6th December, 2017

The Chief Executive Officer,
Rural Electrification Agency
Kampala

MANAGEMENT LETTER ON THE AUDIT OF ENERGY FOR RURAL TRANSFORMATION II/III PROJECT UNDER THE RURAL ELECTRIFICATION AGENCY FOR THE YEAR ENDED 30TH JUNE 2017

In accordance with Article 163, (4) of the Constitution of Uganda 1995 (as amended), I forward herewith audited Financial Statements of the above project for the year ended 30th June, 2017 together with my report and opinion thereon.

John F. S. Muwanga
AUDITOR GENERAL

Copy to:  

The Inspector General of Government, Kampala

The Hon. Minister of Ethics & Integrity, Kampala

The Permanent Secretary/Secretary to the Treasury
Ministry of Finance, Planning & Economic Development

The Permanent Secretary,
Ministry of Energy & Mineral Development

The Country Representative, World Bank

The Executive Director, REA

Project Coordinator, ERT II-REA

Manager Finance & Administration, REA

WORLD BANK
28 DEC 2017
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Member of the International Organisation of Supreme Audit institutions (INTOSAI)
Member of the Africa Organisation of Supreme Audit institutions (AFROSAI)
REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF ENERGY FOR RURAL TRANSFORMATION
PROJECT (ERT II/III) IDA CR. NO.4554-UG AND GEF TRUST FUND GRANT
AGREEMENT NO. TF: 094484 IMPLEMENTED BY RURAL ELECTRIFICATION
AGENCY FOR THE YEAR ENDED 30TH JUNE, 2017
REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF THE ENERGY FOR RURAL TRANSFORMATION PROJECT II and III (ERT
II/III) RURAL ELECTRIFICATION AGENCY IDA CREDIT AGREEMENT NO. 4554
FOR THE YEAR ENDED 30TH JUNE 2017

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion
I have audited the accompanying Financial Statements of the Energy for Rural Transformation II/III implemented by the Rural Electrification Agency (REA), Fund Balance Statement, Statements of Receipts and Payments and, a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 12.

In my opinion, the Financial statements of Energy for Rural Transformation Project II/III as at 30th June, 2017 are prepared, in all material respects in accordance with the general guidelines for Accounting and Auditing issued by the World Bank.

Basis of Opinion
I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). 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 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 Matters
Key audit matters are those matters that, in my professional judgment, are 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.

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

- **Outstanding Compensations for Project Affected Persons (PAPS)**
The ERT II financing agreement stipulates that all compensations to PAPs will be met by funding from the Government of Uganda (GoU).

A review of the financial statements for the year revealed that compensations amounting to UGX.959,011,150 were effected for the PAPs. However, compensations in the sum of UGX.1,504,419,968 remained outstanding, at the closure of the project.

This was attributed to insufficient GoU counterpart funding. Delayed compensation of PAPs may result into cessation of funding by development partners, who have indicated that it is a pre-condition for financial support.

In response management stated that the outstanding sum has been included in the budget for the financial year 2017/18 and it would be paid accordingly.

I await results of management’s action in this regard.

- **Delayed Arbitration regarding Consumer Awareness Consultancy**
A Consultant was contracted to conduct consumer awareness under the Output Based Aid (OBA) project at a contract price of Euros 616,206.91 (equivalent to UGX.2,037,862,112) on 11th February 2013 funded under KFW. Review of documents revealed that UGX.779,232,780, that was disbursed to the consultant had not been used for the intended purpose and consequently, the consultant was
required to refund the funds. The consultant instead requested for arbitration of the matter, and the Agency accepted.

However it was noted that the arbitration process had not taken off. In the circumstances there is risk of loss of public funds.

Management explained that REA had requested the Solicitor General for advise on the matter

Management is advised to follow up the matter and have it resolved without further delay.

