



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF**  
**UGANDA DEVELOPMENT CORPORATION**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**OFFICE OF THE AUDITOR GENERAL**  
**UGANDA**

## **LIST OF ACRONYMS**

<b>Acronym</b>	<b>Meaning</b>
<b>IFRS</b>	International Financial Reporting Standards
<b>UDC</b>	Uganda Development Corporation
<b>GOU</b>	Government of Uganda
<b>LC</b>	Letters of Credit
<b>IAS</b>	International Accounting Standards
<b>PPE</b>	Property Plant & Equipment
<b>KOICA</b>	Korea International Cooperation Agency
<b>MOFPED</b>	Ministry of Finance, Planning and Economic Development
<b>WIP</b>	Work In Progress
<b>PFMA</b>	Public Finance Management Act
<b>PPDA</b>	Public Procurement and Disposal of Public Assets
<b>KHTL</b>	Kigezi Highland Tea Ltd
<b>KMC</b>	Kiira Motors Corporation
<b>UCF</b>	Uganda Consolidated Fund
<b>UGX</b>	Uganda Shillings
<b>URA</b>	Uganda Revenue Authority
<b>WHT</b>	Withholding Tax

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**UGANDA DEVELOPMENT CORPORATION**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2017**

**THE RT. HON. SPEAKER OF PARLIAMENT**

**REPORT ON THE FINANCIAL STATEMENTS**

**Opinion**

I have audited the financial statements of the Uganda Development Corporation for the year ended 30<sup>th</sup> June 2017. These financial statements comprise of the statement of financial position, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement together with other accompanying statements, notes and accounting policies.

In my opinion, the financial statements of the Uganda Development Corporation for the year ended 30<sup>th</sup> June 2017 are prepared, in all material respects, in accordance with the International Financial Reporting Standards and Section 51 of the Public Finance Management Act, 2015.

**Basis for Opinion**

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

### **Key Audit Matter**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there is no key audit matter to be communicated in my report.

### **Other Matter**

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

- **Delays in execution of the Letters Of Credit (LCs)**

On 16<sup>th</sup> September 2015, management signed a contract with a foreign company for the supply of equipment worth US\$ 1,612,800. Delivery was to be done in 2 months and 24 days after signing the contract. The contract provided for 30% advance payment and 70% in 30 days from the date of submission of the last invoice.

I noted that management issued a letter of credit worth UGX.3,812,031,000 for the 70% balance. However, the equipment had not been delivered at the time of writing this report.

Delayed delivery will limit the entity from attaining the intended objectives. Delays also come with unplanned costs some of which are associated with foreign exchange rates and economy imbalances.

Management explained that the contract was delayed due to the provision of un tallying documents to Bank of Uganda and Customs Department of URA. The foreign exchange risk was hedged by opening the LC in Dollars implying that there are no additional amounts payable to the supplier in regards to the contract amount.

I advised the Accounting Officer to resolve the documentation issues and have the equipment delivered.

- **Staffing gaps**

Out of the 64 Approved positions, only 23 have been filled leaving 41 positions vacant (64%). These gaps included key posts like Head Internal Audit and Investment Appraisers. The procurement department has only one staff who start and complete a transaction without any checks and reviews. Inadequate staffing affects the timely

implementation of entity activities, thereby affecting the achievement of its strategic objectives.

Management explained that funding requirement to fill up the structure is still limited and they will continue to engage MOFPED to increase the resource envelope so that the Corporation can embark on recruitment to fill up the structure.

I advised the Accounting Officer to make concerted efforts by engaging MOFPED to ensure that vacant posts are filled to enable the entity adequately deliver on its mandate.

- **Implementation of government projects**

Government aims at improving the livelihood of its citizens by establishing factories to create employment among the youth. Among the projects government has funded through UDC are the Soroti fruit factory and Kabale and Kisoro tea factories. These projects had been planned to be completed by February 2017 and April 2017 respectively. However, the projects are not completed despite government injecting huge sums of money. The following were observed;

- **Lack of a feasibility study**

During the year, UDC purchased and leased equipment of UGX.3,022,156,358 as per the table below to Kigezi Highland Tea Ltd (KHTL) under a finance lease agreement for a period of 10 years. However, there was no feasibility study done for the recoverability of the amounts leased out and the criteria used by management in the selection of sectors for investment is not known. Management may fail to collect the lease rentals and also fail to recover the assets leased out if the lessee does not break even.

