useful life of the asset or by deducting the grant in arriving at the carrying amount of the asset. The authority did not appropriately disclose government grants to comply with IAS 20.

5.2.9 UGANDA ELECTRICITY TRANSMISSION CO. LTD (31ST DECEMBER 2007)

Qualified: Except for

Non-compliance with International Financial Reporting Standards (IFRS)

IAS 36 impairment of assets

The company had its property, plant and equipment vested in it by the former Uganda Electricity Board (UEB) on 31st March, 2001. Since the assets were taken over, they had not been tested for impairment. However, IAS 36 requires an impairment loss to be recognized whenever the carrying amount of asset exceeds its recoverable amount.

IAS 16 Property, Plant and Equipment

a) The Company's fixed assets had not been revalued since the de-merger from UEB. Therefore many assets were fully depreciated and yet they still have along term economic benefit accruing to the company which is not recognized.
b) The Company does not depreciate property, plant and equipment in the year of acquisition. This contravenes with IAS 16 which requires depreciation of assets to begin when assets are available for use.

Property, Plant and Equipment

a) The Company maintains a fixed assets register. However, included in the register are assets without supporting documentation and titles.

b) Included in PPE is buildings and equipment worth Shs.3,063 million, situated on leasehold land, the lease of which has expired. By law all permanent structures standing on such land automatically transferred to the landlord on the expiry of the lease. The said building and equipment should therefore not be recognized in these financial statements. Consequently, all the information and explanations that were considered necessary to satisfy the auditors as to the completeness, existence, ownership and valuation of property, plant and equipment were not obtained.

Reconciliation of assets and liabilities received from Uganda Electricity Board

A reconciliation of the assets and liabilities received from Uganda Electricity Board (UEB), on incorporation of the Company was not provided. Management explained that it was in the process of undertaking this exercise and that substantial progress had been made. Therefore it was not possible to confirm the completeness and accuracy of the assets and liabilities transferred to UETCL by UEB. Assets and liabilities balances may therefore not be fairly stated.

Trade and other receivables and trade and other payables

Included in trade and other receivables is an amount of shs.36.81 billion due from UEDCL relating to power sales and in trade and other payables is an amount owing to UEGCL of shs.30.99 billion for power purchases all arising in the year 2001.

Management was of the opinion that UEDCL did not settle its debt with UETCL because a decision was made by the government in 2001 to give customers electricity rebates. Consequently, UETCL failed to pay UEGCL on contention that power sales to the distribution company have not been paid for. It was not certain whether the amounts due to UETCL for UEDCL of shs.36.81 billion will be paid enabling the company to pay UEGCL the money it owes of shs.30.99billion. The balance was therefore not fairly stated.

Contingent liabilities

As noted in note 21-contingent liabilities, the company is facing a number of third party legal claims. A number of claimants have sued or threatened to sue the company for trespass due to the fact that transmission lines, poles and pylons traverse their properties. In all instances there was no compensation documentation from UEB, which could indicate whether the claimants were compensated when the transmission lines were constructed. The total contingent liabilities that would arise from such claims could not be readily quantified.

5.2.10 NATIONAL DRUG AUTHORITY (30TH JUNE 2007)

Qualified: Except for

Leasehold Property

IAS 17-Leases, states that all leasehold land should be classified as operational lease unless there is a provision in the lease agreement to transfer the title of the lease at the end of the lease period to the lessee. Prepaid lease operating rentals should be classified under Non-current assets, after which they would be amortized on a straight-line basis over the period of the lease.

Management was not able to identify separately the cost of leasehold land currently classified as land and buildings to prepaid operating lease rentals within Non-current assets.

5.2.11 NATIONAL SOCIAL SECURITY FUND (30TH JUNE 2006)

Qualified: Except for

Management Information System

The Fund installed an Integrated Management Information System (IMIS), within which "JD Edwards " is the IMIS component that generates the financial information. However, a review of the members fund account revealed that the system cannot generate subsidiary ledger accounts for the members' fund such as benefit payments and contributions. The members' Fund account is not supported with a listing of the individual members.

5.2.12 UGANDA WIDLIFE AUTHORITY (30TH JUNE 2007)

Qualified: Except for

Completeness of Concession income

Included in UWA's income of Shs.19,094,786,615 is concession income of Shs.513,469,466 in respect of ground rent and franchise fees. UWA did not maintain complete and accurate concession revenue registers that could be relied on to verify details of concessionaires to record amounts due and the amounts received during the year. There was no any other practical alternative audit procedures which could be used to ascertain the accuracy and completeness of this concession income.

Furthermore, although UWA has managed to revise most of the concession agreements, there are those which are still basing their fees on profits generated by the concessionaire. However, there is no evidence that UWA obtained copies of the audited financial statements or had access to the books of account of the concessionaires in order to establish the correct amount of franchise fees receivable from concessionaires.

5.2.13 UGANDA WIDLIFE AUTHORITY (30TH JUNE 2008)

Qualified: Except for

Non-Compliance with IAS 12 Income Taxes

The financial statements do not comply with the requirements of IAS 12 on "Income Taxes" as income tax and deferred tax have not been provided for. The management has not quantified the effects of this non-compliance on the operating results of the Authority. The Authority's tax status is not clear and it does not file tax returns as per the requirements of the Income Tax Act.

Trade and other Payables

Included in trade and other payables is VAT payable of Shs.104.5 million which is not reconciled to the total of VAT return figures for all the protected areas and head office.

Bank Balances

Included in an independent confirmation received from Standard Chartered Bank (U) Ltd were bank accounts with amounts totaling Euro 3,913.55 which were not reflected in the financial statements and also bank accounts in the financial statements with a net total amount of Shs.30.7 million which were not confirmed by the same bank.

Grants

An un-reconciled variance in the IDA grant of Shs.204 million and GEF grant of Shs.66 million existed between the trial balance and the financial management reports income (operation costs) submitted to the donor.

The completeness and accuracy of some grants amounting to Shs.611 million could not be verified because of absence of supporting documentation.

Completeness concession income

There was an inadequate system of control to rely on during the recording of concessions income-franchise fees. Therefore, the completeness of the income as stated in the financial statements amounting to Shs.710.5 million could not be verified. There were no satisfactory alternative audit procedures that could be adopted to confirm that concession income franchise fees are fairly stated.

5.2.14 CIVIL AVIATION AUTHORITY (30TH JUNE 2007).

Qualified: Except for

Inventory

As a result of incomplete reconciliation of the value of physical inventory to the balance of inventory in the general ledger; it was not possible to confirm whether the amount attributable to inventory in the balance sheet is fairly stated. While the closing physical inventory as at 30th June, 2007 was valued at Shs.1,209,920,673, the general ledger balance was stated at Shs.1,171,384,000.

Receivables

Similarly, it was not possible to confirm whether the carrying amount of Shs.51,435,065,000 reflected as receivables in the financial statements is fairly stated due to incomplete reconciliation of receivables. While the amount of receivables in the financial statements before deduction of provisions for bad and doubtful debtors stood at Shs.99,548,772,000; the balances of receivables verified totaled Shs.90,9999,105,620, leaving un-reconciled difference of Shs.8,549,668,380.

Payables

It was also not possible to confirm the accuracy of the carrying amount of Shs.9,191,130,000 stated as the balance of payables in the financial statements due to the inclusion of a number of debit balances totaling Shs.2,971,383,341 that do not relate to payables.

Emphasis of the Matter

I drew attention to the following:-

Recoverability of Receivables

As stated in note 4 to the financial statements, the carrying value of receivables as at 30th June 2007 increased from Shs.50,109,312,000 (2005/2006) to Shs.51,435,065,000 (200/2007) representing an increase of 3%. The major categories of the debt are owed by Government of Uganda. The majority of these debts have been outstanding for over 5 years and their recoverability is not certain.

5.2.15 NATIONAL WATER AND SEWERAGE CORPORATION (30TH JUNE, 2007)

Qualified: Except for

Title deeds

As indicated in note 18 (c) to the financial statements, the Corporation has properties with net book value of approximately UShs.3.24 billion (2006: approximately UShs.4.01 billion) for which it does not have title deeds. It was not possible to obtain adequate assurance over the ownership of these properties. The Corporation is currently in the process of making arrangements to obtain the relevant title deeds, though these had not been finalized by the date of this report.

Unaccounted for water

Due to technical and non technical losses in the supply system, the Corporation is not able to bill all the water produced from the pumping stations. As at 30th June 2007, the unaccounted for water was 32.5% (2006: 29.7%). Because of this limitation, I was unable to place reliance on the system for the purposes of testing the accuracy and completeness of the Corporation's water revenue. There were no other practical procedures which could have been adopted for this purpose. However, once water has been supplied and billed as income in the Corporation's financial records, such income is subjected to adequate accounting and control procedures.

Un-priced stock

There were significant quantities of un-priced stock held in the Corporation's stores but not included in the inventory balance in the financial statements. It was noted that several items of stock held by the entity are valued at historical prices but could not be verified because they were old items. Due to the large volume of inventory and the high number of transactions involving inventory, the amount of misstatement occasioned by this un-priced stock and valuation based on historical pricing could not be accurately determined.

Non compliance with accounting standards (IAS 17)

Included under land and buildings balance of UShs.20,950,879,000 (Note 18(a)), are leasehold properties shown at valuation. This contravenes International Accounting Standard No. 17 (IAS 17) on leases. IAS 17 requires that leasehold land be separately disclosed as an operating lease at cost, and recognized as an expense in the income statement on a straight lien basis over the lease term. Insufficient information was available to calculate the effect on the financial statement of this departure from IAS 17.

