11th December, 2017

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

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
ALBERTINE SUSTAINABLE DEVELOPMENT PROJECT COMPONENT 3 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 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

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

The Permanent Secretary, Ministry of Education, Science, Technology & Sports

International Development Association - IDA

Financial Management Specialist - Ministry of Education

The Project Coordinator, Albertine
REPORT OF THE AUDITOR GENERAL

ON THE FINANCIAL STATEMENTS OF ALBERTINE REGIONAL SUSTAINABLE DEVELOPMENT PROJECT COMPONENT 3

FOR THE YEAR ENDED 30TH JUNE 2017
REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF ALBERTINE REGIONAL SUSTAINABLE DEVELOPMENT PROJECT FOR THE
YEAR ENDED 30th JUNE 2017

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion
I have audited the accompanying financial statements of Albertine Regional Sustainable Development Project Component 3, for the period ending 30th June 2017. These financial statements comprise the Statement of Income and Expenditure, Statement of Financial Position as at 30th June 2017 and Statement of Fund Balance for the year then ended as at 30th June 2017, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 15.

In my opinion, the financial statements present fairly in all material respects, the financial position of Albertine Regional Sustainable Development Project as at 30th June 2017 and its financial performance and fund balance for the period then ended, in accordance with the International Public Sector Accounting Standards (IPSAS), Section 51(1) of the Public Finance Management Act, 2015 and the World Bank guidelines.

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 Company 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:

• Project Implementation

The Albertine regional Sustainable Development Project is aimed at improving regional and local access to infrastructure, markets, and skills development in the Albertine region. Review of the implementation of the project activities revealed that the World Bank approved the project on 26/3/2014 and the financing agreement was signed on 24/8/2015. The actual effective date was agreed as 7/12/2015 and the first disbursement of the funds was in May 2017.

From the above analysis, it has taken more than 3 years from the date of approval of the project to the date of first disbursement.

Management attributed the delay to the elaborate project approval process. Delayed project implementation hinders timely access by the communities to the intended benefits.

Management is advised to liaise with all the relevant stakeholders with the aim of reducing the time lags.

• Low Absorption of Funds

Section 4(b)(2) of the Financing Agreement signed in 2015 indicated 31st July 2019 as the project end date. While section 4(2.03) of the same agreement stipulates a commitment charge is payable by the recipient on the un-withdrawn financing balance.

Review of the work plan and expenditure revealed that only USD 215,363.77 (11%) out of USD 2,023,530 disbursed was spent leaving a balance of USD 1,808,166.23. It was further noted that the project had received only USD 2,023,530 out of USD 2,888,333 planned disbursements by the end of June 2017 resulting into a variance of USD 864,803.
As a result of low absorption of funds planned out puts namely: (i) Operational Support to UPPET BT/ VET Institutions, (ii) Purchase of Motor Vehicles and Other Transport Equipment, (iii) Purchase of Specialized Machinery & Equipment and (iv) Construction and rehabilitation of learning facilities (BTEVET) had not been undertaken. Low absorption of funds not only hinders attainment of the project objectives, but also attracts unnecessary commitment charges.

Management should explore workable measures of fast tracking the implementation of the project.

**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 project.

The Accounting Officer is responsible for the preparation of the financial statements in accordance with the requirements of the Public Finance Management Act, 2015 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 project’s ability to continue delivering its mandate, disclosing, as applicable, matters related to delivery of services, unless Government either intends to discontinue the project’s operations, or has no realistic alternative but to do so.

