



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDA RAILWAYS CORPORATION
FOR THE YEAR ENDED 31ST DECEMBER 2016

OFFICE OF THE AUDITOR GENERAL
UGANDA

LIST OF ACRONYMS

Acronym	Meaning
BOD	Board of Directors
FY	Financial year
IFRS	International financial reporting standards
IAS	International accounting standard
IT	Information Technology
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
PDE	Procurement and disposal entity
PPDA	Public Procurement and Disposal of Public Assets Authority
UBC	Uganda Broadcasting Corporation
UCC	Uganda Communication Commission
UGX	Uganda Shillings
URA	Uganda Revenue Authority
UTV	Uganda Television
VAT	Value Added Tax
WHT	Withholding tax

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FOR THE YEAR ENDED 31ST DECEMBER, 2016

THE RT. HON. SPEAKER OF PARLIAMENT

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I am mandated by Article 163 of the Constitution of the Republic of Uganda, 1995 (as amended) and Sections 13 and 19 of the National Audit Act, to audit the financial statements of Uganda Railways Corporation for the year ended 31st December 2016. These financial statements comprise of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, and Cash Flow Statement together with other accompanying statements, notes and accounting policies.

I do not express an opinion on the corporation's financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

- **Property, Plant and Equipment UGX. 94,867,332,000**

URC presented a balance of UGX.94,867,332,000 as the value of Property, Plant and Equipment in its financial statements for the year ended 31st December 2016. However, I noted that the Corporation had not revalued its items of Property, Plant and Equipment since 1988 despite experiencing indicators of impairment such as declining profitability, technology changes, and wear and tear which have reduced the value of the assets. It is also worth noting that the value of land keeps appreciating in ordinary business circumstances, therefore the value of URC land has significantly appreciated over the last three decades. Hence the carrying amount of the assets as at 31st December 2016 does not reflect the recovery amount of the assets. Under the circumstances, the value of Property, Plant and equipment is not fairly stated.

Management explained that the revaluation of URC assets had been completed and results will be incorporated in the financial statements for the year ending 31st December 2017.

I advised Management to ensure that the revaluation report is approved by the Board before it is incorporated in the financial statements for the year ending 31st December 2017.

- **Un-serviced Long Term Loans - UGX.22,067,482,000**

The Corporation recorded several un-serviced long term loans in its books amounting to UGX.22,067,482,000 that were accumulated over 20 years ago. This comprises funds borrowed or mobilized by the Government of Uganda from various multilateral and bi-lateral funding agencies for onward lending to the Corporation. It was however noted the loans were not supported by loan agreements and up to date loan amortization schedules to ascertain the value of the loan liability. There is a risk that the non-current borrowings due to the funders and the corresponding interest expense of UGX.9,511,880,000 accruing to the loans are misstated.

Management explained that URC made requests to the Accountant General and PS/ST to authorize a transfer to equity or a write off as recommended by the OAG however no response has been received.

I advised Management to continue liaising with the Accountant General and PS/ST to establish the origin and validity of the loan obligations with a view of writing off the balances.

Other matters

I consider it necessary to communicate the following matters affecting the operations of the Corporation in my report.

- **Long outstanding receivables –UGX.15,870,630,000**

The trade and other receivables from UGX.16,722,471,000 in 2015 to UGX.15,870,630,000 in 2016 (representing 5% decrease from the previous year's balance). The major debtor is RVR with total receivables of UGX.11,389,270,000 which represents 72% of the receivables. This was mainly attributed to failure on the part of Management to enforce the terms of the concession agreement and inability to collect

long outstanding pre-concession receivables of UGX.2.9bn. The corporation risks loss of income due to non-collection.

Management explained that the Corporation has a new receivables control and management policy including circularisation of debtors and engaging a debt collector handle long outstanding debts.

I advised Management to liaise with MoFPED to enforce the terms of the concession agreement with RVR. Management should also present the report on circularization of debtors to the Board with a view of writing off uncollectable debt.

- **Trade and other Payables - UGX.4,691,725,000**

Trade payables reduced from UGX.9,056,164,000 in 2015 to UGX.4,691,725,000 in 2016 which represents a decrease of UGX.(48%). This was mainly attributed the decrease in trade payables and other payables to payment of statutory obligations and pension arrears which amounted to UGX.4.17bn. Failure to settle the corporation's obligations on time may lead to penalties and fines for delayed payments.