Conversion of external donors' loans into Equity

Based on the prior period negotiations between the Government of Uganda and NWSC, it was resolved that the four major loans obtained by NWSC in the prior years through the government of Uganda from external donors be converted into equity. On 30th may 2007 via Minute No. 243. the Cabinet approved the capitalization of loans from NWSC through the conversion of the long term debt into equity The Minister of Finance, Planning and Economic Development presented a brief to Parliament on the proposed capitalization of the Corporation through conversion of NWSC long term debt into equity. The resolution is pending parliament approval.

5.2.16 NATIONAL WATER AND SEWERAGE CORPORATION (30TH JUNE 2008)

Qualified: Except for

Leasehold Land without Title Deeds

As indicated in note 18 (c) to the financial statements, the Corporation was in possession of leasehold land for which it does not have title deeds. Adequate assurance over the ownership of these properties was not obtained. The Corporation is currently in the process of making arrangements to obtain the relevant title deeds, though these had not been finalized by the date of this report. Consequently the Corporation's ownership to these properties could not be confirmed.

Unaccounted for water

Due to technical and non-technical losses in the supply system, the Corporation is not able to bill all the water produced from the pumping stations. As at 30th June 2008, the unaccounted for water, was 33.5% (2007: 32.5%). Because of this limitation, reliance could not be placed on the system for the purposes of testing the accuracy and completeness of the Corporation's water revenue. There were no other practical procedures which could have been adopted for this purpose. However, once water has been supplied and billed, as income in the Corporation's financial records, such income is subjected to adequate accounting and control procedures.

Inventories

Inventories held by the Corporation are valued at historical prices. Management was unable to provide supporting supplier invoices to back the historical valuations. As such there were no practical audit procedures that could be adopted in order to test the accuracy and correctness of the historical unit costs applied. International Accounting Standards (IAS) 2 states that inventories are required to be stated at the lower of cost and net realizable value (NRV). Since the historical unit prices are unsupported, the reasonableness of management's basis for stating these stocks at the lower of cost and NRV with regard to compliance with the IAS 2 could not be ascertained. Due to the large volume of inventory and the high number of transactions involving inventory, the amount of misstatement occasioned by the valuation based on historical pricing could not be accurately determined.

5.2.17 NILE HOTEL INTERNATIONAL LIMITED (31ST DECEMBER 2007)

Qualified: Except for

Arrears of Concession Fees

A total of US$415,138 was due at balance sheet date in respect of concession fees for the financial years 2005 and 2006. This amount has not been included in the financial statements for the year ending 31st December 2007. I was therefore unable to confirm the completeness of income stated in the financial statements.

5.2.18 UGANDA PROPERTY HOLDINGS LTD (30TH JUNE 2007)

Qualified: Except for

Recoverability of Receivables from an Apparel Company

Included in the financial statements is an amount of shs.3,161,000,000 relating to unpaid rent from Apparel Tri Star Ltd. It was noted that Uganda Property Holdings did not sign a tenancy agreement with Apparel Tri Star Since January 2003. There is therefore uncertainty surrounding the recovery of this debt.

5.2.19 UGANDA ELECTRICITY GENERATION COMPANY LIMITED (DECEMBER 2007)

Qualified: Except for

Debtors

I was unable to satisfy myself as to the recoverability of long outstanding debtors, and creditors amounting to Ushs.31,238,630,909 and Ushs.2,168,291,393 respectively and the fixed assets amounting to Ushs.189 billion referred to as revaluation. Disclosure of the above balances may not fairly represent the underlying transactions and events in a manner that gives a true and fair view of the financial statements.

The debtors and creditors have continued to be reported under current assets and liabilities but the amounts are recoverable or payable within the 12 months period as recommended in the provisions of accounting standards IAS 1, presentation of financial statements.

Assets

The Company's assets are showing signs of impairment loss such as under capacity production for power generating equipment resulting from low water levels, however, there is no provision for impairment loss as required by International Accounting Standards 36 (Impairment of Assets). The effects of non compliance to International Accounting Standards 36 (Impairment of Assets) are the overstatement of the carrying amounts of non current assets to the extent of the amounts unrecoverable through their use.

5.2.20 PRIVATIZATION AND UTILITY SECTOR REFORM PROJECT – REDUNDANCY AND DIVESTITURE ACCOUNTS (30TH JUNE 2007)

Qualified: Except for

Non-Compliance with Section 26(3) of the Public Enterprises Reform and Divestiture (PERD) Act Cap. 98

The Pubic Enterprises Reform and divestiture Act Cap. 98 Section 26 (3) states that:- Proceeds of Divestiture of an Enterprise in the divestiture account which, in the opinion of the responsible Minister are not required to meet any present or future costs, expenses of liabilities of the type mentioned in Section (1), whether relating to enterprises or otherwise, may, if so determined by the Minister, be transferred, wholly or partly to the redundancy account and, subject to the foregoing, shall be used for promoting Uganda Entrepreneurs for agricultural and industrial development.

During the year, the Project transferred UGX48 billion to the Ministry of Finance, Planning and Economic Development, in support of the Energy Fund that the Uganda Government had created to mitigate the current crisis in the Energy Sector. This is in contravention of the PERD Act Cap. 98.

Emphasis of the Matter

I drew attention to the following matters in the financial statements:-

Receivables

Notes 7, 8, 9 and Appendix B to the financial statements, disclose receivables, recoverable advances and other advances, the bulk of which are from the Government of Uganda. The realization of the amounts due from the Government is subject to the conclusion of a debt swap agreement between the Project and the Government.

Liabilities

Note 12.2 disclose liabilities assumed from divested enterprises and the terms and conditions of payment. The determination of these liabilities is subject to the outcome of the ongoing negotiations for the settlement between the Government of Uganda and the respective parties as part of the divestiture process.

5.2.21 UGANDA DEVELOPMENT BANK (31ST DECEMBER 2006)

Qualified: Except for

Trust Funds

Trust funds are funds received by Uganda development Bank Limited from the Government of Uganda. The resulting loans are not assets of the bank and are therefore not reflected in the bank's balance sheet. However, funds received from the Government to be loaned out to Trust Fund loan clients are included as liabilities of the bank until they are disbursed to the clients. Similarly, repayments by Trust Fund loan clients to the Government are included as liabilities to the bank until they are passed on to the Government.

An agreement on administration of these funds was signed between the bank and Government on 26th March 2006 requiring the bank to charge an agency fee based on the interest earned from the borrowers as well as recharge all expenses incurred in the execution of their role as the agents retrospectively from 9th May 2001. However, no accrual provision for the agency fee income has been included in these financial statements since no recovery has been made on the funds lent out since 2003. It was noted, however, that some of the money put on trust funds was actually released from the Uganda Consolidated Fund (UCF) as recapitalization of the bank.

Interest in Associates

Uganda Development Bank Limited holds a 23% stake in Uganda Marine Products and 28% in Kajansi Roses. IAS 28 on investments in associates requires that such investments are recorded using the equity method. The bank has not adjusted the carrying amount to recognize its share of the increase in the associates' net assets as at 31st December 2006. The audited financial statements of the associates as at 31st December 2006 were also unavailable. It was not possible, therefore, to determine whether the investments as reported are fairly stated.

5.2.22 UGANDA DEVELOPMENT BANK (31ST DECEMBER 2007)

Qualified: Except for

Interest in Associates

Uganda Development Bank Limited holds a 28% interest in Kajjansi Roses. IAS on investment in associates requires that such an investment is recorded using the equity method. The bank has not adjusted the carrying amount to recognize its share of the increase in the associates' net assets as at 31st December, 2007. The audited financial statements of the associates as at 31st December 2007 were also unavailable. It was therefore not possible to determine whether the investments as reported are fairly stated.

Emphasis of Matter

Trust Funds

Trust funds are funds received by Uganda Development Bank Limited from the Government for lending to specific customers on behalf of the Government of Uganda. The resulting loans are not assets of the bank and are therefore not reflected in the bank's balance sheet. However, funds received from the Government to be loaned out to Trust Funds loan clients are included as liabilities of the bank until they are disbursed to the clients. Similarly, repayments by Trust fund loan clients to the Government are included as liabilities to the bank until they are passed on to the Government. An agreement on administration of these funds was signed between the bank and the Government on 26th May 2006 requiring the bank to charge an agency fee based on the interest earned from the borrowers as well as recharge all expenses incurred in the execution of their role as the agents retrospectively from 9th May 2001. However, no accrual provision for the agency fee income has been included in these financial statements since only one installment repayment has been made on the funds lent out since 2003. I consider it appropriate to draw attention to this matter but my opinion is not qualified in this respect.

5.2.23 NATIONAL COUNCIL OF SPORTS (30TH JUNE, 2006)

Qualified: Except for

Revaluation of Assets

The assets indicated in note 4 of the financial statements have never been revalued since the inception of the Council in 1964. A revaluation of these assets would either increase or decrease the net book value indicated in note 4 of these financial statements.

Land title

The land title of Plots 2-10 Coronation Avenue which accommodates Lugogo Sports complex is not registered in the names of the Council.

Cash on hand

There was no certificate of cash on hand of Shs.79,239,492 as at 30th June, 2006 and therefore confirmation that the cash shown in the balance sheet is correctly stated could not be made.

Receipt books

Receipt books containing 350 receipts of internally generated funds from hire of the Council's facilities and other income were not recorded in the books. It was therefore not possible to confirm the completeness of income stated in the financial statements.

5.2.24 NATIONAL CURRICULUM DEVELOPMENT CENTRE (31ST DECEMBER, 2002)

Qualified: Except for

Fixed Assets

As stated in note 1 to the financial statements, fixed assets with a net book value of Shs.424,666,523 have not been valued for a long time as required by International Accounting Standards (IAS)16. Therefore, I am unable to confirm that the assets of the Centre are fairly stated.