**Auditors’ 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 project'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 project 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 project to fail to deliver 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 the 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 the 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 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

11th December 2017
MINISTRY OF EDUCATION AND SPORTS

ALBERTINE REGION SUSTAINABLE DEVELOPMENT PROJECT
(Component 3)

Funded by

INTERNATIONAL DEVELOPMENT ASSOCIATION (Credit no: 5400-UG)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
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LIST OF ACRONYMS                                                                                           1
LIST OF ACRONYMS

ARSP Albertine Region Sustainable Development Project

DLG District Local Government

FA Financing Agreement

GAAP Generally Accepted Accounting Principles

GoU Government of Uganda

IDA International Development Association

MoES Ministry of Education and Sports

MoFPED Ministry of Finance Planning and Economic Development

OAG Office of Auditor General

PPDA Public Procurement Disposal of Public Assets Authority

SDR Special Drawing Rights
1.0 CORPORATE INFORMATION

1.1 Project Management Team

Name | Designation
--- | ---
1. Mr. Alex Kakooza | Permanent Secretary and Accounting Officer, MoES
2. Mrs. Loy A K Muñwezi | Project Coordinator – ARSDP
3. Mr. Patrick Owere | Financial Management Specialist

1.2 Registered office
Ministry of Education and Sports
Embassy House
P. O. Box 7063
Kampala
Uganda.

1.3 Auditors
Auditor General of Uganda,
P. O. Box 7083,
Kampala, Uganda

1.4 Bankers
Bank of Uganda,
P. O. Box 7120,
Kampala,
Uganda
2.0 Report of the Project Managers of ARSDP

The Management of ARSDP present their report together with the audited financial statements for Component 3 of the Albertine Region Sustainable Development Project for the year ended June 30, 2017.

2.1 Albertine Region Sustainable Development Project (Component 3).

2.1.1 Introduction

The Government of Uganda (GoU) signed an agreement, dated August 24, 2015 with the World Bank through the International Development Association (IDA) for the funding of the Albertine Region Sustainable Development Project (ARSDP). Component 3 of ARSDP Skills Access and Upgrading is implemented by Ministry of Education and Sports with a total financing of US$ 27 million. (IDA US$25.00m and GoU US$2.00 m)

2.1.2 Project Development Objectives

To improve regional and local access to infrastructure, markets, and skills development in the Albertine Region.

2.1.3 Project Beneficiaries

The project will provide direct benefits to approximately 1.69 million people and indirectly benefit the entire population living in the Albertine Region estimated at 2.85 million.

The project will provide benefits to trainees attending the target technical and vocational institutes - the Uganda Technical College in Kibwezi (UTC) and Uganda Petroleum Institute in Kigumba (UPIK) - part of the Masindi district; and a new training Institute to be developed in the Nwoya district. While UPIK currently enrolls about 60 trainees per year, the goal is to enroll 160 trainees per year, in the targeted trades, by 2017. UTC Kibwezi currently enrolls 550 trainees per year and the project will support training of an additional 150 trainees per year in the target trades by 2017. It also provides general benefits to people from the region as a whole with approximately 600 bursaries to undertake training in construction, agro-processing / agri-business, tourism and nursing. Efforts to increase female enrollments, which currently make-up only 25 percent of public BT/VET trainees will be made. In addition, the planned institute in Nwoya will provide additional training opportunities and increased BT/VET capacity in the region. A feasibility study will be undertaken to determine the type of institute to be developed in Nwoya and the beneficiary population.
2.1.4 PDO Level Results Indicators

The PDO level indicators will include the following:

I. Percentage of training graduates who are employed or self-employed after six months of completing training in supported programs (Percentage); and
II. Direct project beneficiaries (Number) (of which female).

2.1.5 Project Components

Component 3 - Skills Access and Upgrading (IDA financing US$25.00 Million equivalent; GoU financing US$2.00 Million equivalent)

This component is designed to upgrade BTVET quality in the oil and gas sector, make it more in line with private sector demands, and provide greater access to the BTVET system to people living in the Albertine Region. This component will finance the upgrading of selected institutes which support the objectives of the Skilling Uganda Strategy, including UPIK and UTC and a new third institute in Nwoya district, including, inter alia, physical infrastructure, goods, curricula development and instructor training. The institutes to be supported are expected to provide a regional benefit by focusing on skills most required for regional employment opportunities and following the Skilling Uganda Strategy for centers of excellence. The project will establish institutional and management mechanisms for the administration and monitoring and evaluation of the bursaries program with GoU counterpart funding of US$2.0 million.