Management explained that efforts were being undertaken to settle outstanding obligations including circularisation of all unclaimed long outstanding payables by advertising in the media.

I await Management's efforts to settle the outstanding obligations.

- **Outstanding Employee benefits**

URC accumulated liabilities totalling to UGX.9,360,508,000 arising from non-pension liabilities , legal claims by former employees (for under payment of pension) , staff gratuity and other retirement benefits. This was attributed to lack of funds. Employee benefits arrears are shown in the table below;

S/N	Arrears	UGX	Remarks
a)	Pension	5,833,642,000	Non-current pension liabilities
b)	Staff Gratuities	273,321,000	Arrears of gratuities not paid by the end of the year.
c)	Legal Claims	3,041,068,000	Legal claim by 129 former employees were court awarded UGX.3, 024,425,125 plus legal costs for underpayment of pension and terminal benefits.

d)	Other benefits for retired/deceased ex-employees	212,477,000	Salary arrears owed to former employees arising out of an increase in salaries in 1992.
	TOTAL	9,360,508,000	

There is a risk that the liabilities may increase due to delayed payment if the affected parties take URC to court.

Management explained that URC continues to liaise with MoFPED to ensure that the liabilities are fully settled.

I await Management's efforts to settle the outstanding obligations.

- **Proceeds from Disposal of non-core assets (Land)**

Section 26 of the Public Enterprise Reform and Divestiture act 1993 empowers the Privatization Unit of the Ministry of Finance, Planning and Economic Development to dispose of public enterprises and stipulates how the proceeds from privatized enterprises are to be used.

Pursuant to the directives from the Ministries of Finance Planning and Economic Development, Local Government and State House, Uganda Railways Corporation transferred 57.93 acres of land located at Nsambya: FVR 440 Folio 16, Plot 12A Nsambya road, FVR 440 Folio 17, Plot 16A-28A Nsambya road, and FVR 440 Folio 18, Plot 2-28A Kibuli road to Uganda Land Commission in 2011.

URC was to be compensated with UGX.69.5bn (UGX.1.2bn per acre) based on the report by the Chief Government Valuer of November 2010. However, no payment has been made since the transaction was effected in 2011.

Failure to compensate URC for its land has caused a lot of financial distress to the Corporation as it has failed to clear its obligations.

Management explained that URC had written various correspondences to the MoFPED and MoWT requesting for this money but was unsuccessful.

I advised Management to continue engaging the Ministry of Finance Planning and Economic Development so that the compensation is received.

- **Performance of RVRU Concession**

A 25 years' concession agreement signed between GoU/URC and Rift Valley Railways (RVR) in 2006 require RVR to declare the gross revenue /income earned every month to URC upon which income accruing to the later/URC of 11.1% is to be paid to URC every quarter of the financial year.

For the last six years up to 2016, URC received UGX.20,942,964,000 as concession fees from RVR in addition to its locally mobilized Income of UGX.18,115,503,000 as detailed below:

	YEAR	Concession fees (UGX.)	Other Income (UGX)	TOTAL	% Of Concession fees to total Income
1	2011	4,953,241,000	1,414,999,000	6,368,240,000	78%
2	2012	4,451,406,000	3,330,768,000	7,782,174,000	57%
3	2013	3,157,564,000	4,233,991,000	7,391,555,000	43%
4	2014	2,799,456,000	1,421,836,000	4,221,292,000	66%
5	2015	3,062,239,000	2,696,791,000	5,759,030,000	53%
6	2016	2,519,058,000	5,017,118,000	7,536,176,000	33%
	TOTAL	20,942,964,000	18,115,503,000	39,058,467,000	

On 5th June 2017, Management through Ministry of Finance, Planning and Economic Development issued a 90 day notice of termination to RVRU indicating the following breaches in the contract;

- i) **Unilateral deduction and withholding of part of concession fees due to Uganda Railways Corporation (URC)**

The Concessionaire has failed to comply with the provisions of Clauses E. 1.4 and M.3 (i) iv of the Uganda Concession Agreement. From 2013, the Concessionaire unilaterally deducted and continues to withhold part of the Concession fees due to URC which occasioned a 50% reduction of the amounts due and payable.