Debtors (Un-recovered Amount)

We noted that a sum of GBP 120,903.35 (Shs.281,751,397 at balance sheet date) in respect of royalties collected and banked on a private account by a former Director of the Centre between September 1998-June 2002. This amount has been reflected in note to the accounts among debtors. Considering the period it has taken to recover this money without success, it is not clear whether it will be recoverable. Therefore, I am unable to confirm that the debtors are fairly stated.

5.2.25 NATIONAL CURRICULUM DEVELOPMENT CENTRE (31ST DECEMBER, 2003)

Qualified: Except for

Limitation of Scope

Receivables

Included under debtors in the financial statements is US $120,903.35 (Shs.281,751,397) in respect of royalties which is reflected as receivables. This amount which was remitted between September 1998 and June 2002 was fraudulently banked on a former Directors Personal Account. It is uncertain whether this amount will be recovered as we have not been appraised with the steps management has undertaken to recover these amounts. The Debtor balances may therefore not be fairly stated.

Valuation of UNESCO Coupons

The Centre obtained UNESCO coupons valued at Shs.1,892,431 dating back to 1970. However, to date these coupons have not been discounted. The value of these coupons may not be fairly stated in the financial statements.

5.2.26 NATIONAL COUNCIL OF SCIENCE AND TECHNOLOGY (30TH JUNE 2007)

Qualified: Except for

Staff Debtors

Non provision for bad debts

Include in the financial statements is a staff advance totaling Shs. 8,800,000.

Management has not provided for bad and doubtful debts against this debtor who has long left the council. The Debtors are therefore not fairly stated.

Classification of Property, Plant and equipment

Computers and Office equipment Shs. 46,789,778

It was noted that computers and office equipment were classified as one category and depreciated at the same rate contrary to IAS 16. It was therefore not possible to confirm separately the value of council's computers and equipment.

5.2.27 UGMA ENGINEERING CORPORATION LIMITED [UGMA] (31ST DECEMBER 2007).

Qualified: Except for

Government of Uganda loans

As disclosed in note 15 to the financial statements, the company has term loans from the Government of Uganda amounting to Ushs.24.3 billion (2006: Ushs. 22.4 billion) for which no independent confirmation has been received. No formal agreements exist in respect of Ushs.17.982 billion (2006:Ushs.16.6 billion). I was not able to satisfy myself as to the completeness and accuracy of the balance due to Government of Uganda. In addition, I was unable to satisfy myself with the completeness and accuracy of the interest charge for the year ended 31st December 2007 and prior years.

Emphasis of matter

I drew attention to note 2 to the financial statements. The company incurred a net loss of Ug.shs. 4.5 billion during the year ended 31st December 2007 (2006: Ushs.37 billion). These conditions along with other matters as set forth in the note to the financial statements indicate the existence of a material uncertainty which may cast a significant doubt on the company's ability to continue as a going concern.

5.2.28 NATIONAL MEDICAL STORES (30TH JUNE 2008)

Qualified: Except for

Inventory Incidental Procurement Costs

The Corporation incurs procurement costs such as import duties and pre-shipment charges during the procurement of inventory. However, such incidental costs are not included in the cost of inventory but are expensed directly through the income statement. The above treatment is not in compliance with the International Financial Reporting Standards on inventory (IAS 2) which requires that all costs incurred to bring the inventory to its present location and condition are included in the cost of inventory. The Corporation's costing method led to the understatement of inventory, total assets and profit of the Corporation by Ushs.293 million (2007: Ushs342 million).

Asset Revaluation

The Corporation's Assets including Office furniture, equipment and computers were last revalued in June 2003.The above treatment is not in compliance with the international financial reporting standard on Property, Plant and Equipment (IAS 16) which requires revaluation to be made on al fixed assets with sufficient regularity to ensure that the carrying amounts of the assets do not differ materially from that which would be determined using fair value at the Balance Sheet date. As result of the above the fixed may not be fairly stated.

USAID CDC funds

The Corporation under the Cooperative agreement No.U62/CCU024522-01 was awarded funding by the United States Government through CDC (Centre for Disease Control) to procure, store, distribute and track the delivery of HIV/AIDS related laboratory and other medical supplies at all Health Centres 3,4 and government hospitals. By 30th June 2008, CDC had already disbursed US$9.55 million to National Medical Stores. It was difficult to ascertain the balance of the unspent CDC funds as at 30th June 2008 from the Corporation books. Alternative procedures carried out such as independent confirmation of the balance by CDC was not responded to. There were no other alternative procedures that could be performed to ascertain the fair statement of the CDC balance as at 30 June 2008.

Emphasis of matter

Land title for plot 33-37 Kampala road

I drew attention to note 2 to the financial statements which includes property at plot 33-37 on Kampala Road, Entebbe, The Corporation only has a memorandum of understanding on acquisition of the plot and has not yet obtained the land title since the transfer of title to the corporation has not yet been completed.

5.2.29 UGANDA INDUSTRIAL RESEARCH INSTITUTE (30TH JUNE 2008)

Qualified: Except for

Funds not accounted for

Expenditure amounting to shs.185,361,766 was not properly supported by documentation contrary to the requirements of the Treasury Accounting Instructions. I was not able to verify the occurrence and validity of the expenditure.

Emphasis of Matter

Non-Adherence To PPDA Laws and Regulations.

Procurement of goods and services totaling to Shs.108,650,241 were made without following the provisions of the PPDA Act.

5.2.30 UGANDA REVENUE AUTHORITY (30TH JUNE 2008)

Qualified: Except for

Reconciliations

A review of reconciliation statements for financial year 2007/08 revealed that:-

- An amount of Shs 5,112,279,347 indicated as collections in the cash books could not be traced to the bank statements up from Shs.1,096,839,421 reported last financial year. Various bank accounts had credits of Shs.4,491,450,310 which were not reflected in the cash books. An additional amount of Shs.1,250,297,745 collected by various banks was not remitted.
- Outstanding non reconciling items totalling to Shs.,2,462,573,464 have remained unresolved for over five years.
- Fourteen revenue collection bank accounts overdrawn to the tune of Shs.4,773,528,715 have not been reconciled.

These matters may have a material effect on the accuracy and completeness of the reported collections and remittances to the Consolidated Fund.

Outstanding Tax Liabilities

The Financial Statements lacked a schedule for tax arrears and as such I could not ascertain the actual amounts of tax outstanding at the end of the year. I was also unable to ascertain the performance of debt collection regarding the previous year's amount of Shs.62,816,866,730.

Non-Validation of Transit Bonds

Transit bonds (insurance cover) amounting to Shs 5,074,434,227 remained invalidated at a sample of customs stations during the period 1st July 2007 to 30th June 2008. This is contrary to the requirement that on exit of goods, the transit bond is automatically cancelled in the Asycuda++ system and also cancelled manually in the legacy system. It is not certain whether all the goods covered by the bonds exited the country or were dumped locally.

Furthermore although regulations provide that the transit period in respect of goods shall not exceed 30 days from the date of entry; goods with bonds in force worth Shs 44,971,054,839 were exited and validated after the mandatory period without paying any fines. There are instances where goods spent up to 487 days without exiting. A total of Shs.726,000,000 is estimated to have been collected as fines on these goods.

Outstanding Temporary Importations

As at the close of the year, there were outstanding temporary importations with a Bond in Force of Shs.19,449,401,137 which had exceeded the maximum authorised period of one (1) year. I was not able to ascertain whether extensions were granted or taxes recovered in respect thereof.

Undischarged VAT Deferments

As at the close of the financial year, it was observed that outstanding un discharged VAT deferred on imports amounted to Shs 53,484,056,956.This is contrary to the requirement that discharge should be done after 30 days of import. There was also no comprehensive policy on VAT deferment to effectively monitor and follow up on beneficiaries of the scheme. This exposes the VAT deferments scheme to the risk of abuse.

Dishonoured Cheques

A review of the cheques' register revealed that cheques issued by various tax payers worth Shs.2,362,611,688 were dishonoured by various banks during the period under review.

However by the end of the year there was no evidence that the cheques were replaced. I was not able to confirm that the amount was eventually made good.

Emphasis of Matter

Goods on Want of Entry List

Goods with a tax payable amount of Shs.13,671,144,109 and others with an unspecified amount have exceeded their statutory storage period of six months in custom warehouses or bonds without paying taxes. The law requires that such goods should be auctioned but no action has been taken.

Expenditure Accruals

The outstanding accrued expenditure of NSSF Arrears amounts to Shs.11,102,855,362 down from Shs.11,418,770,740 reported last year. An amount of Shs. 1,000,000,000 paid during the year in respect of the arrears includes Shs.684,084,622 as penalty interest.

The annual repayment of Shs.1 billion proposed by management may not be adequate to clear the bills in time to avoid the higher penalty interest. Penalty interest will accumulate further unless more efforts are made to have the outstanding amount paid to the fund.

5.3 DISCLAIMER OPINIONS

5.3.1 UGANDA RAILWAYS CORPORATION (31ST DECEMBER 2006)

Disclaimer

Comprehensive Fixed Assets Register

The Corporation maintains a fixed asset register whose asset values were prepared in house by management. The register was revised and the results incorporated in these financial statements. All asset carrying amounts were corrected except for buildings. As a result, the allocation of the depreciable amount of these assets over their useful lives could not be ascertained.

Asset Revaluation

The Corporation's assets were last revalued in 1988. The revaluation model under *IAS 16, property, plant and equipment* requires that, items of property plant and equipment which are carried at the revalued amount, be revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. The Corporation has not carried out any subsequent revaluation of the revalued assets. This constitutes non compliance with the revaluation requirements of IAS 16.

Although a revaluation of some assets was carried out for purposes of the concession in April 2005, the results of the same could not be relied upon for accounting purposes because of the valuation models adopted.

Due to the above limitation, it was not possible to express an opinion as to whether the property, plant and equipment in the financial statements are stated at fair value.