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

Under Article 164 of the Constitution of the Republic of Uganda, 1995 (as amended) and Section 45 of the Public Finance Management Act, 2015, the Accounting Officer is accountable to Parliament for the funds and resources of the Agency.

The Accounting Officer is responsible for the preparation of the financial statements in accordance with the requirements of General guidelines for Accounting and Auditing issued by the World Bank, 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 Agency’s ability to continue delivering its mandate, disclosing, as applicable, matters related to delivery of services, unless Government either intends to discontinue the Agency’s operations, or has no realistic alternative but to do so.

**Auditors’ Responsibilities for the audit of the Financial Statements**

My objectives as required by Article 163 of the Constitution of the Republic of Uganda, 1995 (as amended) and Sections 13 and 19 of the National Audit Act, 2008, 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 ISAs 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 ISAs, 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 Agency’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 Agency’s ability to deliver its mandate. 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 Agency 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 project management 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 management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the management, 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.

John F.S. Muwanga

AUDITOR GENERAL

30th November 2017
REPUBLIC OF UGANDA
ENERGY FOR RURAL TRANSFORMATION II
(FUNDED BY WORLD BANK)
MINISTRY OF ENERGY & MINERAL DEVELOPMENT

FINAL ACCOUNTS
FOR THE FINANCIAL YEAR 2016/2017
ENERGY FOR RURAL TRANSFORMATION PROJECT II (ERTII)  
(WORLD BANK)  
RURAL ELECTRIFICATION AGENCY

1.0 PROJECT INFORMATION FOR THE PERIOD ENDED 31ST DEC. 2016.

Principal Office
Plot 10, Windsor Loop, Kololo,  
2nd & 3rd Floor, House of Hope,  
P. O. Box 7317, Kampala.  
Tel: (256) 312 264 095 / 6  
(256) 312 264 103 / 4 / 5  
Fax: (256) 414 346 013  
Website: www.rea.or.ug

Members of the Rural Electrification Board,  
Mr. F.A Kabagambe Kaliisa  
(PS, Ministry of Energy and Mineral Development) - Chairman  
Mr. Keith Muhakanizi  
(PS, Ministry of Finance, Planning & Economic Development) - Member  
Mr. John Walala  
(PS, Ministry of Local Government) - Member  
Mr. Mark Okenyo (Representing NGOs) - Member  
Mr. Gabriel Hatega (Representing Private Sector) - Member

The Principal Officers of the Project During the Year
Mr. Godfrey Turyahikayo - Executive Director/Board Secretary  
Mr. Godfrey Werikhe - Deputy Executive Director, Operations  
Mr. Patrick Kyakulaga - Manager, Finance and Administration  
Mr. Benon Bena - Manager, Off Grid and Renewable Energy  
Ms. Joan Mutiibwa - Ag. Manager, ERT  
Ms. Barbara Kasule - Manager, Legal and Board Services  
Mr. Charles Lutwama - Manager, Investment Planning and Promotion  
Mr. John Turyaganda - Manager, Project Development and Management  
Ms. Deborah Nantune - Manager, Service Territory Development & Operations

Bankers
Bank of Uganda  
P.O. Box 7120, Kampala

Reports and Financial Statements for the year ended 31 December, 2016: Energy for Rural Transformation II (Funded by World Bank)
ENERGY FOR RURAL TRANSFORMATION PROJECT II (ERT II).
RURAL ELECTRIFICATION AGENCY

2.0 MANAGEMENT REPORT FOR THE PERIOD ENDED DEC. 31ST, 2016


2.1 Project Background

The purpose of the ERT II project is to develop and increase access to energy and information and communication technologies in rural Uganda. ERT II also aims at developing Uganda’s energy and information / communication technologies sectors, so that they make a significant contribution to bring about rural transformation.

ERT supplements the Poverty Eradication Action Plan (PEAP) and the National Development Action Plans. They depend in part upon provision of infrastructure and functioning social services to promote growth and reduce poverty.