- ii) **Freight volume targets**

Clause 2.1.8 of the Uganda Concession Amending Deed and the subsequent revision of the freight volume targets of May 2014 stipulate specific net-ton kilometres to be delivered within a given period of time. The Freight volume recorded as at the end of December 2015 was 256 against a target of 272 million Net Ton Kilometres as per the target adjusted by the Joint Railway Commission (JRC). Subsequently, RVRU has

achieved only 49% of the target of 380 million Net Ton Kilometres for the period ending September 2016.

Contrary to Clause 2.1.8, the subsequent amendments of May 2014 thereof, and Clause M.3 (I) (iii) (D) of the Concession Agreement, the Concessionaire failed to meet the required freight volume targets.

iii) **Submission of External Audit Reports, Quarterly and Annual Operation Reports to Government and URC**

Clause K.2 3) and K.3 of the Concession Agreement and Clause 2.1 11) of the Amending Deeds enjoin the Concessionaire to submit to Government and URC copies of external audit reports, quarterly and annual reports within 4 (four) months after the close of each its financial year, and within 21 (twenty one (21) days after the end of each quarter of a financial year.

Contrary to Clause K.2 3), K.3 and M.3 (I) (vii) of the Concession Agreement, the Concessionaire failed, refused or ignored all requests to honour the said contractual obligation.

iv) **Rehabilitate and operate the Pakwach line**

Clause 3.2.6 of the Uganda Concession Amending Deed stipulates that the Pakwach Line shall be rehabilitated and operated by the Concessionaire in accordance with the standards provided under the Concession Agreement within a period of thirty-six (36) months from the execution of the Deed.

Contrary to Clause 3.2.6 of the Uganda Concession Amending Deed and Clause M.3 (I) (ii) of the Concession Agreement, the Concessionaire failed to operate and or provide railway freight services on the Pakwach Line.

v) **Rehabilitate and maintain of Conceded Assets**

Clause F.3.1 Clause F.1.1 and Clause F.5.1 of the Concession Agreement provides that the Concessionaire shall be responsible for the Rehabilitation and/or maintenance of Conceded Assets and other equipment comprising the conceded assets in accordance with Good Industry Practice and/or Original Equipment Manufacturer (OEM) specifications. Contrary to Clause F.3.1, Clause F.1.1, Clause F.5.1 and M.3 (h) of the Concession Agreement, the Concessionaire has refused, failed and or neglected to

maintain the conceded Assets in accordance with Good Industry Practice and/or the OEM Specifications.

At the time of audit, RVR had not yet performed any remedial actions on the Concessionaire which is breach of contract. I also noted that the termination notice of RVR was rescinded by Ministry of Finance, Planning and Economic Development.

Underperformance of RVRU hinders the achievement of URC's strategic objectives which include developing robust railway service. Management explained that the anomalies noted by the Auditors were already communicated to the Concessionaire and are part of the grounds against which the Concession should be terminated.

I advised Management to engage MOFPED and RVRU with a view of improving the investment returns from the concession if termination of the concession is not feasible.

- **Land matters**

A review of URC's Asset Register and legal files revealed cases of illegal leases by Uganda Land Commission (ULC), District Land commissions and by Kampala City Council (KCC) and illegal settlement on URC land. **Refer to Appendix.1**

There is a risk that URC may lose its Land due to illegal possession of its land.

Management explained that URC had written to the Commissioner Land Registration to cancel the various illegal leases issued on URC land by various land boards and Uganda Land Commission. Management further explained that the land matters were also referred to the ongoing Commission of Enquiry into Land Management and Administration headed by Justice Catherine Bamugemereire.

I advised Management to engage the Attorney General to resolve land disputes related to Government entities. I further advise Management to take the necessary steps to safeguard the Corporation's land by acquiring Land titles.

- **Implementation of the strategic plan**

It was observed that the entity did not perform as per its strategic plan for the year. Some targets were partially achieved or not achieved at all during the year and thus a number of entity objectives were not met. **Refer to the strategic plan performance**

in Appendix2. Management was unable to fulfill its mandate due to insufficient funds and lack of adequate supervision of activities.

Management explained that URC did not perform as expected because RVRU, the major revenue earner went through serious downturns and did not yield reasonable income to URC and money expected from Government was not released hence negatively affecting the work plans.