Revaluation Reserve

The Directors undertook an in house valuation of all property plant and equipment in 1988 to take into account the currency reform of 1987. The results were incorporated in 1989 financial statements as a surplus in the capital revaluation reserve amounting to Shs.168,868 million (2005:Shs.174,254 million). This balance has been carried forward over the years while the assets to which it related were being depreciated over the years. This accounting treatment contravenes the provisions of *IAS 16, property, plant and equipment.*

Impairment of Assets

The following factor suggests that the Corporation's assets may be impaired. Included in plant and equipment are two passenger boats, namely MV Barbus and MV Mvule with a value of Shs.1,600 million. Due to lack of insurance for the boats and the declining marine passenger services, the Corporation suspended these services on Lake Victoria several years ago and the boats are anchored at the Port Bell Pier. Whereas MV Mvule was conceded, MV Barbus is still anchored at Port Bell with no economic benefits flowing to the Corporation from it. Due to the matter relating to the assets stated above, it was not possible to determine the impairment loss of the boat as required under IAS 36, impairment of assets.

Investment in Subsidiary

The Corporation holds a controlling (98%) stake in Nalukolongo Railway Workshop Limited (NRWL). The Corporation is still accounting for the investment in its books at cost. Pursuant to the concession agreement, NRWL's assets were revalued and taken over by the concessionaire and as such the Corporation has no right to cash flows in form of dividends from NRWL.

The Corporation has neither consolidated the effect of this investment in its financial statements previously nor has it derecognized the same in light of the effects of the concession.

In light of the above the investment in the joint venture has neither been accounted for in accordance with the requirements of *IAS 27 Consolidated and Separate Financial Statements, IAS 31 interests in Joint Ventures, nor IAS 39 Financial Instruments: Recognition and Measurements.*

Valuation and Existence of Inventory

The Corporation has inventory held at its Nalukolongo warehouse that was neither used in the Corporation's joint venture operations nor included in its books. They include parts for locomotive engines (class 72 and class 82), which are considered obsolete, as the Corporation is no longer using them. These assets are not recognised in financial statements of the Corporation.

Long-Term Loans

The Corporation has in its books several long-term loans. These comprise funds borrowed or mobilized by the Government of Uganda from various multilateral and bilateral funding agencies for onward lending to the Corporation. Copies of the loan agreements with the exception of the Spanish Loan agreement were not provided. Further confirmations from the Government of Uganda on the balances outstanding for the principal and accrued interest as at 31st December 2006 was not obtained. Therefore it was not possible to verify:-

- Whether the terms and conditions of the loans had been complied with.
- The principal loan balance and the accrued interest are fairly stated.
- Whether the long and short term portions of the loans are appropriately disclosed in the financial statements.

Uganda Government Contribution

AS at 31 December 2006, the Government of Uganda contribution to the Corporation amounted to Shs.39,990 million. These contributions comprise both the non-monetary/capitalization grants and revenue grants which were used for asset acquisition.

These Government grants have not been accounted for in accordance with the requirements for *IAS 20 Government grants*. Government grants related to assets, including non-monetary grants at fair value, should be presented in the balance sheet either as deferred income or by deducting the grant in arriving at the carrying amount of the asset. The deferred grant income is then amortized over the useful life of the asset.

Emphasis of matter

Going Concern

I also drew attention to information disclosed in note 3 in the financial statements, which gave disclosures on the going concern basis of the corporation as below:-

As at 31 December 2006 the Corporation's accumulated losses amounted to Shs.123,693 million (2005 – 138,167 million). This situation is largely attributed to the significant losses suffered in the past, poor maintenance of the rail network and the provision of certain obligatory loss making services that were not economically viable, as part of the Government's development policy.

In addition the road network has continued to offer competitive freight charges and this has adversely affected the Corporation's market share and profit margins.

The huge accumulated losses also resulted form the wrong accounting treatment of the revaluation reserves and Government grants/contribution over the years.

The applicability of the going concern concept is dependant on the successful outcome of the restructuring and concession of the rail network. On this basis the going concern concept is appropriate in the preparation of these financial statements.

5.3.2 NATIONAL DRUG AUTHORITY (30TH JUNE 2006)

Disclaimer

Treatment of Leasehold land

IAS 17 Lease, states that all leasehold land should be classified as operational leases unless there is a provision in the lease agreement to transfer the title of the lease at the end of the lease period to the lessee. Prepaid operating lease rentals should be classified under Non-current assets, after which they would be amortized on a straight line basis over the period of the lease.

Management has not been able to identify the cost of the leasehold land currently classified as land and buildings and as result, there has been no re-classification of the cost of leasehold land from buildings to prepaid operating lease rentals within Non-current assets.

Inadequate Internal Control System

The functioning of the internal control system was unsatisfactory. As a result, fraud amounting to US $232,011 (Us dollars two hundred thirty two thousand and eleven) was perpetuated by staff and went undetected for over two years. Consequently, the surplus of the year and cash and bank balances have each been overstated by Shs.417,619,800 (Shillings four hundred and seventeen million, six hundred and nineteen thousand and eight hundred only).

The reliability of the entity's financial information and the ability to safeguard its assets against unauthorized use is dependant on the strength, design and operation of the internal control system.

In the circumstances of an unsatisfactory internal control system, the process of recording the entity's transactions is not likely to be reliable and misstatements in financial statements are most likely to occur resulting not only from the fraud but also errors and other irregularities that may not be detected by the audit.

There were no other alternative procedures that could be adopted to obtain sufficient evidence to give assurance that the organization's transactions were properly, completely and accurately recorded in the financial statements.

5.3.3 NATIONAL COUNCIL OF SPORTS (30TH JUNE 2005)

Disclaimer

Incomplete fixed Assets Register

The fixed assets register maintained by the council has never been updated since June 1998 nor were the assets engraved. It is therefore incomplete and not properly maintained. As a result it is not possible to effectively:-

- Allocate depreciable amounts to Property, Plant and Equipment over their useful life as required under IAS 16.
- Facilitate fair presentation of fixed assets in the financial statements.

In the circumstances therefore, I am unable to confirm the accuracy, existence, completeness and validity of property, plant and equipment, and that the value of assets included in the accounts of Shs.246,453,818 is fairly stated.

Revaluation of Property Plant and Equipment

The council's fixed assets have never been revalued since inception in 1964. The revaluation model under IAS 16, property, plant and equipment requires that items of property plant and equipment be revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. The Council has not carried out any subsequent revaluation of the assets. This constitutes non compliance with the revaluation requirements of IAS 16. Furthermore, many of the assets of the council may have been impaired hence the need to carry out an impairment review on all the assets as required by IAS 36.

Due to the above limitation, it is not possible to express an opinion as to whether the property, plant and equipment in the financial statements are stated at fair value.

Title to Properties

The Council does not have legal title to plots 2-10 located at Coronation Avenue included under its properties. In addition, a motor vehicle purchased at Shs.10 million is not registered in the council's name. Consequently I am unable to confirm the Council's ownership to these properties.

Cash and Bank Shs.92,943,617

It was not possible to obtain certificates of cash and bank been balances from management to confirm amounts at year end. As a result, the cash and bank balance reflected in the financial statements of Shs.92,943,617 could not be verified.

Debtors Shs.11,595,397

Included in the financial statements are debtors that have been outstanding since 1999. Recovery of these debts remains doubtful. Management has neither provided a provision for doubtful debts nor sought council approval for their write off. Consequently the debtors' position is not fairly stated.

Ineligible expenditure

Like in the previous year, the councils proposed budget was neither approved by the Governing council nor was it submitted to the line Ministry for approval. In the circumstances therefore the expenditure incurred by the council during the financial year is ineligible.

6.0 STATUS OF AUDIT REPORTS CONSIDERED BY THE OVERSIGHT COMMITTEES-BACKLOG COSASE

The Parliamentary oversight Committee on Statutory Authorities and State Enterprises (COSASE) is responsible for reviewing and making recommendations on audit reports and subsequently reporting to Parliament on their resolutions.

During the period the COSASE committee discussed and presented to parliament audit reports for two (2) entities namely; National Medical Stores and Post Bank Limited.

The Committee has also discussed the reports of National Drug Authority and Amber House Limited and a report is due to be presented to Parliament.

7.0 SPECIAL AUDITS AND INVESTIGATIONS-SUMMARY OF THE MAJOR ISSUES RAISED IN THE VARIOUS REPORTS.

According to Section 22 of the National Audit Act (NAA), 2008, the Auditor General may carry out special audits, investigation or any other audit considered necessary by him or her.

During the period, four (4) special audits were undertaken and reports issued as summarized below:-

- National Medical Stores (NMS),
- National Drug Authority (NDA),
- Uganda-Egypt Coffee manufacturing Company (UGEMCO) and
- Uganda Coffee Development Authority Joint Venture Operations in Denmark

7.1 NATIONAL MEDICAL STORES

Following concerns over serious inadequacies in NMS' drug supplies' delivery systems and processes, the organization's Board of Directors invited the Uganda Police to assist in investigations to establish the actual status. As part of their investigations, the Criminal Investigation Department (CID) of the Uganda Police requested the Auditor General (AG) to institute a Forensic Audit.

7.1.1 Findings and Conclusions

7.1.1.1 Orders picked but not received

The National Medical Stores incurred a loss of Shs.222,867,000 through false orders which were packed and registered but were not supported by valid invoices and acknowledgment of receipt by intended beneficiaries.

There was also no dispatch record showing how the goods left the National Medical Stores premises. However, a verification of 2 dispatch orders of Shs.2,005,725 intended for Bukwa HSD revealed that no such delivery was received at the Health Unit.

Conclusions

- These deliveries were collected and packed at the authorization of the Head of Stores who should therefore take responsibility for the loss arising there from.

- The driver should be held responsible for the non-delivery of the consignment.