<b>SN</b>	<b>Description</b>	<b>Supplier</b>	<b>Amount (UGX)</b>
1	Installation and commissioning of electrical accessory equipment's for the 2 Kigezi highland factories	Rock trust Ltd	899,543,358
2	Supply of 12 trucks for Kigezi tea factories	TATA	1,477,108,000
3	Supply of 2 additional trucks for Kigezi highland tea factory	TATA	345,828,000
4	Supply of one double cabin pickup and one single cabin pickup for Kigezi highland tea factories	MAC East Africa	243,777,000
5	Payment for supply of 4 water tanks (24000 ltrs) for Kigezi highland tea factories	Crest tanks	55,900,000
	<b>Total</b>		<b>3,022,156,358</b>

Management explained that the investment arrangement is through a lease financing model to an already existing KHTL company. Due diligence exercise was undertaken by UDC, with a binding lease financing agreement signed by the two parties.

I advised the Accounting Officer to establish a selection criterion, assess and evaluate viability before government injects funds.

➤ **Un-utilized equipment under SFFP – UGX. 527,703,627**

The Soroti Fruit Factory Project (SFFP) is a Government directed intervention aimed at supporting value addition in fruit processing for the promotion of industrial growth, income diversification and increasing household incomes in the Teso Region by providing a readily accessible and fairly priced market for their fruit produce.

This project is being implemented through a joint venture partnership between UDC and private sector (Teso Tropical Fruit Cooperative Union (TTFCU)) with funding from GOU and a grant from the Government of South Korea represented by KOICA.

KOICA pledged a grant of US \$.7.4 million for a Turnkey Factory (construction and machinery purchase, installation and commissioning). The capacity of the factory is 6MT/hour of oranges and 2MT/hour of mangoes.

In the period under review, UDC procured several equipment for Soroti factory. An inspection in September 2017 revealed that UDC had paid 85% of the amount to the suppliers to deliver and install factory equipment by close of the financial year, none of equipment had delivered and installed. This equipment lies idle at the factory. **Table below refers.** There is a risk of malfunction if the equipment is not installed immediately. The equipment are depreciating and thus losing value. This has led to delayed completion of the Soroti Fruit factory which was planned for commissioning by February 2017.

<b>PROJECT</b>	<b>EQUIPMENT</b>	<b>Inspection comments</b>	<b>AMOUNT (UGX)</b>
<b>Soroti Fruit Factory</b>	Supply and installation of data and voice networks	No items seen at Soroti fruit factory.	160,604,598
	Supply of Desktop computers (Del), Multipurpose printer, scanner, photocopier	No items seen at Soroti fruit factory.	123,376,068

	(Taska800li) Kyocera and a 3.5kwt stabilizer		
	Payment for supply of 1 Projector screen, 43 ups units, 2 printers and 1 server hardware	No items seen at Soroti fruit factory.	30,998,410
	Supply of furniture for Soroti fruit factory	No items seen at Soroti fruit factory.	80,650,000
	Supply of Mechanical and Electrical maintenance tools for Soroti fruits factory	No items seen at Soroti fruit factory.	132,074,551
		<b>TOTAL</b>	<b>527,703,627</b>

Management explained that Korea International Corporation Agency (KOICA) which is responsible for constructing the factory, supplying, installing and commissioning the factory equipment faced challenges due to lack of adequate funds for inland transportation of machinery and equipment to the factory. As completion of the construction and installation of machinery is done, procurement of auxiliary equipment to service the factories has been undertaken to avoid delays. The auxiliary have been kept at UDC stores awaiting installation of machinery and are available for inspection.

I advised the Accounting Officer to provide the necessary funds for transportation of the equipment and have it delivered and installed.