ERT II (REA Component) supplements the Rural Electrification Fund (REF) that is administered by the Rural Electrification Board (REB). The Rural Electrification Agency (REA) is the secretariat for the REB. Both REB and the REA are set up by a statutory instrument No. 75, of 2001 under the Electricity Act, 1999.

Project implementation is done along the following components;
Component 1: Rural Energy Infrastructure
Component 2: Information Communication Techniques
Energy Development, Cross-Sectoral Links and Impact Monitoring,

Rural Electrification Agency is involved with implementation of Component 1.

2.2 Principal Activities

The principal activity of the project is to undertake construction of rural electrification power lines and provide subsidies for PV solar installations.

2.3 Operating Results

The project officially closed on 30th June 2016, however an extension of three months up to September was granted by the Bank to allow for closure procedures which included
paying off all outstanding certificates and invoices for services completed before 30.06.2016 and also for handling reconciliations with the Bank and returning any unspent funds.
ENERGY FOR RURAL TRANSFORMATION PROJECT II (ERT II).
RURAL ELECTRIFICATION AGENCY

3.0 STATEMENT OF MANAGEMENT RESPONSIBILITIES FOR THE PERIOD ENDED DECEMBER 31ST 2016

The Guidelines for Annual Financial Reporting and Auditing for World Bank-Financed Activities require that annual financial statements are prepared for the project in accordance with the terms acceptable to the bank. It also requires management to ensure that the project keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position and operating results of the project.

Rural Electrification Agency (REA) management accepts responsibility for the financial statements for ERT II, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with generally accepted accounting practice and in a manner required by the said regulations. REA management is of the opinion that the financial statements give a true and fair view of its operating results. REA management further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of these accounts, as well as adequate systems of internal control.

Management is also responsible for safeguarding the assets of the project.

Nothing has come to the attention of management to indicate that the operations of the project will not continue into the foreseeable future.

Signed on behalf of Rural Electrification Agency:

Eng. John About Turyagyenda
Ag. Executive Director

Geoffrey M. Kasozi
Ag. Manager Finance & Administration
ENERGY FOR RURAL TRANSFORMATION PROJECT II (ERT II)
RURAL ELECTRIFICATION AGENCY

4.0 INDEPENDENT REPORT OF THE AUDIT OR GENER AL TO THE
GOVERNMENT OF UGANDA AND THE WORLD BANK ON THE FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2016
MINISTRY OF ENERGY AND MINERAL DEVELOPMENT  
ENERGY FOR RURAL TRANSFORMATION II PROJECT WORLD BANK-IDA CREDIT  
No.4554 UG, 52340 UG & GEF GRANT No. TF 094484 UG

5.0 STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 31.12.16

<table>
<thead>
<tr>
<th>RECEIPTS</th>
<th>Note</th>
<th>IDA (SHS)</th>
<th>GEF (SHS)</th>
<th>TOTAL (SHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance 01.07.2016</td>
<td></td>
<td>2,017,377,137</td>
<td>82,411,269</td>
<td>2,099,788,406</td>
</tr>
<tr>
<td>(Revalued)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refund from Financial Institutions</td>
<td>9.2</td>
<td>158,764,454</td>
<td></td>
<td>158,764,454</td>
</tr>
<tr>
<td>GEF Disbursements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GOU Counterpart Funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROJECT PAYMENTS</td>
<td></td>
<td>2,176,141,591</td>
<td>82,411,269</td>
<td>2,258,552,860</td>
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<tr>
<td>221014 - Bank Charges</td>
<td></td>
<td>478,065</td>
<td>127,225</td>
<td>605,290</td>
</tr>
<tr>
<td>Program Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>223001 - Consultancy Services &amp; Capacity Building</td>
<td></td>
<td>357,608,064</td>
<td></td>
<td>357,608,064</td>
</tr>
<tr>
<td>221003 - Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>312202 - Projects and Schemes</td>
<td></td>
<td>1,541,985,211</td>
<td></td>
<td>1,541,985,211</td>
</tr>
<tr>
<td>Subsidies</td>
<td></td>
<td>49,125,000</td>
<td>9,346,030</td>
<td>58,471,030</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td></td>
<td>18,839,172</td>
<td></td>
<td>18,839,172</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,968,035,512</td>
<td>9,473,255</td>
<td>1,977,508,767</td>
</tr>
<tr>
<td>Exchange rate gain</td>
<td></td>
<td>3,885,455</td>
<td></td>
<td>3,885,455</td>
</tr>
<tr>
<td>Refund to the Bank</td>
<td></td>
<td>208,106,079</td>
<td>76,823,469</td>
<td>284,929,548</td>
</tr>
<tr>
<td>Balance/Excess of Receipts over Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Eng. John Aboub Turyagenda  
Ag. Executive Director