Management further explained that with the small resources, URC managed to implement some of last year's audit recommendations like recruitment of key staff, revaluation of assets, putting in place new policies, developing a new strategic plan 2017-2022 and keeping the Corporation afloat.

I advised Management to ensure that realistic estimates are made and adequate supervision of the activities is undertaken.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Uganda Railways Corporation Act and International Financial Reporting Standards on Accrual basis of accounting and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibility

My responsibility is to conduct an audit of the Corporation's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of

Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Uganda, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.

Report on other legal requirements

Contrary to the requirements of the Uganda Railways Corporation Act and the National Audit Act; I did not obtain all the information and explanations, which I required for the purpose of my audit. Accordingly, I am unable to confirm whether proper books of account have been kept by the Corporation.

A handwritten signature in black ink, appearing to read 'J. Muwanga', with a large, sweeping flourish extending to the right.

John F.S. Muwanga

AUDITOR GENERAL

KAMPALA

22nd December, 2017

Land Matters

S/N	ISSUE	STATUS	Remarks
1.	ILLEGAL LEASES BY ULC	<ul style="list-style-type: none"> ▪ KAMPALA - LRV 4464 Folio 1 Plot 27 Nsambya <ul style="list-style-type: none"> ○ Dembe Investments Ltd 	URC is the bonafide lease holder of this land under lease title details: FRV 219 FOLIO 4, (KAMPALA, Railway Station Reserve)
		<ul style="list-style-type: none"> ▪ NAMUWONGO - LRV 3836 Folio 4 Plot 2 Namuwongo Road 8th Close - Ben Otim and Suzan Joy Amot Otim - LRV4437 Folio 25 Plot 3 Namuwongo Third Close - Mbabazi Harriet. - LRV 2270 Folio 17 Plot 3B NAM 6th Close - Bernard Turyashemerewa - LRV 3231 Folio 17 Plot 59 Namuwongo Road - Singh Dindayal - LRV 3155 Folio Plot 101 Namuwongo Road ,Namuwongo - Nteziyaremye Godfrey - LRV 3373 Folio 19 Plot 2 Main Access Road - Formerly Tools and fasteners - LRV 3570 Folio 1 Plot 23A Namuwongo Road - Dattatraya Joshi Vasant - LRV Folio Plot 3 Namuwongo Fifth Close - Ismail Shaban Juma - LRV 3314 Folio ...Plot 2 Namuwongo 3rd Close - Kamulegeya Lawrence and Nakafeero Namuddu Teopista - LRV 3856 Folio 17 Plot 109 A Namuwongo Road <ul style="list-style-type: none"> ○ Marjorie Kalema - LRV 2755 Folio 1 Plot 3 Namuwongo Road <ul style="list-style-type: none"> ○ Muramuzi Bartholomew - LRV Folio Plot <ul style="list-style-type: none"> ○ Deo Maniraguha ○ Ntatamashakiro - LRV 2519 Folio 6 Plot 	URC is the bonafide lease holder of this land under lease title details : FRV 211 FOLIO 22 and In Private Mailo BLOCK 202 PLOT 1