➤ **Other inspection observations at SFFP**

During inspection in September 2017, I also observed the following;

<b>Physical Verification / Inspection comments</b>	<b>Management comments</b>
<p>Land at Gweri waste treatment site is fenced off. There is no sign post to indicate that it belongs to Teso fruit factory. We could not access it as the key to the site was with the contractor and the site was bushy/not maintained and cleared.</p> <p><b>Waste water treatment plant</b> It was observed that the treatment plant was constructed but was not complete. It is not connected to power and water. The treatment pits were filled with rain water and not covered. Treatment plant was not fenced/easily accessed. No sock pit in which to drain the water but channeled to storm water channels.</p>	Acquired and fenced off 4.8 acres and 10 acres of land for setting up fruit factory and solid waste disposal respectively
<p><b><u>Bore hole water</u></b> A borehole was drilled and a submerged pump installed</p>	Infrastructural services (water, electricity, access roads) were provided inclusive of a water

<p>but was not yet tested by the contractor due to non-connectivity to electricity. Plumbing had been done to the point of the reservoir awaiting completion of the water reservoir/tank by KOICA.</p> <p><b><u>Transformer</u></b> Transformer was raised on a slab and additional cables extended. Aggregate was spread around the fenced ground. Primary and secondary earthing was done. Electric panels were in place.</p>	<p>reservoir and transformer at the project site.</p>
<p>Internet wiring was done as per appendix. Internet server unit installed.</p>	<p>ICT works within the factory and administration block were completed</p>
<p>Some Machines and equipment had been installed. There are crates of machinery and equipment yet to be installed.</p>	<p>90% of factory equipment delivered on site awaiting installation</p>

This is likely result in to further delay of the project and escalate costs that arise from inflation and maintenance costs of the site.

I advised the Accounting Officer to expedite the construction works to minimize delays.

➤ **Kigezi Tea Factory Project**

In line with Government's strategy to promote value addition along the various agro industry value chains, UDC through the Ministry of Trade, Industry and Cooperatives was provided funds in the financial year 2016/2017, to facilitate tea factories. The project is being implemented through lease financing to the Partner Tea Factories. As at 30<sup>th</sup> June, 2017, the key accomplishments have been:

- i. Procured machinery and equipment for the tea facilities, installation of equipment at Kabale and Kisoro tea factories. Anticipated completion date is October 2017. The value of completed work is about 85%.
- ii. Procured auxiliary equipment for the tea factories such as generators and trucks. Electrical installations are on-going.
- iii. The procurement process for the supply, installation and commissioning of tea processing equipment for Kayonza and Mabaale tea factories
- iv. Lease financing agreement signed between UDC and Kigezi Highland Tea Ltd which operates the tea factories in Kabale and Kisoro.



The following was observed:

**(a) Failure to verify deliveries by UDC**

Paragraph 1 "LEASE STATUS AND EFFECTIVE DATE" of the Lease Financing Agreement between UDC and Kigezi Highland Tea Ltd states that the terms and provisions of the agreement shall be effective as of the date the Lessee certifies in writing that the equipment has been delivered to and accepted by the Lessee or as of the date UDC confirms to the seller or supplier of the equipment the purchase of or the purchase order for the equipment, whichever occurs first.

It was noted that UDC did not receive and certify the deliveries before handing over the equipment to Kigezi. Furthermore, the supplier "T&I Global" delivered the equipment directly to Kigezi without delivery notes and so the certification and acceptance of delivery was neither done by UDC nor Kigezi.

I noted inconsistencies in deliveries of equipment during inspection for example 3 filter fans were delivered and yet 6 filter fans were actually ordered, 3 chambered radiator was delivered and installed and yet UDC ordered for a 7 chambered radiator and 1 catwalk was delivered and installed instead of 2 ordered.

It was also observed that a number of equipment worth US\$.131,062 were not on site these included 48 individual radiators (US\$.44,664) for axial flow fans and yet some of the axial fans were delivered and installed, 10 aluminum storage bins (US\$.70,950) and the 48 transition pieces (US\$.15,448) were also not site.

It was further observed that 12 prefabricated withering troughs were delivered but not installed due to limited space in the factory. These 12 un utilized troughs had a cost of US\$.65,940. Details are in the table below.