7.1.1.2 Duplicate Dispatches

Drugs valued at Shs.68,140,000 were issued through duplicate dispatch orders and forged invoices to support fraudulent transactions. Verification of deliveries with the dispatch location confirmed that there were no actual deliveries made.

Conclusions

- The National Medical Stores' drivers who purportedly 'delivered' the orders should be held accountable for the ensuing losses.
- The deliveries were collected and packed at the authorization of the Head of Stores who should therefore take responsibility for the loss arising.
- The officers in the finance department responsible for the printing of false invoices should be held accountable for the loss involved.

7.1.1.3 Forged Orders

Drugs worth Shs.28,991,672 were fraudulently issued from the stores following generation of false orders by the marketing and sales department. However, such orders were later deleted from the system after dispatch of drugs from stores leaving the orders unsupported by valid invoices.

An inspection of the purported destination for delivery of these drugs established that the drugs had never been delivered.

Conclusions

- The culpable drivers should be held responsible.
- The Marketing and Sales staff responsible for printing of these questionable orders should be held responsible.
- The head of stores and his assistant responsible for authorizing picking/packing lists should also be held responsible.
- The manipulation of the software to print orders serially and then delete could only be possible with the cooperation of a super user like the IT Supervisor who should be held responsible for those deletions to facilitate the fraud.

7.1.1.4 Orders Dispatched but not Delivered

Medical drugs valued at Shs.23,345,000 issued from NMS using apparently valid documentation were never received by the rightful beneficiaries. In addition, drugs worth Shs.18,356,000 issued by NMS on behalf of third parties were never received by the rightful beneficiaries.

Conclusions

The Finance staff and drivers involved in falsification of invoices and the delivery of drugs should be held accountable.

7.1.1.5 Orders Deleted (Missing) from the Navision Inventory System

An earlier investigation had revealed that 137 orders had been identified as completely missing from the Navision System. Further investigations revealed that the number was actually higher, standing at 1,146. The orders were deleted early from the system and were therefore completely missing; it was not possible to quantify them in monetary terms. Field visits yielded no trace of any transactions relating to them.

Conclusions

The sophisticated process of completely obliterating a transaction from the system required a highly qualified IT functionality who was a super User, likel the IT Supervisor.

7.2 NATIONAL DRUG AUTHORITY

7.2.1 Introduction

A special audit exercise was conducted to determine the extent to the alleged fraud in National Drug Authority in April 2007.

The objective of the audit was to identify any internal control deficiencies and bring them to the attention of management, highlighting possible implications and recommend measures that could be taken to mitigate the identified risks.

7.2.2 Findings

- Fraud amounting to $232,011 (two hundred and thirty two thousand and eleven dollars only) over the period 1st July 2004 to 28th February 2007.
- Banking slips amounting to$23,920 (twenty three thousand, nine hundred and twenty dollars) could not be traced to the relevant bank statements. These could have been forged. Management must follow up this issue with the respective banks and establish whether these were forged and take appropriate action.
- Poor book keeping and recording of transactions in the following instances:-

  Duplication of accounting documents

  This implies poor control over accounting documents. It could also result in money being misappropriated and under declaration of income revenue.

  - **Non-posting of receipts:** This poses a high risk that this money was not banked and could have been misappropriated.
  - **Wrongly posted receipts:** For all these transactions, the money received and receipted was correctly banked. However, the amount posted on the cash control

account was less than that received and banked. This could have been a trick to cover up the money stolen.

- **Monies banked but not receipted:** This money was not posted as received on the cash control account but, was record3d as a banking therefore reducing the cash balance. The implication here is that revenue was understated and this could have been used as another cover up for the money that had been taken.

- Poor internal control environment as detailed below:-

  - **Authorization**

    All the journal vouchers raised lacked sufficient supporting documents and did not bear evidence of having an independent checker and preparer. The only signature that some of the journal vouchers bore, should have been approved by the CEO. This resulted into the reckless use and misuse of these accounting instruments to effect unjustified postings in bankings.

  - **Independent Checks**

    There was no evidence of independent checks in the following instances; Bank reconciliation, Surprise cash counts/checks and Regular ledger reconciliations. In addition, the whole internal audit function did not exist, yet this is an important internal control as it provides among other things independent checks. Because of the lack of these independent checks, several errors that could have been corrected in time and prevent this fraud easily passed. This also resulted in teeming and lading.

It is recommended that management should ensure that periodic reconciliations of all bank and ledger accounts are performed checked and all reconciling items followed, and it should immediately recruit an Internal Auditor.

7.3 UGANDA EGYPT COFFEE MANUFACTURING COMPANY (UGEMCO)

7.3.1 Introduction

This audit was conducted to examine Uganda Coffee Development Authority's Joint Venture operations in Egypt. This report attempts to identify some of the problems that have affected the Company since its inception and suggests recommendations that may be adopted to resolve them.

7.3.2 Findings

7.3.2.1 Share Capital

The share capital of the Company was originally US$ 100,000 (L.E 500,000), distributed in the ratio 60% and 40% between UCDA and TESCO UNION respectively. UCDA holds shares in Trust for Members of Association of the Coffee Industry in Uganda.

On May 9 2004, the Board passed a resolution to increase share capital of the Company by 75% prorate, resulting in an increase of subscribed capital by $75,000 to $175,000 (LE 875,000). The increment was meant to improve the liquidity of the company, which at the time was faced with financial problems.

It was noted further that some of the shareholders had not paid their share contribution, and preferred to swap their additional share subscription with existing credits with the Company. This action however would not improve the liquidity position of the Company since what it needed was fresh cash injection.

Of the $75,000 additional share capital, UCDA's 60% proportion was $37,079.5. At the request of the Company, UCDA dispatched 20 tons of coffee valued at $37,077.51 instead of cash. UCDA further contributed an additional amount of US$20,000 towards promotional expenses. This additional contribution has been retained by the Company as a loan. We noted also a shareholder and current Managing Director had also advanced the Company a loan totaling LE 27,520 by the time of audit. This is over and above his share capital subscription.

7.3.2.2 Performance

A review of the Company's financial statements for the 2003/04 to 2005/06 revealed that UGEMCO's performance has been very poor. At the current level of operation, the Company's sales income cannot cover its cost of sales. The Company in some cases makes sales below the cost of materials. In effect this means that the Company is not able to recover the cost of raw materials from its operations to remain in business.

Consequently the Company had accumulated losses totaling £E 485,480 as at 30/09/2006. The losses have inevitably eroded the entire investment (share capital) of the Company. The losses do not, however, take into account the salaries of the Ag. General Manager and Production Manager, which are paid directly by the UCDA. The magnitude of the accumulated loss is therefore understated. Since the shareholders are reluctant to inject fresh capital into the company, the continued losses raise urgent questions about the sustainability and solvency of the Company. Details are as follows.

Profitability	**2003/4**	**2004**	**2005**	**2006**
Sales		5,245	92,105	202,755.5
Cost of sales				252,996.08
Gross Loss		23,259	179,069.01	50,240.58
Net loss		72,243	222,441.59	148,235.98

Meanwhile, the Company is currently making sales of only 185kg pm, which is too low. To break-even (cover fixed overhead costs), the Company needs to increase its capacity and make sales of at least 500kg pm.

7.3.2.3 Achievements

- The Company has succeeded in introducing Ugandan Coffee on the Egyptian market.
- The Company has signed memoranda with distribution Companies to market its coffee on a commission. These are:-
  - (i) Active Egypt
  - (ii) International centre for trading and supply
  - (iii) New Mondial Company

We however, noted that although the memoranda were signed way back in October 2006. Progress has been slow in enforcing them.

- A number of cafes are being supported by the company with machines and training of personnel in brewing UGEMCO coffee.

- The Company has developed a range of coffee products and coffee menus which it is currently selling under its own name.

These achievements need to be consolidated.

7.3.3 Recommendations

- The Company needs to develop a brand name under which to market its products.
- The Company should carryout advertising and promotional campaigns to attract household consumers. Joint promotional campaigns may be carried out with retail stores where the company will buy / has bought shelf space. Recruitment of a fulltime marketing manager is recommended.
- Shareholders should be encouraged to show commitment to the company by paying up their share capital subscriptions to improve the Company's liquidity.
- A full time accountant should be recruited to assist the company with accurate and timely financial information.
- UCDA should assist the company to design a sound accounting and Internal Control system for the company to record, and safeguard of the company's assets and ensure accurate financial statements which showed be audited annually.
- The company should ensure compliance with employment and all other laws of Egypt to avoid sanctions.
- UCDA, which has the controlling interest should participate more in the management and monitoring activities of the company.

7.4 UCDA'S JOINT VENTURE OPERATIONS IN DENMARK

7.4.1 Introduction

This report attempts to examine UCDA's Joint Venture operations in Denmark, the performance of these operations since inception in 2003 and also suggest recommendations that may be adopted to resolve them.

House of Uganda Coffee Ltd was incorporated on 30th August 2001. On the 13th February 2003 the company resolved to allot 40% of its shares to Sebei Elgon cooperative Ltd which shares were held in trust by the company for the farmers until such a time that they were able to pay for them.

At an extraordinary shareholders meeting of the company held on 3rd October 2003, UCDA was allotted 50% of the shares of the company including those shares held in trust for the Sebei Elgon Cooperative Union Ltd.

House of Uganda Coffee Ltd Shareholding s 3rd October 2003

The shares allocated to UCDA were in consideration for a total investment of US$1,500,000 (US dollars) for the obligations stated in the shareholders agreement especially promotion.

We noted that the other Cooperative Unions namely Okoro Coffee Growers Cooperative Union Ltd had earlier signed a Joint Venture Agreements with House of Uganda Coffee Ltd on the 10th June 2002. However, evidence of business/share valuation at the time of transfer of shares was not availed for audit.

