

TELEPHONE

General Lines: +256 - 41 - 7336000
Auditor General: +256 - 41 - 7336004 Sec.

Email: info@oag.go.ug
Website: www.oag.go.ug



OFFICE OF
THE AUDITOR GENERAL
APOLLO KAGWA ROAD,
PLOT 2C,
P.O. Box 7083,
KAMPALA.

VISION: "To be an effective and efficient Supreme Audit Institution (SAI) in promoting effective public accountability"

MISSION: "To Audit and report to Parliament and thereby make an effective contribution to improving public accountability and value for Money Spent"

IN ANY CORRESPONDENCE ON
THIS SUBJECT PLEASE QUOTE NO: **DCG:248/349/02/17**

8th December, 2017

The Rt. Hon. Speaker of Parliament
Parliament of Uganda
KAMPALA



REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE AGRICULTURAL TECHNOLOGY AND AGRIBUSINESS ADVISORY SERVICES PROJECT (ATAAS) – MAAIF COMPONENT FOR THE YEAR ENDED 30TH JUNE 2017

In accordance with Article 163 (4) of the Constitution, I forward herewith audited financial statements of Agricultural Technology and Agribusiness Advisory Services Project – MAAIF Component for the year ended 30th June, 2017 together with my report and opinion thereon.

John F.S. Muwanga
AUDITOR GENERAL

- Copy to:
- The Permanent Secretary/Secretary to the Treasury
 - " The Permanent Secretary
Ministry of Agriculture, Animal Industry and Fisheries
 - " The IDA/World Bank
 - " The Accountant General
 - " The Project Coordinator
Agricultural Technology and Agribusiness Advisory Services Project



THE REPUBLIC OF UGANDA

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE
AGRICULTURAL TECHNOLOGY AND AGRIBUSINESS ADVISORY SERVICES
PROJECT -MAAIF COMPONENT FOR THE YEAR ENDED 30th JUNE, 2017**



**OFFICE OF THE AUDITOR GENERAL
UGANDA**

TABLE OF CONTENTS

LIST OF ACRONYMS.....	2
REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE AGRICULTURAL TECHNOLOGY AND AGRIBUSINESS ADVISORY SERVICES PROJECT -MAAIF COMPONENT FOR THE YEAR ENDED 30 TH JUNE, 2017.....	3
Opinion	3
Basis for Opinion.....	3
Key Audit Matter	4
Other Matter.....	4
Management Responsibility	7
Auditor’s Responsibilities for the Audit of the Financial Statements.....	7
REPORT OF THE AUDITOR GENERAL ON THE SPECIAL ACCOUNT OPERATIONS OF AGRICULTURAL TECHNOLOGY AND AGRIBUSINESS ADVISORY SERVICES (ATAAS) PROJECT-MAAIF COMPONENT FOR THE YEAR ENDED 30TH JUNE, 2017.....	10

LIST OF ACRONYMS

Acronym	Meaning
ATAAS	Agricultural Technology and Agribusiness Advisory Services
NARO	National Agricultural Research Organisation
EU	European Union
GoU	Government of Uganda
IDA	International Development Association
ISA	International Standards on Auditing
MOFPED	Ministry of Finance, Planning and Economic Development
CGS	Competitive Grant Scheme
MTEF	Medium Term Expenditure Framework
PPDA	Public Procurement and Disposal of Public Assets.
UGX	Uganda Shillings
URA	Uganda Revenue Authority
US \$	United States Dollar
VAT	Value Added Tax
Wrks	Works
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MTR	Mid Term Review
WB	World Bank
FYR	Financial Year
CR	Credit
MBAZARDI	Mbarara Zonal Agricultural Research Development Institute
ZARDI	Zonal Agricultural Research Development Institute
NAROSEC	National Agricultural Research Organisation Secretariat.
KaZARDI	Kabale Zonal Agricultural Research Development Institute
NAADS	National Agricultural Advisory Services
RT.HON	Right Honourable
SLM	Sustainable Land Management

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE
AGRICULTURAL TECHNOLOGY AND AGRIBUSINESS ADVISORY SERVICES
PROJECT -MAAIF COMPONENT FOR THE YEAR ENDED 30TH JUNE, 2017**

THE RT. HON. SPEAKER OF PARLIAMENT

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Agricultural Technology and Agribusiness Advisory Services Project-MAAIF Component for the year ended 30th June 2017. The financial statements set out on pages 3 to 13 comprise of; Statement of fund balance, Statement of receipts and payments, Statement of cash flows, Statement of comparison of budget and actual amount, Statement of Special Designated Account Activity and Notes to the financial statements including a summary of accounting policies used.

