



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
ENERGY FOR RURAL TRANSFORMATION III IMPLEMENTED BY UGANDA
ENERGY CREDIT CAPITALISATION COMPANY LIMITED
FOR THE YEAR ENDED 30TH JUNE 2018

OFFICE OF THE AUDITOR GENERAL
UGANDA

Table of Contents

	Page
List of Acronyms	iii
Opinion	4
Basis of Opinion	4
Key Audit Matters	5
Responsibilities of Management and those charged with Governance for the Financial Statements.....	5
Auditor General’s Responsibilities for the audit of the Financial Statements	5
Other Reporting Responsibilities	7
REPORT OF THE AUDITOR GENERAL ON THE SPECIAL ACCOUNT	8

List of Acronyms

ERT	Energy for Rural Transformation
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
INTOSAI	International Organization of Supreme Audit Institutions
ISSAIs	International Standards of Supreme Audit Institutions
NAA	National Audit Act
UECCCL	Uganda Energy Credit Capitalization Company Limited
UGX	Uganda Shillings

REPORT OF THE AUDITOR GENERAL ON THE AUDIT OF FINANCIAL STATEMENTS
OF ENERGY FOR RURAL TRANSFORMATION III IMPLEMENTED BY
UGANDA ENERGY CREDIT CAPITALISATION COMPANY LIMITED
FOR THE YEAR ENDED 30TH JUNE 2018

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the the financial statements of the Financial Intermediation sub-component of Energy for Rural Transformation Phase III Project (ERT III) implemented by Uganda Energy Credit Capitalization Company Limited (UECCCL) and funded under IDA - Development Credit Agreement No. 5653-UG, which comprise the statement of financial position as at 30th June 2018, the statement of comprehensive income, the statement of cash flows for the year then ended; and the summary of significant accounting policies and other explanatory notes as set out on pages 15 to 22.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Financial Intermediation sub-component of the Energy for Rural Transformation III Project as at 30th June 2018, and its income and expenditure and its cash flows for the year then ended, in accordance with requirements of the Financing Agreement (Credit No. 5653-UG).

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

Key Audit Matters

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 are no key audit matters to communicate in my report.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRSs and requirements of the Financing Agreement and for such internal control 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, management is responsible for assessing the Company'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 intends to liquidate the Company, or cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

Auditor General's Responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the management's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my

report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

As required by the financial agreement, I report to you, based on my audit, that:

- 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;
- In my opinion proper books of account have been kept by the project, so far as appears from my examination of those books; and
- The Project's Financial Statements are in agreement with the books of account.

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

14th December 2018

REPORT OF THE AUDITOR GENERAL ON THE SPECIAL ACCOUNT
FOR THE FINANCIAL INTERMEDIATION SUB-COMPONENT OF THE ERT III
PROJECT IMPLEMENTED BY UGANDA ENERGY CREDIT CAPITALISATION
COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE 2018

Report on the Special Account

Opinion

I have audited the IDA Special Account Statement of the Financial Intermediation Sub-component of Energy for Rural Transformation Project III implemented by Uganda Energy Credit Capitalization Company Limited for the year ended 30th June 2018.

In my opinion, the IDA Special Account Statement of the Financial Intermediation Sub-component of Energy for Rural Transformation Project III implemented by Uganda Energy Credit Capitalization Company Limited present fairly, in all material respects, the account operations for the year ended 30th June 2018 in accordance with the basis of accounting described in the financial statements and in conformity with the World Bank-IDA reporting guidelines and terms and conditions of the Financing Agreement.

Basis of 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 Special Account Statement section of my report. I am independent of the project in accordance with the Constitution of the Republic of Uganda (1995) as amended, the National Audit Act, 2008, the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), and other independence requirements applicable to performing audits 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.

Responsibilities of Management and those charged with Governance for the Special Account Statement

Management is responsible for the preparation and fair presentation of the Special account statement on the basis of cash deposits and withdrawals for the purpose of complying with the Financing Agreement and for such internal controls as management determines is

necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Auditor General’s Responsibilities for the audit of the Special Account Statement

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

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

- Identify and assess the risks of material misstatement of the Special Account, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the management’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.



John F.S. Muwanga

AUDITOR GENERAL

14th December 2018