Meanwhile, we noted that House of Uganda Coffee Ltd had a subsidiary, Uganda Coffee House Aps in Denmark through which it was promoting and marketing Ugandan Coffee in Denmark and the Scandinavian region as a finished product under the brand name of "Mt. Elgon Coffee". The processing (roasting and packaging of Uganda coffee by this company was being done in Denmark while the bulk of the raw material the green coffee beans, was obtained from Uganda.

7.5 JOINT VENTURE AGREEMENT BETWEEN UCDA AND UGANDA COFFEE HOUSE APS

7.5.1 Introduction

On the 29th of October 2003 UCDA and Uganda Coffee House Aps signed a joint venture agreement to carry out generic coffee promotion in Denmark and Scandinavian countries.

7.5.2 Audit Findings

a) Plot 10 – 12 Spring Road, Bugolobi and the equipment there in were poorly financed by UCDA to the tune of Shs.300m and US$99,550 respectively. This investment by UCDA had earlier been presented (by UCDA) as part of its share contribution in House of Uganda Coffee Ltd which later changed the name to Mt Elgon (U) Ltd. Moreover, Plot 10-12 Spring Road had been sold and the sale proceeds utilized by Mt. Elgon (U) Ltd.

b) We established that the equipment was installed in the former CMB Coffee plant in Bugolobi. However, we were not provided with a justifiable reason for this.

c) We were informed that roasting was to be done in Denmark/Sweden because:-

   i) There existed no capacity to roast in Uganda by MECE

   ii) It was difficult to convince the consumer about the origin

   iii) It was one of the strategies for penetrating the market.

We noted, however, that the Joint Venture was wholly financed by UCDA and takes all the risk while benefiting from only 50% of the profits. Whereas the second party, with minimal investment takes the remaining 50%.

7.5.3 Formation of Mt Elgon Coffee Ltd

In order to carry out generic coffee promotion in Denmark and other Scandinavian countries a new company Mt Elgon Coffee Ltd was incorporated in Uganda on 1st March 2004 to accommodate partners from Denmark namely Storm Foods I/S and Niels Bahner.

A wholly owned subsidiary company was also formed in Denmark for the purposes of carrying out the generic coffee promotion in Denmark and Scandinavian countries this company was called Mt Elgon Coffee Europe Aps. The role of Mt Elgon Coffee ltd was to buy, manufacture, package, market and sell Ugandan coffee beans in Europe through its subsidiary (100% owned)company; Mt Elgon Coffee Europe APS (MECE).

7.5.4 Appointment of Storm Foods I/S As An Exclusive Sales Agent

Audit established that the One Cafe Coffee strategy which had been developed by Storm Foods I/S for Mt. Elgon Coffee Europe Aps (MECE) is now being used by M/s Elgonia One Cafe International AB.

Also indicated in the exclusive sales agreement between M/s Mt. Elgon Coffee Europe Aps and Storm Foods (the supplier) in which UCDA had 35% share holding and M/s Storm Foods I/S had 20% shareholding, it was noted that all of the supplier’s obligations were executed by one share holder UCDA yet it held only 35% shareholding. Meanwhile, we were not able to establish the amounts contributed by the other shareholders.

7.5.5 Financial Performance of Mt Elgon Coffee Europe Aps in Denmark

A review of the financial statements of the Joint venture for 2003/04 to 2006/07 revealed that the Joint Venture's performance between UCDA and Mt Elgon Coffee Europe Aps was poor resulting in losses. A meeting with the auditors of this Company **M/s Radgivnings Gruppen** in Denmark in October 2007 established that the company is no longer in operation.

7.5.6 Recommendations

As earlier indicated (UCDA's annual reports for the past two years 2005 and 2006) UCDA should review its strategy of participating in joint ventures with a view of concentrating on only promotional activities.

According to the Uganda's Ambassador to Denmark; Ugandan coffee was liked so much because its t**aste is exceptionally good**. He is of the view that the Uganda coffee concept can also be sold by giving coffee as gifts to other Embassies abroad if Uganda Coffee Development Authority closely works with the embassies.

7.5.8 Conclusion

The Joint Venture itself failed to mobilize funds for operations and relied only on UCDA, thus rendering it difficult for UCDA to achieve its objectives of promoting coffee as a finished product in the Scandinavian countries.

This is because the Scandinavian Countries proved to be very expensive for the Business Venture as indicated in the feasibility study carried out by Storm Foods which established that in order to market and promote Joint Venture Products it required US$1.5m in Denmark, US$4m in Scandinavian Countries and US$9m in European Countries.

7.5.9 General Recommendations

a) UCDA should write off its shareholdings in Mt Elgon Coffee ltd from its books of accounts, since there has been no activity at all for the last three financial years and there are no indications to that effect in the foreseeable future.

b) UCDA should instead embark on promotions through the Embassies as mentioned above and also assisting in one or another, individual stakeholders involved in the promotion of Uganda coffee abroad.

8.0 DIVESTITURE ACCOUNTS

8.1 STATUS ON DIVESTED ENTERPRISES

8.1.1 Introduction

The total of 127 enterprises were divested by Government of which 82 (**Appendix E)** were privatized and 6 were concessions, 5 were repossessed by the former owners, 15 were struck off the register of companies, 22 were liquidated, 2 companies were dissolved by decree and 1 dissolved by Act. A total of 72 privatized enterprises were fully paid for fetching a total of Shs.407,191,656,920 (**Appendix F**) to government as reported in my previous report.

8.2 Findings

8.2.1 Funding Of Divesture Activities

World Bank stopped funding the Project in January 2006 and the project continued operations using Divesture funds. A total of Shs.2.417 billion spent in the period 2007/2008 was not approved by the Minister responsible for Finance or DRIC as required in the PERD Statute.

8.2.2 DIVESTITURE AUDIT OF DAIRY CORPORATION Ltd. (DCL)

8.2.2.1 Introduction

Dairy Corporation was established in 1967 by the Dairy Industrial Act of 1967 to operate as a licensing and regulatory body of Government, spearhead dairy development and quality enhancement, and to operate the commercial role of milk collection, processing and marketing in the country.

In 1991, Government developed a Dairy Master Plan to liberalize the dairy industry by finding a strategic investor to invest in the commercial functions of this industry. A new Act, the Dairy Industry Act (DIA), was enacted in February 1998 to accommodate the change in strategy and the creation of a regulatory body, the Diary Development Authority.

8.2.2.2 Assets of UDCL

UDCL as of 30th June 1999 did not have titles for some of its assets whose total book value stood at Shs.173.83 million. In addition, customary land with a gross value of Shs.122.5 million also lacked land titles.

8.2.2.3 Payment of Loan Principal and Interest

Government of Uganda (GoU) received two loans from the Royal Danish Embassy (RDE) and one from Africa Development Bank, on the 5th September 1990 and the 24th June 1992 totaling to US $ 25.5 million. GoU on lent to DCL a sum of. DKK 25.8 Million with a grace period of 3 yrs and interest rate of 6% per annum the repayment period was 15 years after the Grace period. On 5th September 1990 GoU signed a subsidiary agreement with Dairy Corporation to on lend 9.94 Million Fund Units of accounts (FUA) revising the a grace period to 7 years and interest rate at 8% p.a.

However, since the signing of these agreements, no payment of interest or principal was made to government.

8.2.2.4 Payment of Corporation Tax

With Holding Tax

DC had prepaid tax of Shs.6,820,436 in respect of Corporation tax to URA but had not lodged any claim for refund at the time of Audit.

8.2.2.4 Entebbe Plant

On the 17th March 2003 DDA wrote to DCL asking them to vacate the premise at Entebbe within 14 days and leave all the equipment in the premises. During the creation of DDA in 1999 this property had been allocated to DDA as part of its capitalization. While DCL was willing to had over the premises, it objected to leaving the equipment arguing that during the time it operated here it procured and installed a number of equipment to boost its production. These included:-

EQUIPMENT	ITEM
Cooler 500Ltrs	1
Water tank 10,000 Ltrs	1
Cheese Mould Metallic	85 PCS

Weighing scales	2
Horse Pipe	7

The above although purchased by DCL were to be retained by DDA for the purpose of keeping the plant working

DDA had hired a private firm ANIFARM to operate the business previously run by DCL in the premises. DCL contested and sought the minister's intervention in a letter to him dated 2nd April 2003.

8.2.2.5 Creditors

In February 2003 PU paid a total of Shs.1.33 billion to DCL in respect of liabilities of the company as of the 31st January 2003 (Shs.699,300,000) while US $ 337,441.22: was paid directly to Tetra Pack US 57,000.in arrears and another 79,884.50 in goods to be purchased.
Even after clearing these debts by the time of Divestiture, DCL had accumulated Shs.9,713,835,821 in debt of which GoU through its divestiture account paid Shs.2,020,674,257 and by the 31st October 2008 and had an outstanding of Shs.7,693,161,564/= in unpaid debt which GoU still has to clear.

8.2.2.6 Matters in Court

In May 2002 a total of 129 staff were laid off as part of the restructuring system and were paid their terminal benefits as per standing orders of DCL. Under civil suit HCCS No: 614 of 2003 other staff who were not paid their benefits sued DCL for payment of a sum of Shs.1,400,451,992.