In my opinion, the project financial statements present fairly in all material respects the financial performance of the Agricultural Technology and Agribusiness Advisory Services (ATAAS) Project-MAAIF component for the year ended 30th June 2017 and the receipts and payments for the period then ended in accordance with the IDA guidelines and the basis of accounting described under note 1 to the financial statements.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs), the National Audit Act 2008 and the Audit Methodology of my Office. 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 Project Management 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. 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, are of most significance in my audit of the financial statements of the period. I have determined that there are no other 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:

- **Budget Performance**

Budget estimates are based on outputs to be achieved for the financial year and during implementation effort should be made to achieve the agreed objectives or targets of the entity within the availed resources. My review of the ATAAS project performance revealed the following;

- **Performance at the centre**

The centre had an approved annual budget and work plan for the year 2016/17 totalling to UGX.77.990bn. At the start of the year, there was an opening balance on both the ATAAS and GEF accounts to a tune of UGX.13.509bn and receipts during the year of UGX.64.806bn totalling to UGX.78.315bn available funds for use on the designated account during the year under review.

Of the available amount only UGX.73.788bn was transferred to the shilling account for operations leaving UGX.4.527bn on the designated account. Out of the UGX.73.788bn that was transferred to the shilling account, only UGX.39.791bn was spent leaving UGX.33.996bn unutilised representing a low absorption capacity of 46.1%.

- **Performance of and release of funds to the ZARDI stations**

During the year under audit, the stations had an approved annual budget of UGX.21.871bn however only UGX.17.792bn was released representing 81% of budgeted amounts. A review of the seven (7) out of the nine (9) stations revealed that out of the released amount only UGX.9.181bn was utilized representing 48% under absorption.

Budgetary shortfalls and low absorption capacity adversely affect implementation of the planned activities for the project and is likely to attract commitment fee charges in line

with the Financing Agreement that provides for the charge rate payable on the un-withdrawn Financing Balance at one-half of one per cent (1/2 of 1%) per annum.

It was further observed that funds to the stations were disbursed late ranging from two to seven months despite the stations preparing quarterly and submitting work plans to the Centre on time. By the time of the audit inspection in August 2017, fourth quarter funds had not been disbursed to all the stations. For example Bulindi ZARDI funds for the 2nd, 3rd, and 4th quarter to the tune UGX.587,870,000 were disbursed on 16th June 2017 at the close of the financial year. Rwebitaba ZARDI funds for technology up-scaling (2nd release) to the tune of UGX.1,159,643,397 were disbursed on 23rd June 2017 while those for SLM activities (2nd release) to a tune of UGX.291,759,000 were received on 15th June 2017. Late release of project funds delayed the implementation of planned activities.

Management explained that replenishments from the IDA account are based on expenditures by the respective implementing entities; however, during the course of the year, drought negatively affected smooth implementation of field activities and thus the low disbursements to ZARDIs and as such could not fully absorb the funds as planned. Utilization of funds at the ZARDIs is to a large extent, dictated by rain fall patterns. Management further explained that the release of project funds is not only bound by time (quarterly) but also utilization and accountability of previous releases.

I advised the Accounting Officer to fast track implementation of activities and ensure adequate supervision of the projects being undertaken in order to absorb all funds within the project timelines. The Accounting Officer should also ensure efficient and effective use of disbursed funds by instituting monitoring teams to fast track resource utilization.