Geoffrey M. Kasozi  
Ag. Manager Finance & Administration

Reports and Financial Statements for the year ended 31 December 2016, Energy for Rural Transformation II (Funded by World Bank)
## 6.0 STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 31.12.16

<table>
<thead>
<tr>
<th>RECEIPTS</th>
<th>Note</th>
<th>IDA (US$)</th>
<th>GEF (US$)</th>
<th>TOTAL (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance 01.07.2016</td>
<td></td>
<td>562,586.00</td>
<td>31,658.00</td>
<td>594,244.00</td>
</tr>
<tr>
<td>Refund from Financial Institution</td>
<td>9.2</td>
<td>46,432.26</td>
<td>-</td>
<td>46,432.26</td>
</tr>
<tr>
<td>GEF Disbursements</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GOU Counterpart Funding</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>PROJECT PAYMENTS</strong></td>
<td></td>
<td>609,018.26</td>
<td>31,658.00</td>
<td>640,676.26</td>
</tr>
<tr>
<td>221014 - Bank Charges</td>
<td>140.00</td>
<td>35.00</td>
<td></td>
<td>175.00</td>
</tr>
<tr>
<td>Program Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>225001 - Consultancy Services &amp; Capacity Building</td>
<td>101,660.05</td>
<td>101,660.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>221003 - Training</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Budget</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>312202 - Projects and Schemes</td>
<td>430,018.90</td>
<td>430,018.90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidies</td>
<td>14,427.31</td>
<td>5,567.39</td>
<td>19,994.70</td>
<td></td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>5,578.67</td>
<td>5,578.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Exchange rate gain</strong></td>
<td></td>
<td>5,006.49</td>
<td>5,006.49</td>
<td></td>
</tr>
<tr>
<td>Refund to the Bank</td>
<td>(57,193.33)</td>
<td>(21,049.12)</td>
<td>78,242.45</td>
<td></td>
</tr>
<tr>
<td>Balance/Excess of Receipts over Expenditures</td>
<td>-</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

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Eng. John About Turyagyenda  
Ag. Executive Director

Geoffrey M. Kasozi  
Ag. Manager Finance & Administration
MINISTRY OF ENERGY AND MINERAL DEVELOPMENT
ENERGY FOR RURAL TRANSFORMATION PROJECT WORLD
BANK IDA CREDIT No.4554 UG & 52340 UG

7.0 PROJECT SPECIAL ACCOUNT STATEMENT FOR THE PERIOD

ACCOUNT NUMBER: 003270088400003 (ERTII/REA/IDA)