<b>S/N</b>	<b>Item Supplied</b>	<b>Qty</b>	<b>USD per factory</b>	<b>Kabale</b>	<b>Kisoro</b>
1	prefabricated withering trough	24	131,880	24 troughs delivered, 16 installed and 8 un-utilized	24 troughs delivered, 20 installed and 4 un-utilized
2	transition piece	24	7,724	not on site	not on site

3	axial flow fans	24	28,176	24 fans delivered, 16 installed and 8 un-utilized, 3 filter fans were delivered and yet 6 filter fans were requested, the dampers and basement plates are not installed	24 fans delivered, 20 installed and 4 un-utilized, 3 filter fans were delivered and yet 6 filter fans were requested, the dampers and basement plates are not installed
4	individual radiators suitable for the above fans	24	22,332	not on site	not on site
5	radiator bank with hot air fan, 7 chambered	1	18,323	3 chambered radiator installed, 7 chamber radiator was ordered	3 chambered radiator installed, 7 chamber radiator was ordered
10	dryer	1	79,560	one catwalk was installed instead of two	one catwalk was installed instead of two
14	Vibro screen	1	6,658	delivered but not installed	delivered but not installed
15	aluminum storage bin	5	35,475	not on site	not on site
16	complete conveyor system	1	26,650	delivered but not installed	delivered but not installed
19	tool and cutter grinder	1	2,498	ok	faulty - damaged during transportation
24	boiler	1	151,920	ok	delivered but accessories are not installed

The inconsistencies have resulted into loss of government funds and the undelivered equipment may impact on the smooth running of the factory.

Management explained that the installation process is still on-going and all the above will be addressed in the course of completing installation.

I advised the Accounting Officer to obtain the delivery notes from the supplier, confirm the supplies against the contract and obtain acceptances from Kigezi for the delivered equipment.

**(b) Failure to include equipment and related costs in the lease agreement**

Paragraph 5 "DELIVERY AND INSTALLATION" of the Lease Financing Agreement between UDC and Kigezi Highland Tea Ltd states that unless otherwise agreed in writing, all insurance, taxes, transportation, rigging, drayage, installation and other incidental or related charges in connection with the delivery and installation of the equipment, other than as contained in the contract for the supply, installation and commissioning of the equipment, or with the removal to another location, **are to be paid by the lessee.**

It was noted that management paid UGX.899,543,358 to M/s Rock trust Contractors (U) Ltd for the installation and commissioning of electrical accessory equipment for the 2 Kigezi highland factories. However, this amount was not included in the lease agreement in the amounts to be paid back in the lease rentals from Kigezi.

Furthermore, I noted that all auxiliary equipment worth UGX.3,722,777,629 shown in the table below were not included in the lease agreement.

<b>Items</b>	<b>Supplier</b>	<b>Value</b>
Electrical accessories for kigezi tea factories	Rock trust contractors	899,543,358
Generators 500KVA	AEA ltd	530,621,283
Generators 85KVA	AEA ltd	169,999,988
Single and double cabin pickups	MAC East Africa ltd	243,777,000
Supply of 12 trucks	TATA Uganda ltd	1,477,108,000
Supply of 2 additional trucks	TATA Uganda ltd	345,828,000
Water tanks	Crestanks	55,900,000
<b>total</b>		<b>3,722,777,629</b>

Management submitted a new draft finance lease agreement that included the auxiliary equipment, however this agreement was not signed by either of the parties. The funds spent on the auxiliary equipment may not be recovered hence a loss to the entity.

I advised the Accounting Officer to include the funds spent on the electrical installation and all the auxiliary equipment in the lease rentals to be paid by Kigezi as required by the Lease Financing Agreement.

**(c) Un-verified property and inclusion in the lease agreement**

It was noted that management purchased 14 trucks worth UGX.1,822,936,000 and 2 pickups worth UGX.243,777,000 for Kigezi Highland Tea Ltd; however, the vehicles were not on site. The proprietors of Kigezi explained that the vehicles were stored offsite in Kampala and therefore I could not confirm their existence.

Additionally, UGX.2,066,713,000 which was used to purchase the vehicles is not included in the finance lease agreement between UDC and Kigezi in the amounts to be paid back in the lease rentals from Kigezi. There is risk that the vehicles were not delivered and put to the intended purpose.

Management explained that the vehicles were inspected by the Chief Mechanical Engineer and all auxiliary equipment has been included in the addendum to the lease agreement.