- **Inadequate Implementation of Sustainable Land Management Practices**

My review of the SLM activities and practices implemented by various institutes revealed that some achievements were significantly below the set targets. It was observed that technology areas such as grass bands, conservation agriculture, agronomic practices, woodlots, small scale irrigation and agro forestry were underperformed whereas other technologies like water harvesting and small scale irrigation schemes were not undertaken at all in some institutes despite the availability of funds.

The Accounting Officer was advised to review the approach to implementation of project activities with a view to achieving the expected timelines.

- **Inadequate counterpart funding-UGX.272,299,999**

I noted that out of the budgeted UGX.950,000,000 Government of Uganda counter-part funding for the implementation of the project activities during the year, only UGX.677,700,001 was received leading to a shortfall of UGX.272,299,999 (29%) contrary to chapter 2.3 of the Restructured ATAAS Project Implementation Manual that requires Government of Uganda to co-fund ATAAS activities. Details are as below;

Account	Code	Approved Budget (UGX)	Released Budget (UGX)	Variance (UGX)
Allowances	211103	100,000,000	50,000,000	50,000,000
Workshops and seminars	221002	100,000,000	93,450,001	6,549,999
Printing stationery and Photocopy	221011	50,000,000	-	50,000,000
Property Expenses	223001	450,000,000	450,000,000	-
Travel inland	227001	100,000,000	25,000,000	75,000,000
Travel Abroad	227002	50,000,000	19,250,000	30,750,000
Fuel, Lubricants and Oils	227004	60,000,000	40,000,000	20,000,000
Maintenance-Vehicles	228002	40,000,000	-	40,000,000
TOTAL		950,000,000	677,700,001	272,299,999

Failure to fully co-fund project activities affected the implementation of planned Project activities which hampers achievement of project objectives. Management attributed the shortfall to inadequate releases from MOFPED.

I advised the Accounting Officer to liaise with the Ministry of Finance, Planning and Economic Development to provide the necessary GOU funding.

- **Advances to Personal Accounts**

A review of the transfers from seven (7) institutes revealed that funds to the tune of UGX.4,415,668,747 for the districts and sub counties activities were deposited on the DPMOs' personal accounts contrary to Section 6.4 (financial flow) of the MoU between MAAIF and NARO. The funds were advanced for technology up-scaling. Such a practice of depositing funds on personal accounts exposes Government funds to risk of loss, since the Ministry and Institutes do not have any control over such funds deposited on personal accounts. Management explained that funds were advanced to personal

accounts of DPO's in the spirit of fast tracking the implementation of activities in the Districts.

I advised the Accounting Officer to ensure strict adherence to the requirements under the Treasury Accounting Instructions and the memorandum of understanding to minimize risk of loss of funds.

Management Responsibility

Management is responsible for the preparation and fair presentation of the Project financial statements in accordance with the IDA guidelines and the cash basis of accounting as described under note 1 to the financial statements and for maintenance of such internal controls as management determines is necessary for the preparation and fair presentation of the Project 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 Project's ability to achieve its core objectives, disclosing, as applicable, matters related to the achievement of its objectives, unless management either intends to close the project or to cease operations, or have no realistic alternative but to do so.

Management is responsible for overseeing the Project'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 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 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 ISAs, 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 Project'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 Project'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 Project to fail to deliver on its mandate.
- 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 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 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 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

KAMPALA

8th December, 2017

**REPORT OF THE AUDITOR GENERAL ON THE SPECIAL ACCOUNT
OPERATIONS OF AGRICULTURAL TECHNOLOGY AND AGRIBUSINESS ADVISORY
SERVICES (ATAAS) PROJECT-MAAIF COMPONENT FOR THE YEAR ENDED 30TH
JUNE, 2017**

Opinion

I have audited the special account statement of the Agricultural Technology and Agribusiness Advisory Services (ATAAS) Project-MAAIF component for the year ended 30th June, 2017 which is set out on page 7 of the financial statements.

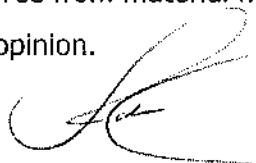
In my opinion, Project management complied in all material respects with IDA rules and procedures and that the Special Account Statement for the Agricultural Technology and Agribusiness Advisory Services (ATAAS) Project-MAAIF component for the year ended 30th June, 2017 presents fairly in all material respects the account transactions and the closing balance as at 30th June 2017.