The component will finance civil works, equipment and associated facilities for the upgrading of the selected institutes. It will also finance the costs associated with improving curriculum, testing and trainer competencies to internationally accredited levels to ensure that training standards improve to those required by private sector employers. UPIK will focus on training specialized technicians for the petroleum industry (petroleum operations, mechanical maintenance, electrical maintenance, and instrumentation) for the emerging petroleum industry, while UTC Kichwamba would focus on training of artisans and craftsmen in construction (carpentry and joinery, bricklaying, plumbing, electrical installation, scaffolding, welding and fabrication) which will support the development phase for the oil and gas sector. Even after the development phase, it is envisioned that there will still be a large demand for construction workers as the government uses the oil revenues to invest in infrastructure such as schools, hospitals, roads etc. An assessment and appraisal for establishing a new training institute in Nwoya District will be conducted during project implementation and would determine, interalia, its target population, sector focus, curriculum, physical and equipment specifications, financial and staffing requirements.
The component will also support the development of institutional mechanisms for collaboration with the private sector in skills training programs in the Albertine Region. This would include technical assistance, studies, training, and equipment for the Reform Task Force (RTF) Oil & Gas (O&G) committee aimed at establishing a platform for engaging private and public sectors to support skills development, set standards and establish priorities in the region and oil and gas sector. Salaries of staff will be financed by the GoU.

While the targeted institutions will require two to three years of management, technical and administrative reforms to yield results with respect to developing quality and demand responsive skills for the labor market, a bursaries program will seek to address the short-term skills needs of the Region during the development phase of the oil production. These are portable skills that can be used in other sectors throughout the country. Low-income groups tend not to participate in BTVET training because of expensive fees and the high opportunity costs related to long training durations. The government will finance bursaries for approximately 600 trainees from the Region for an estimated amount of US$2 million equivalent to undergo skills training in the foremost institutes in the country on construction, agro-processing, tourism and nursing. IDA will support MoES to establish the institutional arrangements for the administration, monitoring and evaluation of the bursaries program. The training courses will range from six months to two years in duration, with the exception of nursing courses which can go up to 2.5 years. Females will be given preference for the bursaries since they only constitute about 25 percent of enrollment within public BTVET institutes currently. In UTC Kichwamba, females constitute only 10 percent of enrollments. While UPIK and UTC Kichwamba only accept trainees who have completed at least O levels (lower secondary), the bursaries will also be open to trainees who have craft 1 or craft 2 technical certificates, or Uganda Vocational Qualifications.

2.1.6 Project performance for the year 2016/2017

Component 3 of ARSDP is designed:

(i) To upgrade BTVET quality in Oil and Gas sector,

(ii) Making it more in line with private sector demand, and

(iii) To provide greater access to BTVET for the people living in the Albertine region.

The key Strategic Achievements during the year

- Uganda Petroleum Institute - Kigumba (UPIK) has co-opted two members from the employers to the Governing Council in line with the revised BTVET act. The new
members are (i) Capt. Tony Rubombora (Eagle Air) - Representing the Association of Uganda Oil and Gas Services providers and (ii) Ms. Janice Luzinda (CNOC) – Representing International licensed Oil Companies in Uganda.

- UTC-Kichwamba has co-opted three members from the employers to the Governing Council in line with the revised BTVET act. The new members are (i) Mr. Paul Bukoma of Arch Forum Ltd, (ii) Eng. George Otim of TimTek Construction Services Ltd, and (iii) Mr. Samson Mukasa of UGACLOSE Metal Fabricators Ltd

Key Implementation Progress under Procurements:

- Procurement for the Twinning Institutions for Uganda Petroleum Institute Kigumba and Uganda Technical Institute Kichwamba: The evaluation of the bids (technical & financial) was complete including negotiations. By year end, the MoES was waiting for the revised technical and financial proposals from the twining institutions following the negotiations.