		<p>....Namuwongo Road</p> <ul style="list-style-type: none"> ○ Kandolo Muhamad <p>LRV 3956 Folio 7 Plot 109 A Namuwongo Road</p> <ul style="list-style-type: none"> ○ Charles Mackyabire 	
		<ul style="list-style-type: none"> ▪ LUZIRA AND PORTBELL - Simba Properties Limited ○ LRV 37475 Folio 7 Plot1 First Luzira Close ○ LRV 3825 Folio 1 Plots 2 and 3 First Luzira Close - Dawson Estates Ltd ○ Plot 8 and 8A Kome Close 	<p>URC is the bonafide lease holder of this land under lease title details:</p> <p>FRV 217 FOLIO 15 PLOTS 43-55, 45-53 SPORTS ROAD, KOME CLOSE AT PORT BELL, LUZIRA.</p>
2.	ILLEGAL LEASES BY DISTRICT LAND BOARDS	<p>a. KAMPALA DISTRICT LAND BOARD</p> <p>LRV 2963 Folio 3, Plot 28-32 Entebbe Road for H&K Investments Limited</p>	<p>URC is the bonafide lease holder of this land under lease titles details:</p> <p>FRV 219 FOLIO 4, (KAMPALA, Railway Station Reserve)</p>
		<p>b. JINJA DISTRICT LAND BOARD</p> <ul style="list-style-type: none"> ▪ LRV JJA 38 folio 8 plot 5 – 25 Republic way to Birus property services ltd ▪ LRV 4460 folio 13 plot 1 – 3 Republic way to Bimpingu fish farm Ltd ▪ LRV 4427 Folio 1 Plot 6 Tobacco Road, to Amore Investments Ltd. ▪ LRV JJA 215 Folio 25 Plot 20 Nyanza Road, Jinja to Ediluma Saidi. ▪ LRV 4448 Folio 7 Plot 8A Tobacco Road, Jinja - Amore Investments Ltd. ▪ Plot 17-19 Scott Rise - Egaano Millers Ltd. ▪ Plot 18 Scott Rise -Nile Humanitarian Development Agency Ltd 	<p>URC is the bonafide lease holder of this land under lease titles details:</p> <p>FRV 212 FOLIO 20, PLOT 102-126 KYABAZINGA WAY(Jinja Station Reserve)</p> <p>FRV 222 FOLIO 25 JINJA OLD STATION reserve</p> <p>FFRV 462 FOLIO 14 PLOT 8 TOBACCO ROAD, JINJA</p> <p>FRV 1428 FOLIO 21 PLOT 8A TOBACCO ROAD, JINJA</p>
		<p>c. MBALE DISTRICT LAND BOARD</p> <p>Land comprised in Bugwere Road, Water Tank area and Station Yard Close, Mbale</p>	<p>URC is the bonafide lease holder of this land under lease titles details:</p> <p>FRV 239 FOLIO 25 MBALE and FRV 214 FOLIO 24 MBALE</p>

		Township.	RAILWAY STATION
		<p>d. GULU DISTRICT LAND BOARD</p> <ul style="list-style-type: none"> ▪ LRV 4367 Folio 10 Plot 53 - Olal Andrew Cohen ▪ LRV HQT203 Folio 17 Plot55 - Rubangakene Hannington & Alworo Prossy ▪ LRV 3941 Folio 1 Plot 57 - Lapai Nicholas Odongo ▪ LRV HQT 247 Folio 24 Plot 59 - Opoka David 	<p>URC is the bonafide lease holder of this land under lease title details: LRV 727 FOLIO 19, PLOT 19-25, ATWAL ROAD</p>
3	ILLEGAL LEASES BY KCC, predecessor of KCCA	<ul style="list-style-type: none"> ▪ Lease to Hancooks multipurpose ltd on plot 16 ▪ Lease to Songdoh firms (u) Ltd on plot 5 ▪ Lease to Kiwa Industries / WK properties on plot 7-9 ▪ Lease to MG Industries Ltd on plot 11, 13A, & 13B ▪ Leases to Road Master cycles (U) Ltd on plot 18, 20, 22, & 24 ▪ Lease to Crown Brand Tea (U) Ltd /Ntake Bakery on plot 26 ▪ Lease to Bugirinya United Steel Co Ltd Ntake Bakery on plot 28A ▪ Lease to United Chemical Products Ltd on plot 30 ▪ Lease to Mulowoza & Co. ltd on plot 15 ▪ Lease to Produce Marketing Board 	<p>URC is the bonafide lease holder of this land under lease titles details: FRV BLOCK 39, PLOT 1, LAND AT NALUKOLONGO</p>
4	ILLEGAL SETTLEMENTS	<p>a. BYARUHANGA JOHN AND 78 OTHERS V UGANDA RAILWAYS CORPORATION CHIEF MAGISTRATES COURT AT NSANGI .C.S. No. 13/2016, the claimants in filed a suit against the Corporation claiming that they are "<i>bibanja</i>" owners on the said land at Masanda Village which runs from approximately Railway Mileage 63/0 to about Mileage 64/0which forms part of the Main Railway Line Reserve on Kampala Kasese</p>	<p>Encroachment of land on PLOT 1 BLOCK 604, BUSIRO, MENGO, LAND AT NABBINGO.</p>