In addition, in June 2003 management retired another group of staff and paid them terminal benefits, however the former workers sued DCL claiming an under payment of benefits totaling to Shs.981 Millions

APPENDIX A

ENTITIES WITH UNQUALIFIED AUDIT OPINIONS

No	Particulars of Entity	Year of Financial statements of audit reports issued
1	Allied Health Professionals	30th June 2004
2	Amnesty Commission	30th June 2007
3	Bank of Uganda	30th June 2008
4	Capital Markets Authority	30th June 2008
5	Capital Markets Authority	30th June 2008
6	National Drug Authority	30th June 2008
7	COCTU	30th June 2008
8	Kinyara Sugar Works	30th June 2006
9	Management Training & Advisory Centre	31st December 2002
10	Management Training & Advisory Centre	31st December 2003
11	National Council for Children (NCC)	30th June 2002
12	National Enterprises Corporation & Subsidiaries	30th June 2005
13	National Housing & Construction Co. Ltd	31st December 2006
14	National Housing & Construction Co. Ltd	31st December 2007
15	New Vision	30th June 2007
16	New Vision	30th June 2008
17	Post Bank Uganda Limited	31st December 2007
18	Public Procurement & Disposal of Public Assets	30th June 2007
19	Uganda Air Cargo Corporation	30th June 1996
20	Uganda Broadcasting Council	30th June 2005
21	Uganda Bureau of Statistics	30th June 2008
22	Uganda Communications Commission	30th June 2007
23	Uganda Communications Commission	30th June 2008
24	Uganda Development Corp.	31st December 2005
25	Uganda Development Corp.	31st December 2006
26	Uganda Insurance Commission	30th June 2007
27	Uganda Investment Authority	30th June 2006
28	Uganda Investment Authority	30th June 2007

29	Uganda Medical and Dental Practitioners Council	30th June 2007
30	Uganda National Council for Higher Education	30th June 2005
31	Uganda Printing & Publishing Corp.	30th June 2007
32	Uganda Coffee Development Authority	30th September 2007
33	Lake Victoria Fisheries Organization	30th June 2007
34	Uganda National Bureau of Standards	30th June 2006
35	National Drug Authority	30th June 2007
36	Amber House limited.	31st December 2006.
37	Uganda Tourist Board	30th June 2006
38	Uganda National Bureau of Standards	30th June 2006.

APPENDIX B

A LIST OF ENTITIES WITH QUALIFIED AUDIT OPINIONS

No	Particulars of Entity	Year of Financial statements of audit reports issued
1.	Dairy Development Authority	31st December 2003
2.	Dairy Development Authority	31st December 2004
3.	Uganda Wildlife Authority	30th June 2007
4.	Uganda Wildlife Authority	30th June 2008
5.	Uganda Electricity Transmission Company Ltd	30th December 2007
6.	Cotton Development Organization	31st October 2007
7.	National Water and Sewerage Corporation	30th June2007
8.	National Water and Sewerage Corporation	30th June 2008
9.	National Medical Stores	30th June 2006
10.	National Medical Stores	30th June 2007*
11.	National Medical Stores	30th June 2008
12.	Uganda National Council of Science and Technology	30th June 2007
13.	Uganda Tourist Board	30th June 2008
14.	National Social Security Fund	30th June 2006
15.	Uganda Electricity Generation Company	30th June 2007
16.	Electricity Regulatory Authority	30th June 2007
17.	Nile Hotel International	31st December 2007
18.	Uganda Insurance Commission	30th June 2006
19.	Civil Aviation Authority	30th June 2007
20.	National Drug Authority	30th June 2007
21.	Uganda Property Holdings Limited	30th June 2007
22.	Uganda Development Bank	31st December 2006
23.	Uganda Development Bank	31st December 2007

24.	National Council of Sports.	30^{th} June 2006
25.	National Curriculum Development Centre	31^{st} December 2002
26.	National Curriculum Development Centre	31^{st} December 2003
27.	Redundancy and divestiture Accounts	30^{th} June 2007
28.	UGMA	31^{st} December 2007
29	Uganda Revenue Authority	30^{th} June 2008
30	Uganda Industrial Research Institute.	30^{th} June 2008

APPENDIX C

LIST OF ENTITIES WITH UP-TO-DATE AUDIT REPORTS

	NAME OF ORGANIZATION	FINANCIAL YEAR ENDING
1	Uganda Communications Commission	30th June 2008
2	National Water & Sewerage Corporation	30th June 2008
3	Bank of Uganda	30th June 2008
4	Capital Markets Authority	30th June 2008
5	Nile Hotel International	31st December 2007
6	Uganda Electricity Distribution Co.	31st December 2007
7	Uganda Development Bank	31st December 2007
8	Post Bank Uganda Limited	31st December 2007
9	Uganda Bureau of Statistics	30th June 2008
10	Amber House Limited	31st December 2007
11	Cable Corporation Limited	31st December 2007
12	Divestiture & Redundancy Accounts	30th June 2008
13	Cotton Development Organization	31st October 2007
14	Uganda Electricity Transmission Co.	31st December 2007
15	Uganda Printing & Publishing Corp.	30th June 2008
16	Kilembe Mines	30th June 2008
17	Uganda Tourist Board	30th June 2008
18	Uganda Wildlife Authority	30th June 2008
19	National Housing & Construction Co. Ltd	31st December 2007
20	New Vision Printing and publishing Corporation.	30th June 2008
21	National Drug Authority	30th June 2008
22	National Medical Stores	30th June 2008
23	Uganda Coffee Development Authority	30th September 2007
24	Uganda Electricity Generation Company	31st December 2007
25	UGMA	31st December 2007
26	Uganda Revenue Authority	30th June 2008
27	Uganda Industrial Research Institute.	30th June 2008

APPENDIX D

LIST OF ENTITIES WITH AUDITS IN PROGRESS

S/NO.	ENTITY	YEARS IN ARREARS	NO.OF YEARS
1.	Uganda National Examination Board	30TH June 2006 – 30th June 2007	2
2.	National Curriculum Development Centre	31st December 2004 - 31st December 2007	4
3.	Namboole stadium	31st December 2004 - 31st December 2007	4
4.	National Council of Higher Education	30TH June 2006 – 30th June 2007	2
5.	Livestock	31st December 1997 - 31st December 2007	11
6.	Management Training Advisory Council	31st December 2004 - 31st December 2007	3
7.	National Theatre	31st December 2002 - 31st December 2007	6
8.	National Youth Council	30TH June 2004 – 30th June 2007	4
9.	National Women Council	30TH June 2002 – 30th June 2007	6
10.	Uganda Air Cargo	30TH June 1997 – 30th June 2007	11
11.	Law Development Centre	31st December 2002 -31st December 2007	6
12.	Nakivubo War Memorial	30TH June 2006 – 30th June 2007	2
13.	Uganda Nurses & Midwives'Council	30TH June 2004 – 30th June 2007	3
14.	National Planning Authority	30th June 2007	1
15.	Uganda Export Promotion Board	31st December 2004 - 31st December 2007	2
16.	Hotel Tourist & Training Institute	30TH June 2005 – 30th June 2007	3
17.	Joint Clinical Research Centre	30TH June 2006 – 30th June 2007	2
18.	National Animal Genetic Resource Centre	30TH June 2004 – 30th June 2007	4
19.	COCTU	30TH June 2006 – 30th June 2007	2
20.	Dairy Development Authority	30TH June 2005 – 30th June 2007	3
21.	Uganda Broadcasting Council	30TH June 2006 – 30th June 2007	2
22.	NEC Group	30TH June 2006 – 30th June 2007	2
23.	Allied Health Professionals	30TH June 2006 – 30th June 2007	2
24.	National Council for Disabilities	30TH June 2005 – 30th June 2008	4
25.	National Forestry Authority	30th June 2008	1
26.	Posta Uganda	30th June 2007- 30th June 2008	2
27.	Uganda Electricity Regulatory Authority	30th June 2008	1
28.	Uganda Property Holding Limited	30th June 2008	1
	Total		**96**

APPENDIX E

LIST OF PRIVATIZED ENTERPRISES

	NAME OF ENTERPRISE:	BUYER
1.	African Ceramics Company Ltd.	Muhindo Enterprises.
2.	African Textile Mills Ltd.	R.S Patel.
3.	Agip `U' Ltd.	Agip Petrol International.
4.	Agricultural Enterprises	Common Wealth Development/James Finlays of UK.
5.	Apollo Hotel Corporation Ltd	Midroc Ethiopia Plc
6.	Associated Match Co.ltd	Muljibhai Madhvani and Company Ltd
7.	Barclays Bank	Barclays Bank PLC.
8.	Baroda Bank	Bank of Baroda, India ('Baroda India')
9.	BAT (20 %)	British American Tobacco (Investments) Ltd
10.	Blenders Ltd.	Uniliver Overseas Holders BVC.
11.	British American Tobacco (BAT) (IPO)	Various
12.	Comrade Cycles `U' Ltd.	Uganda Motors Ltd.
13.	E.African Distillers Ltd.	International Distillers and Vintners.
14.	Foods & Beverages Ltd.	James Mbabazi.
15.	Fresh Foods Ltd.	Eddie and Sophie Enterprises.
16.	Gomba Motors Ltd.(Kampala Auto-Centre.)	Management.
17.	Government Central Purchasing Corporation	Management and Employees.
18.	Ground Handling Services at Entebbe (Part of Uganda Airlines.(ENHAS)	Efforte Corporation, Global Airlinks Ltd & Sabena S.A.N.V.
19.	Hiima Cement Factory.	Rawals Group of Industries.
20.	Hill Top Hotel	Three Links Ltd.
21.	International T.V Sales.	Roco Construction Ltd.
22	Kakira Sugar Works (1985) ltd.	East African Holdings.
23.	Kibimba Rice Company Ltd.	Tilda Holdings.
24.	Lake Victoria Bottling Company Ltd.	Crown Bottlers `U' Ltd.
25.	Lake Victoria Hotel.	Windsor Ltd.
26.	Lango Development Company.	Sunset International Ltd.
27.	Lira Hotel.	Showa Trade Co.
28.	Margheritta Hotel.	Reco Industries.
29.	Masindi Hotel	Ottoman Engineering Company.