Management Responsibility for the Special Account Statement

Project management is responsible for preparation of the special account statement and its fair presentation in accordance with the requirements of the Government of Uganda regulations and IDA guidelines. Management is also responsible for designing and implementing internal controls relevant to the preparation of the special account statement that is free from material misrepresentation, whether due to fraud or error and selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the Special Account Statement based on my audit. I conducted the audit in accordance with International Standards on Auditing and the IDA guidelines on auditing. Those standards and guidelines require that I plan and perform the audit to obtain reasonable assurance about whether the Special Account statement is free from material misstatements. I believe that the audit provides a reasonable basis for my opinion.

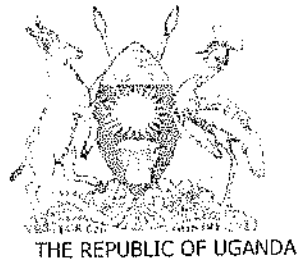


John F. S. Muwanga

AUDITOR GENERAL

KAMPALA

8th December, 2017



MINISTRY OF AGRICULTURE,
ANIMAL INDUSTRY AND FISHERIES
P.O BOX 102,

E-MAIL: ps@agriculture.go.ug

WEBSITE: www.agriculture.go.ug

TELEPHONE: 256-414-255183/531319

FAX: 256-414-255183

ENTEBBE, UGANDA

In any correspondence on
this subject please quote NoFAD /141/305/01

11th December 2017

The Auditor General
Office of the Auditor General
KAMPALA

**SUBMISSION OF FINANCIAL STATEMENT FOR THE YEAR ENDED ON
30TH JUNE 2017**

Please find the Financial Statement for the Financial Year as at 30th June,
2017 for the Agricultural Technology Agribusiness Advisory Services (ATAAS).

Thank you for your usual cooperation.

A handwritten signature in black ink, appearing to read 'Ethel Kamba'.

Ethel Kamba

FOR: PERMANENT SECRETARY

c.c. Accountant General
Ministry of Finance, Planning and Economic Development

Subject Name: Agricultural Technology Agribusiness Advisory Services (ATAAS)

Implementing Agency: MINISTRY OF AGRICULTURAL, ANIMAL INDUSTRY AND FISHERIES (MAAIF)

Credit Number: 47690-UG & (ATAAS)

Credit no. TF097184-UG (GEF)

**PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017**

Prepared in accordance with the Cash Basis of Accounting Method

Statement of Management Responsibilities

The Financial Statements attached herewith have been prepared in accordance with the provisions of the Public Finance and Management Act, 2015 (The Act). The financial statements have been prepared on the Cash Basis of Accounting and comply with the generally accepted accounting practice for the public sector and the Project Financing Agreement.

We are pleased to submit the required financial statements in compliance with the Act and Project Financing Agreement. We have provided, and we will continue to provide all the information and explanations as may be required in connection with these financial statements.

To the best of our knowledge and belief, these financial statements agree with the books of account, which have been properly kept.

We accept responsibility for the integrity of these financial statements, the financial information they contain and their compliance with the terms and conditions of the Loan Agreement and the applicable Government of Uganda Regulations.

Signed on behalf


Ethel Kamba

For .Permanent Secretary

30th August 2017

Table of Contents

Statement of Management Responsibilities	1
Commentary on the ATAAS Financial Statements by the Head of Accounts	3
STATEMENT OF FUND BALANCE	4
STATEMENT OF RECEIPTS AND PAYMENTS	6
STATEMENT OF CASH FLOWS	7
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT	8
STATEMENT OF SPECIAL DESIGNATED ACCOUNT ACTIVITY - PART A.....	9
NOTES TO THE FINANCIAL STATEMENTS.....	10
1. Schedules/ Notes.....	11
<i>Note 1</i>	11
<i>Schedule of surplus for the year</i>	11
<i>Note 2</i>	11
<i>Reconciled Cash Balances:</i>	11
<i>Note 3</i>	12
<i>Donor funding for the year comprised of the following sources</i>	12
<i>Note 5</i>	13
<i>Project expenditure</i>	13
<i>Note 6</i>	14
<i>Purchase of property, plant and equipment</i>	14
<i>Note 7</i>	15
<i>SCHEDULE OF FOREIGN EXCHANGE GAIN/LOSS</i>	15