I advised the Accounting Officer to ensure that the vehicles are delivered and inspected and also included the in the lease agreement to be paid back by Kigezi.

- **Unplanned project funds – UGX.477,000,000**

Section 15 of the PFMA 2015 states that the Accounting Officer shall commit the budget of a vote based on annual cash flow plan which is a basis of release of funds by the Accountant General. Although, UDC received UGX.477,000,000 in respect of Lake Victoria Sheet Glass Works, the following were observed;

- On the 26<sup>th</sup> September 2016 a warrant was issued for this money to MOTIC. However, the funds were released by the Treasury in March 2017. As such, due to the late release of the funds, no activity was carried out on this program.
- It was also noted that UDC did not initially plan for this activity as per the work plan. The plan was only developed after the funds were received. This affected the implementation of other planned activities.

Planned objectives of UDC may not be achieved and the funds may be misappropriated.

Management explained that they had planned for the implementation of the activity despite the late release of funds.

I advised the Accounting Officer to ensure that all activities are appropriately planned for.

- **Stalled government project**

Luwero Fruit Factory Project is a Government directed intervention aimed at supporting value addition in fruit processing for the promotion of industrial growth, income diversification and increasing household incomes in the greater Luwero Region.

A feasibility study on this project was completed in October 2013, solicited for and obtained a 10 acre piece of land from Buganda Kingdom. It was however observed that UDC has a lease agreement from Buganda Land Board and is awaiting issuance of a certificate of title by the Ministry of Lands. No funds have been allocated to this Project since inception. This project seems to have stalled. Starting projects without inadequate planning leads to nugatory expenditure.

Management explained that UDC is awaiting acquisition of land title. UDC already has a lease agreement for 49 years and copies are attached.

I advised the Accounting Officer to expedite the process of acquiring the land title, allocate resources and ensure that the project kicks off.

- **Kiira Motors Corporation**

Kiira Motors Corporation (KMC) is an initiative for Automotive Industry Development supported through the Presidential Initiative for Science and Technology Innovation. The KMC equity partners are UDC, the principal equity partner representing the GOU as the investment arm of Government with 96% shares, and Makerere University 4% shares. KMC is aimed at setting up and operating a vehicle assembly plant in Uganda. The KMC plant shall be designed with a Multiple Line and Multiple Model Assembly Shop for pick-up trucks, light and medium duty trucks, SUVs and buses. Vehicle assembly is projected to commence in 2018 with pick-up trucks. The plant shall operate in partnership with a seasoned auto manufacturer with a product foot print worldwide.

It was observed that the funding of KMC in the financial year 2016/17 has been rather modest resulting into limited capacity to implement the work plan. Of the UGX.10 billion KMC budgeted for FY 2016/17, only UGX.3,660,038,170 was released translating to 36.6% of budgeted funds which is way below the minimum funding requirement for sustaining operations at KMC. The lack of sufficient funds will fail the achievement of the desired objectives of the project.

I advised the Accounting Officer to engage MoFPED so that sufficient funds are provided to undertake this project.

- **Lack of land title**

I noted that UDC lacks a land title for the Lake Katwe Salt Project. The assets sitting on this land include 12 bungalows for senior quarters, 10 blocks for junior quarters and factory equipment. Whereas the land belongs to UDC, there is no proof of ownership. There is a risk of encroachment on land by other members of the public if ownership is not legitimized.

Management explained that measures were being undertaken to ensure that the land title is received and the process of acquisition of land title is in advanced stages.

I advised the Accounting Officer to expedite the process of acquiring the land title.

### **Responsibilities of the Accounting Officer for the Financial Statements**

The Accounting Officer is responsible for the preparation of financial statements in accordance with the International Financial Reporting Standards and the requirements of the Public Finance Management Act 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Corporation's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Corporation, and using the International Financial Reporting Standards unless the Accounting Officer has a realistic alternative to the contrary.

The Accounting Officer is responsible for overseeing the Corporation's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.

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

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

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

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

#### **Report on other legal requirements**

As required by the Public Finance Management Act 2015 and the National Audit Act, 2008, I report to you, based on my audit that;

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



John F.S. Muwanga

**AUDITOR GENERAL**

22<sup>nd</sup> December, 2017



## **FINANCIAL STATEMENTS**