		line.	
		<p>a. THE MOSQUE IN JINJA AT LOCO GANG MEN CAMPS POPULARLY KNOWN AS LANDIE AND RAILWAY RESERVE</p> <p>The Muslim community of loco and Nile Crescent village grabbed land at the level crossing and took advantage of the 2016 Presidential and Parliamentary elections week nights to hurriedly erect a mosque. The mosque is not in possession of a land title. Attempts by the Corporation to engage the Jinja District leadership were unsuccessful.</p>	Encroachment of land under lease titles details FRV 222 FOLIO 25 JINJA OLD STATION RESERVE.
5	OTHER ILLEGAL TITLES	<ul style="list-style-type: none"> ▪ Plot 203, Block 342-344 Busiro known as FRV 902 Folio 6 for Sekiwadde Rebecca and Baliruno John of P. O. Box 5841 Kampala. 	Legal title was obtained from PLOT 1 BLOCK 604, BUSIRO, MENGO, LAND AT NABBINGO
6	UNLAWFUL DEED PLAN MAPPINGS ON CADASTRAL SHEETS BY THE DEPARTMENT OF SURVEYS AND MAPPING, MOLHUD	<p>KAMPALA</p> <ul style="list-style-type: none"> ▪ Land plotted as plots 1, 1-2, 1-3, 3-5, 7,9 Kibuli Road, ▪ Land plotted as 1-3, 2 press road ▪ Land plotted as 13-15, 17-19,21, 23, 27, Nsambya road <p>MBALE DISTRICT</p> <ul style="list-style-type: none"> ▪ Land Plotted as plots 2A, 2B, 2C, 2D Bugwere Road ▪ Land plotted as plots 1-6 & 8-13 town yard close 	<p>Unlawful Deed plan Mapping of URC leased land FRV 219 FOLIO 4, (Kampala Railway Station Reserve)</p> <p>Unlawful Deed plan Mapping of URC leased land. FRV 214 FOLIO 24 MBALE RAILWAY STATION</p>
7	LAND CLAIMS ARISING FROM MICRO FILM CATRIDGES AND FINAL CERTIFICATES	<p>a. KAMPALA RAILWAY STATION RESERVE</p> <ul style="list-style-type: none"> ▪ Private Mailo at Nsambya, F.C 10122 MRV 30 Folio 5 in Kibuga Kyadondo County in 1914. Co-administrators of the Estate of the Late Sepiriya Rasiko Kaddu Mukasa. H.C.C.S No. 440 of 2013: Apollo Wasswa Basudde, Isaiah Kalanzi, Rosemary Wanyana vs. URC, AG, ULC & Commissioner Land 	<p>FRV 219 Folio 4 known as Kampala Railway Station Reserve.</p> <p>Compensation payable to the URC by GOU of UGX.69.5bn for the Nsambya land still outstanding.</p>

		Registration.	
		b. NAMANVE RAILWAY STATION AND RESERVE LAND <ul style="list-style-type: none"> ▪ MRV 148 Folio 19 Block 236 at Bweyogerere claimed by Mr. Kantinti Edward. 	FRV 219 Folio 3, Kampala Mainline reserve. Kyadondo Block 201 Plot 1.
8	NALUKOLONGO LOCOMOTIVE RAILWAY WORKSHOP	CLAIMS BY INDIVIDUALS, COMPANIES AND INSTITUTIONS IN POSSESSION OF CERTIFICATES. <ol style="list-style-type: none"> 1. Kibuga Block 16 Plots 1076, 1077 and 1078 (formerly plot 85) situate at Nalukolongo, 2. Kibuga Block 16 Plots 547, 548 and 549 situate at Nalukolongo 3. Kibuga Block 16 Plots 595, 379, 485, 1098 and FRV KCCA 58 Folio 22, 23, 24 and 25 Plots 1147, 1146, 1145 and 1144 respectively situate at Nalukolongo. 4. Kibuga Block 16 Plot 1096 situated at Nalukolongo. 5. Kibuga Block 16 Plots 596 and 412 situated at Nalukolongo. 6. FRV KCCA 59 Folio 1, 2, 3 and 4 Plots 1143, 1142, 1141 and 1140 respectively situate at Nalukolongo Kibuga 7. Kibuga Block 16 Plots 141 and 1137 situate at Nalukolongo, Kibuga 8. Kibuga Block 16 Plots 350,351, 79, 384 and 386 situate at Nalukolongo 9. Kibuga Block 16 Plot 548 situate at Nalukolongo 10. Kibuga Block 16 Plot 1095 and 1097 situate at Nalukolongo 11. Kibuga Block 16 Plot 378 situate at Nalukolongo 12. Kibuga Block 16 Plot 549 and 540 situate at Nalukolongo 13. Other claimants as shown by the attached schedule of plots at Nalukolongo Railway 	URC enjoyed quiet possession of the land undisturbed for over 30 years and are therefore, 'bona fide' occupants of the land.