DEPOSITING BANK: BANK OF UGANDA

CURRENCY: UNITED STATES DOLLARS

<table>
<thead>
<tr>
<th>PART A ACCOUNT</th>
<th>ACCOUNT</th>
<th>IDA (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance 01.07.2016</td>
<td></td>
<td>487,022.00</td>
</tr>
<tr>
<td>Add</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remittance by the Coordination Unit</td>
<td></td>
<td>46,432.26</td>
</tr>
<tr>
<td>Add: Balance in Project Accounts-01.07.2016</td>
<td></td>
<td>75,564.00</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GOU Counterpart Funding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>609,018.26</td>
</tr>
<tr>
<td>Less</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total amount withdrawn for Expenditure</td>
<td></td>
<td>(551,824.93)</td>
</tr>
<tr>
<td>Exchange Rate Gain/Loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Refund to the Bank at Closure</td>
<td></td>
<td>(57,193.33)</td>
</tr>
</tbody>
</table>

Eng. John About Turyagyenda

Ag. Executive Director

Geoffrey M. Kasozi

Ag. Manager Finance & Administration
8.0 PROJECT SPECIAL ACCOUNT STATEMENT FOR THE PERIOD ENDED 31.12.2016

ACCOUNT NUMBER: 003270088400002 (ERTII/REA/GEF)

DEPOSITING BANK: BANK OF UGANDA

CURRENCY: UNITED STATES DOLLARS

<table>
<thead>
<tr>
<th>PART A ACCOUNT</th>
<th></th>
<th>GEF (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance 01.07.2016</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Add</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replenishments by the World Bank</td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Add: Balance in Project Accounts-01.07.2016</td>
<td></td>
<td>31,658.00</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>GOU Counterpart Funding</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>31,658.00</td>
</tr>
<tr>
<td>Less</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td>(5,602.39)</td>
</tr>
<tr>
<td>Exchange Rate Gain/Loss</td>
<td></td>
<td>(5,006.49)</td>
</tr>
<tr>
<td>Less: Refund to the Bank at Closure</td>
<td></td>
<td>(21,049.12)</td>
</tr>
<tr>
<td>Special Account Balance - 31.12.2016</td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

Eng. John About Turyagyenda
Ag. Executive Director

Geoffrey M. Kasozi
Ag. Manager Finance & Administration
9.0 NOTES TO ACCOUNTS FOR THE PERIOD ENDED 31ST DEC. 2016.

9.1 Accounting Policies
The significant accounting policies adopted in the presentation of the Receipts and Expenditure Statement are set out as below:

a) Basis of accounting
The financial statements are prepared in accordance with the general Guidelines for Accounting and Auditing issued by the World Bank
The financial statements are prepared on the cash receipts and disbursement basis of accounting. On this basis, revenue is recognized when received rather than when earned and expenses are recognized when paid rather than when incurred. This basis of accounting is not intended to comply with International Financial Reporting Standards (IFRS).

b) Fixed Assets
Fixed Assets is expensed in full in the year of purchase. Depreciation is not provided for on those fixed assets since expenditure is written off as incurred. A fixed asset register is maintained to record particulars of fixed assets.

c) Foreign Currency Translation
The accounting records are maintained in Uganda shillings. Receipts and expenditure in currencies other than Uganda shillings are converted using the monthly average exchange rate ruling at the time of receipt of income and incurring of expenditure.

9.2 Refund from Solar Participating Financial Institutions
As at 31/12/2016

<table>
<thead>
<tr>
<th>Institution</th>
<th>UGX</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centenary Bank</td>
<td>74,854,350</td>
<td>22,054.96</td>
</tr>
<tr>
<td>Finca (U) Ltd</td>
<td>32,958,260</td>
<td>9,710.74</td>
</tr>
<tr>
<td>Opportunity Bank</td>
<td>2,270,191</td>
<td>653.48</td>
</tr>
<tr>
<td>Post Bank (U) Ltd</td>
<td>48,681,453</td>
<td>14,013.08</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>158,764,454</strong></td>
<td><strong>46,432.26</strong></td>
</tr>
</tbody>
</table>
### 9.3 IDA Direct Payments

<table>
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<th>Reference</th>
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<th>Amount US$</th>
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<td>REA/ERTII/GEF-14</td>
<td>Solar - Kagadi Technical Services</td>
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