Commentary on the ATAAS Financial Statements by the Head of Accounts

During the FY 2016/17 reporting period the Agricultural Technology and Agribusiness Advisory Services project opened up with USD 3,875,121.27 as balances on the designated account and outstanding advances to the NARO ZARDIS in line with Memorandum of Understanding between MAAIF and NARO.

The project received USD 18,589,470.18 in the year 2016/17 from IDA and GEF.

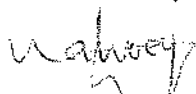
ATAAS underwent a midterm review during the reporting period and a restructuring of the project took place. The 2nd implementing agency NAADS was replaced by Ministry of Agriculture (MAAIF). The low absorption capacity manifested by the balance on account was as a result of the late disbursement of funds occasioned by the activities of the restructuring and aligning of project components to government of Uganda chart of accounts.

During the FY 2016/17 major investments amounting to 39.7 billion have been made and paid for under the main categories of transport equipment, ICT, Workshops and seminars, Staff Training, maintenance other as well as furniture and fittings.

The balance on account of USD 11,049,630.03 that has been translated at the average closing rate of shs 38,521,168,133.

The rate of exchange of the USD to the Uganda shilling was volatile all through the year and by close of the year the rate had further devalued by 1.1% compared to last year; leading to an exchange loss of shillings 1.2billion.

I take full and responsibility for the integrity of these Financial Statements, the financial information they contain their compliance with the PFMA 2015.



Manano Maurice Opar

For PRINCIPAL ACCOUNTANT

**STATEMENT OF FUND BALANCE
AS AT JUNE 30 2017**

	Notes	Amount in US \$ FY 2016/17	Amount (Ug.Shs.) FY 2016/17
Opening Balance			
ATAAS		2,753,887.27	9,600,588,031.23
GEF		1,121,234.00	3,908,840,364.63
TOTAL		3,875,121.27	13,509,428,395.8
Surplus for the year	1		
ATAAS		16,568,419.99	57,760,742,927
GEF		2,021,050.19	7,045,775,067.12
TOTAL		18,589,470.18	64,806,517,994.1
Forex (Loss) / Gain		(9,636,282.39	(33,593,959,486.6
ATAAS)	(6,200,821,940.99)
GEF		(1,778,679.03)	(39,794,781,427.5)
TOTAL		(11,414,961.42)	
Balance as at June 30	2	11,049,630.03	38,521,168,133.3
Represented by :			
Current Assets			
Bank Balance USD Account	2	5,906,619.99	20,591,629.076
ATAAS		0.19	662.37705
GEF			

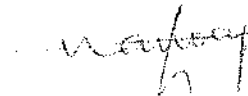
Bank Balance UGX Account (Reconciled)	2	859,073.73	2,994,898,544
ATAAS			
GEF		625,869.14	2,181,901,875
Balances at the ZARDIS	2		
ATAAS		3,034,189.60	10,577,776,625
GEF		623,878.28	2,174,961,351
Total Current Assets		11,049,630.03	38,521,168,133.3
Less Current Liabilities			
Net Current Assets		11,049,630.03	38,541,651,087.7

The MAAIF ATAAS Financial Statements on Pages 2 to 8 were approved by management on 31st August 2017 and signed on its behalf by:



Ethel Kamba

For PERMANENT SECRETARY




Manano Maurice Opar

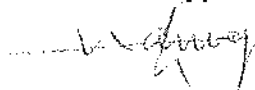
For: PRINCIPAL ACCOUNTANT

**STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE PERIOD ENDING JUNE 30, 2017**

	Notes	2016/2017 Ug. Shs	Project Cumulative to date (FY 2016/17 to 2015/16)
BALANCE B/F-ATAAS		9,570,438,019.83	9,570,438,019.83
BALANCE B/F-ZARDSI		30,150,011.4	30,150,011.4
Balance B/F -GEF		3,908,840,364.63	3,908,840,364.63
Balance B/F -ZARDIS		NIL	NIL
TOTAL BAL B/F		13,509,428,395.8	13,509,428,395.8
RECEIPTS			
IDA +GEF Funds	3	64,806,517,994.1	64,806,517,994.1
Other income-Interest received		NIL	NIL
TOTAL		64,806,517,994.1	64,806,517,994.1
PAYMENTS			
Project expenditure Category:			
(6) Goods, works and consultancy Services, Training, and Operating Costs for MAAIF (Under Part 2(a),(ii),3,4 (b) and 4(c) of the Project)	5	39,794,781,427.5	39,794,781,427.5
(5) Refund of Preparation Advance			
TOTAL PAYMENTS	5	39,794,781,427.5	39,794,781,427.5
Surplus before currency valuation		38,541,651,088	38,541,651,088
Foreign exchange gain/loss		1,270,887,534.3	1,270,887,534.3
BALANCE C/F @ Exchange rate of UGX 3,597.54/US \$ 1.00		37,270,763,553.7	37,270,763,553.7

The MAAIF ATAAS Financial Statements on Pages 2 to 9 were approved by management on 31st August 2017 and signed on its behalf by:


Ethel Kamba
For: PERMANENT SECRETARY

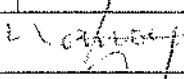

Manano Maurice Opar
FOR: PRINCIPAL ACCOUNTANT

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDING JUNE 30, 2017

	Notes	June 2017 Shs.	June 2017 Shs.
Total Receipts from operating Activities	3	78,312,460,195	78,312,460,195
Payments for Operating Expenses			
Goods and services consumed		(11,676,317,360.5)	(11,676,317,360.5)
Staff Training		(2,482,640,490)	(2,482,640,490)
Exchange Gain/(Loss)	7	NIL	NIL
Advance to MAAIF(IDA)		(18,956,980,882)	(18,956,980,882)
Advance to MAAIF(SLM)		(6,675,456,500)	(6,675,456,500)
Total payments for operating activities		(39,791,295,232.5)	(39,791,295,232.5)
Net cash inflows/(outflows) from operating activities		38,541,651,087.7	38,541,651,087.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(4,496,009,245)	(4,496,009,245)
Net cash inflows/(outflows) from investing activities		(4,496,009,245)	(4,496,009,245)
Net increase (decrease) in cash and cash equivalents		34,045,641,842.7	34,045,641,842.7
Receipts			
Grants from international organizations	3	70,910,046,715.7	70,910,046,715.7
Miscellaneous receipts	3	Nil	Nil
Total receipts from operating activities		70,910,046,715.7	70,910,046,715.7
RECONCILIATION OF CASH MOVEMENT			
At the beginning of the year		4,475,526,290.6	4,475,526,290.6
Net increase (decrease) of cash from the cash flow Statement		34,045,641,842.7	34,045,641,842.7
At the end of the year		38,541,651,088	38,541,651,088
Cash and bank balances	2	38,521,168,133.3	38,521,168,133.3
Net cash and bank balances		38,521,168,133.3	38,521,168,133.3


Ethel Kamba

For: Permanent Secretary


Manano Maurice Opar

For :Principal Accountant

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
FOR THE PERIOD ENDING JUNE 30, 2017**

	Notes	2016/2017 Budget Ug. Shs	2016/2017 Actual Ug. Shs	Variance Ug, Shs
B/F on US \$ A/C		9,907,219,609.31	10,964,005,951.1	0
B/F on Local Shs. a/c		4,033,684,164.36		0
B/F on Local Shs. a/c-ZARDIS				
		13,937,306,233.6	13,937,306,233.6	0
RECEIPTS				
IDA Funds-From WB (ATAAS +GEF)		73,788,078,715	50,705,577,340	0
Other income-Interest received				
TOTAL		87,725,384,949.2	78,312,460,195	
PAYMENTS				
Project expenditure Category:				
(6) Goods, works and consultancy Services, Training, and Operating Costs for MAAIF (Under Part 2(a),(ii),3,4 (b) and 4(c) of the Project)	5	79,968,282,000	39,791,295,232.5	39,711,326,950.5
(5) Refund of Preparation Advance				
TOTAL PAYMENTS		79,968,282,000	39,791,295,232.5	39,711,326,950.5
Surplus before currency valuation		NIL	NIL	
Foreign exchange gain		NIL	NIL	
SURPLUS /DEFICIET		NIL	NIL	