30.	Moroto Hotel	Kodet International.
31.	Motor Craft & Sales Ltd.	Andami Works Ltd.
32.	Mt. Elgon Hotel.	Bugisu Cooperative Union.
33.	Mweya Safari Lodge.	Madvani Group.
34.	Nytil	Picfare Ltd.
35.	PAPCO Industries	Praful C. Patel
36.	Print Pak `U' Ltd.	New Print Pak `U' Ltd.
37.	Republic Motors Ltd.	Rafiki Trading Company.
38.	Rock Hotel.	Swisa Industries Ltd.
39.	SAIMMCO	Steel Rolling Mills Ltd.
40.	Second National Operator's License (Part of liberalization of UTL)	MTN
41.	Shell `U' Ltd.	Shell Petroleum Co. Ltd.
42.	Soroti Hotel.	Speed Bird Aviation Services Ltd.
43.	Stanbic Bank `U' Ltd.	SBIC Africa Holdings Ltd.
44.	Steel Corporation of East Africa.	Muljibhai Madhvani and Company Ltd.
45.	Total `U' Ltd.	Total Outre Mer.
46.	Transocean `U' ltd	Coin Limited.
47.	Tumpeco.	GM.Company.
48.	Uganda Bags & Hessian Mills Ltd.	Bestlines ` U 'Ltd.
49.	Uganda Cement Tororo	Corrugated Sheets Ltd.
50.	Uganda Clays	Various (IPO – Employee share sale)
51.	Uganda Commercial Bank	Westmont Asia plc
52.	Uganda Consolidated Properties (Embassy /Development House)	Government of Uganda (GOU)
53.	Uganda Fisheries Enterprises (UFEL)	Nordic-Africa Fisheries co. Ltd (Path Iceland Co. Ltd.
54.	Uganda Grain Milling Co. Ltd.	Calebs International.
55.	Uganda Hardwares Ltd.	Management
56.	Uganda Hire Purchase Company.	Tadeo Kiseka.
57.	Uganda Hotels – Acholi Inn	M/s Laoo Ltd.
58.	Uganda Industrial Machinery Ltd.	F.B.Lukoma.
59.	Uganda Leather & Tanning Industry.	IPS `U' Ltd.
60	Uganda Meat Packers – Soroti	Teso Agric Industrial Co.ltd.
61.	Uganda Meat Packers Ltd (Kampala.)	Uganda Meat Industries.
62.	Uganda Motors Ltd.	Management.

63.	Uganda Phamaceuticals Ltd.	Vivi Enterprises.
64.	Uganda Telecommunications Ltd.	UCom Limited.
65.	UGIL	Phenix Logistics Uganda Ltd.
66.	White Horse Inn.	Kabale Development Co.
67.	White Rhino Hotel.	Dolma Associates Ltd.
68.	Windsor Hotel Pre-emptive rights	The Windsor ltd.
69.	Winits `U' Ltd.	Emco Works.
70	Agricultural Enterprises (Pre – emptive rights i.e sale of 6.89 % shares)	Rwenzori Tea Investments Ltd.
71	Kiryana Ranch (Sub – lease of Assets for 60 years)	Ziwa Ranchers
72	Uganda Electricity Generation Company (**UEGCL) (Concession).**	ESKOM Enterprises.
73	Nile Hotel International ltd (**30 years Concession of Assets)**	TPS (UGANDA) Limited.
74	Uganda Electricity Distribution Company (**UEDCL** (**Concession)**	Umeme ltd.
75	New Vision (IPO) (Listing on Uganda Securities Exchange – USE	General Public
76	National Insurance Corporation (NIC) (60% Shares)	Corporate Holdings Limited
77	Development Finance company of Uganda (DFCU)	General Public (Initial Public Offering - IPO)
78	Uganda Seeds: **(a)** (Masindi and Kisindi) (concession)	Farm inputs Care Center.
	(b) (Kasese) (Concession)	Nyakatonzi Cooperative Union
79	Uganda Railways Corporation (Concession)	Sheltam Rail Company (pty)
80	National Housing and Construction Company Ltd (49% shares) (**Debt – Equity SWAP)**	Government of the Great Socialist People's Libyan Arab Jamahiriya (GSPLAJ)
81	Dairy Corporation (Lease)	Sameer Investments Group.
82	Kinyara Sugar	RAI Group

APPENDIX F

LIST OF PRIVATIZED ENTEPRISES PAID FOR

	ENTERPRISE	Collections.
1.	Agip `U' Ltd	1,664,141,892.
2.	Blenders Ltd.	38,109,750
3.	E.African Distilleries Ltd.	731,063,195.
4.	Foods & Beverages Ltd.	670,000,000
5.	Fresh Foods Ltd	900,000
6.	Gomba Motors Ltd.	8,200,000
7.	Lake Victoria Bottling co.	3,621,000,000
8	Kibimba Rice Co.Ltd	1,523,515,000
9.	L.Victoria Hotel	5,924,775,855
10.	Motor Craft & Sales Ltd	200,000,000
11.	Mweya Safari Lodge	1,821,112,067
12.	Republic Motors Ltd.	148,000,000
13.	Shell `U' Ltd.	12,790,000,000. Against Liabilities of 12,790,000,000 (DEBT EQUITY SWAP.)
14.	Stanbic Bank `U' Ltd	6,938,819,178
15.	Total `U' Ltd	5,645,992,433
16.	Uganda Cement Tororo	5,864,857,750
17.	Uganda Grain Milling Co.	4,868,163,741
18.	Uganda Hardwares Ltd	18,200,000
19.	Uganda Hire Purchase Co.	240,000
20.	Margheritta Hotel	365,184,210
21.	Moroto Hotel	40,000,000
22.	Elgon Hotel	650,000,000
23.	Rock Hotel Tororo	300,000,000
24.	White Horse Inn	600,000,000
25.	White Rhino Hotel	200,000,000
26.	Uganda Industrial Machinery	7,000,000
27	Uganda Motors Ltd	300,000,000
28.	Winits `U' Ltd	102,500,000
29.	Uganda Commercial Bank Ltd (***1st sale_that was cancelled.)***	12,610,000,000 ($.6.00m was for Capitalisation.)
30.	African Ceramics Company Ltd.	270,000,000
31.	Barclays Bank	5,000,000,000

32	Uganda Leather & Tanning Industries.	1,594,150,000
33.	Tumpeco.	693,350,000
34.a	BAT (20%) Pre-emptive rights	10,290,000,000
34.b	BAT (Initial Public Offering) IPO	4,608,794,753
35.	Baroda Bank.	2,500,000,000
36.	Uganda Consolidated properties (Embassy/Development House)	11,250,000,000 Against liabilities of 11,250,000,000
37.	International TV sales Ltd.	320,000,000
38	Uganda Telecom Limited.	50,975,088,162
39	ENHAS	1,226,193,448
40	Second National Operator's Licence.	6,664,000,000
41	Uganda Clays IPO (Employee share sale)	1,182,415,300
42.a	Agricultural Enterprises Ltd	2,199,841,534
42.b	Agricultural Enterprises **(ZEU LAND)**	160,000,000
43	Hima Cement Factory.	17,948,945,000
44	Steel Corporation of East Africa.	362,912,000
45.	United Garment Industries	850,000,000
46.	SAIMMCO	199,333,633
47.	Uganda Meat Packers – Kampala.	588,094,172
48.	PAPCO Industries	100,000,000
49.	Government Central Purchasing Corp.	1,091,276,000 (Off set against Terminal Benefits.)
50.	NYTIL	2,132,000,000 (This had been collected before Liquidation)
51.	Lango Development Company	100,000,000
52	Masindi Hotel	198,500,000
53.	Apollo Hotel	32,040,000,000
54.	Transocean	314,700,000
55.	Soroti Hotel	150,000,000,
56.	Uganda Fisheries Enterprises Ltd	105,600,000 (Bal.of 994,400,000= was settled by mutual agreement)
57.	Uganda Livestock Industries: **a)** Sub-lease of Kiryana Ranch for 60 years **b)** Sale of 2,000 heads of Cattle.)	**850,000,000= (total a + b)** 350,000,000/= 500,000,000/=
58.	Kakira Sugar Works (Pre – emptive rights)	3,500,000,000=
59.	Agricultural Enterprises Ltd (Pre – emptive rights)	1,475,573,000=
60.	Uganda Pharmaceuticals ltd.	1,524,620,000=.

61	Uganda Electricity Generation Company (**UEGC)**	993,000,000= (Success fees).
62.	Uganda Electricity Distribution Company (UEDCL)	10,765,000,000= (Transaction fees)
63.	Nile Hotel International ltd (NHIL)	2,340,000,000 (**US$ 1,200,000**) **lump sum Consideration for use of Assets.**
64.	National Insurance Corporation Limited	Ugshs.6,307,822,446 (**USD $. 3,625,747.93**)
65	DFCU (18.47% Share holding) (IPO)	18,369,374,559 **(Gross proceeds**)
66**a**)	Uganda Seeds Ltd: Kasese (Concession)	273,000,000/=(**US$150,000**) (Transaction fees)
66**b**)	Uganda Seeds Ltd: Masindi/Kisindi (**Concession**)	648,495,259 (**US$ 350,000**) (Concession fees)
67.	National Housing and Construction Corp (49% shares)	Debt Equity Swap.35,789,600,000= (**US $ 20.335m** value of GOU shares against out standing debt of **US $ 95,000,000**
68.	New Vision Printing and publishing Corp.	2,040,000,000 (**Gross proceeds**)
69.	Kinyara Sugar	UGS.61,546,870,000/= **(US $ 33,500,000)**
70	Uganda Railways Corporation	UGS.3,479,200,000/= **(US $ 2,000,000) (Entry fee)**
71	Dairy Corporation	UGS.892,000,000 (US $ **500,000**) (**Lease fees**)
72	Stanbic Bank (**GOU 10%)** (**IPO)**	32,635,592,574