		Workshop.	
		<p>- INCUMBRANCES CREATED Mortgages from DTB Bank, Tropical Bank Ltd and DFCU Bank</p>	
		<p>- SUITS AGAINST THE ATTORNEY GENERAL AND URC IN THE COURTS OF LAW.</p> <ol style="list-style-type: none"> 1. H.C.C.S No. 26 of 2006 – Ssalongo Lutaaya Kibandwa V URC & The Attorney General (Land Division) 2. H.C.C.S. No. 118 of 2006; Sekamatte Tom/Raphael Ssali V URC (Land Division) 3. H.C.C.S. No. 242 of 2006; Jeninah Ntabgoba V URC (Land Division) 4. H.C.C.S. No. 374 of 2005; Muchunguzi Meyers V URC (Land Division); 5. H.C.C.S. No. 76 of 2009; Garry Chen V URC (Land Division); 6. H.C.C.S. No. 162 of 2012; Muwanguzi Aaron and another V URC (Land Division); 	More encumbrances likely to come up if the URC properties are not secured.
	THE LAND ACQUISITION (NALUKOLONGO) INSTRUMENT, 1973. STATUTORY INSTRUMENT NO.21 OF 1973	The Government of the Republic of Uganda acquired and compensated land owners under Phase 1 (1973-1974) and Phase 2 (1981-1982).	Government did not conclude the land Acquisition process the Workshop is on Kibuga Block 16 while the Instrument acquired Kibuga Block 17.

APPENDIX 2

Implementation of the strategic plan

Specific objectives	Specific plans	Strategy	Status of Implementation
Concession monitoring	(i) Resolve the VAT on concession fees issue.	Conclude case in court.	Legal suit against URA ruled against URC with costs.
	(ii) Perform an independent revenue audit of RVR to establish the correctness of concession fee remittances to date.	Audit to commence as soon second bidder is awarded contract.	Unimplemented. The contract was awarded to PKF, which reported for work but later declined. RVR rejected the option of a Government audit of its activities.
	(iii) Source for a consultant to audit the Conceded Assets Account(CAA)	Procure a consultant to audit the CAA	Unimplemented due lack of funds
	(iv) Perform a joint concessions performance audit with KRC	Commence routine joint concession performance audits with KRC	Unimplemented due lack of funds
	(v) Hire of conceded rail motor trolley	Initiate and hire conceded rail motor trolley	Unimplemented
	(vi) Monitor the Kampala commuter railway passenger services Pilot Project.	Procure project materials, complete recruitment and training of project staff and monitor the project operations in the first year of service.	Implemented. The Kampala commuter railway passenger services pilot project was completed successfully in November 2016. The service is continuing as negotiations are going on between URC, KCCA and GoU to move it from pilot into full URC operations. The train is running at full capacity.
	(vii) Condition assessment and load rating of railway bridges on the active lines by RVRU.	Monitor, supervise and benchmark of the assessment.	Inspection done on Bridges and other facilities
Management of assets	(i) External painting of CCE & CME buildings at URC HQ premises	Commence procurement and execute the works.	Unimplemented due to lack of funds.
	(ii) Completion of fencing repairs at HQ	Commence procurement and execute the works	Unimplemented due to lack of funds.
	(iii) Renovation of Port Bell customs-bonded warehouses, related buildings and external	Commence procurement and execute the works	Unimplemented due to lack of funds.