**STATEMENT OF SPECIAL DESIGNATED ACCOUNT ACTIVITY - PART A
FOR THE PERIOD ENDING JUNE 30, 2017**

**AGRICULTURAL TECHNOLOGY AGRIBUSSINESS ADVISORY SERVICES (ATAAS)
AND
GLOBAL ENVIRONMENT FACILITY (GEF)**

Deposit Bank: Bank of Uganda A/C No:000100088400022 & A/C NO.000100088400024	Note s	US \$ FY 2016/2017 ATAAS	US& FY 2016/2017 GEF	US \$ FY 2016/2017 TOTAL
OPENING BALANCE AT JULY		2,023,743.82	1,121,234	3,144,977.82
Add:				
Total Amount deposited by World bank	3	14,544,676.17	2,021,050.19	16,564,735.36
Deposit By MOFPED		0		
Deposit By GOU	4	0		
TOTAL		16,568,419.99	3,142,284.19	19,710,704.18
DEDUCT:				
Total amount withdrawn:				
Transfer to project Account		9,600,000	3,142,224	12,742,224
Payments directly from the Designated \$ account		1,061,800	60	1,061,860
Total		10,661,800	3,142,284	13,804,084
CLOSING BALANCE AT JUNE 30, 2017		5,906,619.99	0.19	5,906,620.18

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH 2016**

1. Significant accounting policies

The principle accounting policies adopted in the preparation of these financial statements are set out below:

- a) **Basis of preparation**
The financial statements have been prepared in accordance with International Public Sector Accounting standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under Cash Basis of Accounting.

- b) **Cash Basis of Accounting**
The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the entity. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

- c) **Foreign Currency Transactions**
Cash receipts and payments arising from transactions in a foreign currency are recorded in the financial statements using the ruling rate of exchange. Cash balances held in foreign currency are reported using the closing rate. Any gains or losses on foreign currency transactions/balances are dealt with in the Statement of Special/Designated Account Activity.

Budget

The budget is developed on the same accounting basis (Cash basis), same classification basis, and for the same period as for the financial statements. The budget was approved as required by Law and Treasury Regulations as detailed in the Government of Uganda Budget Estimates.

1. Schedules/ Notes

Note1

Schedule of surplus for the year

TOTAL RECEIPTS	USD	UGX
Total operating Revenue	22,463,591.45	78,312,460,195
Total operating expenses	11,413,961.42	39,791,295,232.5
Surplus from operating activities	11,049,630.03	38,521,164,962.4

Note 2.

Reconciled Cash Balances:

ACCOUNT	INSTITUTE	UGX	USD)
3211042	MAAIF ATAAS DOLLAR A/C	20,591,629,076	5,906,619,99
3211042	MAAIF GEF DOLLAR A/C	662.37705	0.19
	Sub-Total Total	20,591,629,738.3	5,906,620.18
3211041	MAAIF ATAAS LOCAL A/C	2,994,898,544	859,073.73
3211041	MAAIF GEF LOCAL A/C	2,181,901,875	625,869.14
	Sub-Total	5,176,800,419	1,484,942.87
	ATAAS		
3211041	ABI ZARDI	887,195,371	
3211041	BULINDI ZARDI	41,967,248	
3211041	KACHWEKANO ZARDI	96,640,356	
3211041	MBARARA ZARDI	718,859,086	
3211041	MUKONO ZARDI	1,938,039,313	
3211041	NABUIN ZARDI	1,485,673,746	
3211041	NGETTA ZARDI	2,630,440,550	
3211041	BUGINYANYA ZARDI	1,681,938,089	
3211041	RWEBITABA ZARDI	1,097,022,866	
	SUB-TOTAL	10,577,776,625	3,034,189.60
	GEF BALANCES		
3211041	ABI ZARDI	242,982,000	
3211041	BULINDI ZARDI	151,732,000	
3211041	KACHWEKANO ZARDI	216,731,000	

3211041	MBARARA ZARDI	485,962,000	
3211041	MUKONO ZARDI	216,731,000	
3211041	NABUIN ZARDI	249,379,351	
3211041	NGETTA ZARDI	216,731,000	
3211041	BUGINYANYA ZARDI	151,731,000	
3211041	RWEBITABA ZARDI	242,982,000	
	SUB-TOTAL	2,174,961,351	623,878.28
	TOTAL	38,521,168,133.3	11,049,630.03

Note 3

Donor funding for the year comprised of the following sources:

	2016/2017	2016/2017
DONOR	USD	UGX
IDA	14,544,676.17	50,705,577,340
IFAD	0	
GEF	2,221,050.19	7,753,471,989
Total Other donors	19,710,704.18	70,910,046,715.7
Interest Earned	0	0
Grand Total	19,710,704.18	70,910,046,715.7

Note 4

Transactions in the designated Account :

	2016/2017	2016/2017
DONOR	USD	UGX
IDA	7,661,800	35,930,609,250
IFAD	0	
GEF	3,142,284	10,902,677,812
Total Other donors	19,710,704.18	70,910,046,715.7
Deposit by GOU	140,095.372949	503,998,708
Grand Total	19,841,799.5529	71,414,045,423.7

Note 5

Project expenditure

Expenditure has been categorized as follows:

Details	Amount	Sub-Total
		2,482,640,490
Staff Training	2,482,640,490	
Goods and services		
Salaries	2,290,200,000	
General Expenses		
Communications	26,792,000	
Rates and property expenses		
Workshops and Seminars	1,955,961,053.5	
Supplies & services		
Professional services	578,972,490	
Insurance & License		
Travel & Transport	2,322,711,492	
Maintenance	5,671,080	
Total goods and service		7,180,308,115.5
Advance to MAAIF(IDA)		18,956,980,882
Advance to MAAIF(SLM)		6,675,356,500
Property, Plant and Machinery		4,496,009,245
Total		39,791,295,232.5

Note 6

Purchase of property, plant and equipment

	2016/2017 UGX
Transport equipment-Motor vehicles	3,799,919,396
Machinery and equipment	
Furniture and fittings	83,072,000
Non-Residential buildings	
ICT Equipment	393,814,204
Other structures	418,033,643
Total value of property, plant and equipment	4,496,009,245

Note 7**SCHEDULE OF FOREIGN EXCHANGE GAIN/LOSS**

	Description	Amount (US\$)	Rate	Ugx
	Opening balance			6,189,106,386
24/08/16	IDA Receipt	2,000,000	3,353.08	6,706,160,000
02/11/16	IDA Receipt	3,000,000	3453.33	10,359,990,000
1/06/2017	IDA Receipt	4,600,000	3,576.75	16,453,050,000
25 th /08/2016	GEF Receipt	1,000,000	3,353.08	3,353,080,000
2/11/2016	GEF Receipt	870,000	3,453.33	3,004,397,100
01/06/2017	GEF Receipt	507,000	3576,75	1,813,412,250
01/06/2017	GEF Receipt	765,224	3,569.92	2,731,788,462
	Deposit By GOU			
	Total Receipts	12,742,224	3486.195	44,421,877,812
	Total funds available			44,421,877,812
	Total expenditure			39,248,077,812
	Closing balance before revaluation			5,176,800,000
	Balance revaluation at Shs 3,486.195@US\$			
	ATAAS balance	5,906,619.99	3486.195	20,591,634,982.6
	GEF Balance	0.19	3486.195	66.237705
	Closing Balance after revaluation	1,484,942.8		20,591,635,048.8
	Foreign exchange Loss			15,414,835,048.8

1. Currency

The financial statements are presented in both Uganda shillings (Ug.Shs.) and US Dollars (\$) The Notes to the accounts form an integral part of these Financial Statements.