Specific objectives	Specific plans	Strategy	Status of Implementation
	improvement works		
	(iv) Construction of toilet facilities at selected railway stations	Commence procurement and execute the works	Unimplemented due to lack of funds.
	(v) Continue on the physical marking of the railway reserve boundaries using reinforced concrete pillars and mitigate the increasing encroachment and illegal allocation of railway land. (Phase 2: Completion of Jinja-Mukono section.)	Commence procurement for supplies and installations	Procurement of providers completed but actual work not started
	(vi) Procure modern survey equipment to enable the Corporation's land surveyors carry out their duties more efficiently and more cost-effectively.	Commence procurement	Unimplemented due to lack of funds.
	(vii) Sanitation improvements of Tororo Railway Station Estate	Commence procurement and execute the works.	Unimplemented due to lack of funds.
	(viii) Renovate the customs-bonded warehouse at Port Bell.	Commence procurement of contractor.	Unimplemented due to lack of funds.
	(ix) Rehabilitate the existing mobile crane at Port Bell.	Commence works.	Unimplemented due to lack of funds.
	(x) Execute various port rehabilitation and improvement civil works at Port Bell and Jinja Pier.	Commence procurement.	Unimplemented due to lack of funds.
	(xi) Improvement of drawing office & re-organization of filing system	Commence procurement and start improvement works.	Unimplemented due to lack of funds.
	(xii) Urgent essential repairs to URC houses in Nairobi, Kisumu and Mombasa.	Carry out houses assessment and commence repairs procurement	Unimplemented due to lack of funds.
	(xiii) Enforcement of rent payment.	Intensify the "strike force" activities and	Unimplemented due to lack of funds.

Specific objectives	Specific plans	Strategy	Status of Implementation
		revise the rental rates.	
	(xiv) Control encroachment and land grabbing	Commence a media campaign and sensitization on Railway land encroachment.	Implemented-Engagement of local councils and encroachers plus evictions. Court cases opened against URC to stop the eviction and court cases opened by URC against encroachers.
	(xv) Updating URC land data base with information from Land Registry	Commence on the updating exercise.	Implemented-Legal office has been updating URC land ownership records in conjunction with Ministry of Lands.
	(xvi) Initiating and follow up of cancellation of illegal titles	Commence preparation of cancellation procedures.	Implemented The process is on-going
	(xvii) Dredging of the berthing area and turning basin at Port Bell.	Procure consultancy services for berth metric survey and commence procurement of dredging services.	Unimplemented
Management of residual activities	(i) Embark upon the digitization (scanning) of important documents and records.	Commence procurement.	Unimplemented
	(ii) Settle the remaining pre-concession liabilities and post-concession arrears.	Settle the balance of UGX.1 billion to NSSF.	Unimplemented
	(iii) Liaise with the external lawyers in all cases to which URC is a party and ensure timely conclusion	Continuation of updating the litigation matrix	Litigation matrix updated but cases still ongoing
	(iv) Disposal of MV Mvule, MV Barbus & MV Kabalega.	Assist PU to commence disposal process.	Unimplemented
	(v) Disposal of URC Vehicles in Kenya	Commence disposal process.	Unimplemented
Rail development	(i) Assist the MOWT to implement the resettlement action plan (RAP) for the Kenya-Uganda railway (Uganda section).	Assist in implementation.	Unimplemented
	(ii) Provide the necessary	Continue to provide technical support to on-	On-going

Specific objectives	Specific plans	Strategy	Status of Implementation
	technical support to MOWT on the various ongoing and new railway projects. (SGR, LRT, Ballasting ICD's etc.)	going projects.	
	(iii) Rehabilitation and upgrading of various railway level crossings.	Commence on condition assessment of level crossings and initiate rehabilitation works.	Unimplemented Condition assessment done, some level crossings have been rehabilitated by UNRA
	(iv) Design and Construction of a railway siding to the premises of Vinci Coffee Limited at KIBP Namanve.	Design the siding, develop technical specifications and supervise the works.	Design drawings provided and specifications. Works has not commenced
Administration	(i) Review of organizational structure.	Commence manpower review and develop appropriate organizational structure	Implemented
	(ii) Procure two new motor vehicles to replace the existing ageing fleet.	Complete procurement of 2 new vehicles.	Unimplemented
	(iii) Draw staff development plans and train staff both locally & internationally.	Continue to train staff in the relevant skills as per training plan.	Implemented
	(iv) Review departmental and individual staff work plans.	Carry out periodic review of departmental and individual work plans.	Implemented
	(v) Initiate Performance agreements and complete periodic performance appraisals.	Carry out periodic review of appraisals.	Implemented
	(vi) Coordinate the medical scheme	Monitor the services and performance of the medical scheme service provider.	Implemented
	(vii) Carry out a Balance Sheet Clean-up to remove all historical figures	Procure a consultant or request Auditor General to assist	Implemented
	(viii) Recruit a System Administrator	Recruit	Implemented

FINANCIAL STATEMENTS