- The procurements for the Engineering firm for Design and Supervision of Works at Uganda Petroleum Institute Kigumba and Uganda Technical Institute Kichwamba: The evaluation of the bids (technical & financial) was complete including negotiations. By year end, the MoES was waiting for clearances from Solicitor General, and World Bank before Contract signature.

- The Procurement for the Consultancy for Needs Assessment for Nwoya Institute: The evaluation of the bids (technical & financial) was complete including negotiations. By year end, the MoES was waiting for clearances from Solicitor General, and World Bank before Contract signature.

- The Procurement for the Consultancy to Administer the Bursary Scheme: The evaluation of the bids (technical & financial) was complete including negotiations. By year end, the MoES was waiting for clearances from Solicitor General, and World Bank before Contract signature.

On Behalf of the Implementing Agency

[Signature]

PERMANENT SECRETARY - MOES

........................................ 2017

6
3.0 STATEMENT OF THE MANAGEMENT’S RESPONSIBILITIES

This section presents ARSDP management’s confirmation of its responsibility for information in the financial statements and information provided during the course of the audit.

The management of ARSDP is required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Project funds as at the end of the financial year and of its operational results that comply with the requirements of the World Bank and the Government of Uganda. Management is responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of Project funded activities. Management is also responsible for safeguarding the assets of the Project.

Management further accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the International Financial Reporting Standards. Management is of the opinion that the financial statements for the year ended 30 June 2017 give a true and fair view of the state of affairs of the Project funded activities and operational results of the activities. Management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal controls.

Management confirms that all credits and grants received during the year ended 30 June 2017 were used for the intended purposes in accordance with the Project Agreements between the Government of Uganda and IDA. Management certifies that there were no irregularities involving the management and staff of the project, and that the financial statements of the ARSDP for the year ended 30 June 2017 are free of material misstatements. Nothing has come to the attention of management to indicate that the Project is not complying with the terms and conditions stipulated in the above agreements.

This assertion is certified by the management of Component 3 of ARSDP on __________________________ 2017, and signed on its behalf by:

[Signature]

PERMENET SECRETARY - MOES

Date: 3/6/2017
### 4.0 STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED JUNE 30, 2017

<table>
<thead>
<tr>
<th>SOURCES OF FUNDS</th>
<th>Notes</th>
<th>Amount UGX</th>
<th>US$ Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Incomes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursements from IDA</td>
<td>3</td>
<td>6,842,870,225</td>
<td>$2,023,530.00</td>
</tr>
<tr>
<td>Translation gain (Exchange rate gain on restating DA bank balance)</td>
<td>413,301,918</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,256,172,142</td>
<td>$2,023,530.00</td>
<td></td>
</tr>
<tr>
<td><strong>USES OF FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Costs</td>
<td>6</td>
<td>(719,591,156)</td>
<td>($200,672.40)</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>7</td>
<td>(67,633)</td>
<td>($20.00)</td>
</tr>
<tr>
<td>Technical Assistance - Training</td>
<td>8</td>
<td>(52,610,069)</td>
<td>($14,671.37)</td>
</tr>
<tr>
<td></td>
<td>(772,268,858)</td>
<td>($215,363.77)</td>
<td></td>
</tr>
<tr>
<td>Surplus/ (deficit) for the year</td>
<td></td>
<td>6,483,903,284</td>
<td>$1,808,166.23</td>
</tr>
</tbody>
</table>

The Project Financial Statements on pages 8 to 13 were approved by the Project Management on ________________2017 and were signed on its behalf by:

[Signatures]

Permanent Secretary - MoES  
Date: 30/6/17

Financial Management Specialist  
Date: 30/6/17
5.0 STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2017

<table>
<thead>
<tr>
<th>Notes</th>
<th>Amount (UGX)</th>
<th>USS Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Balances</td>
<td>6,483,903,284</td>
<td>$1,808,166.23</td>
</tr>
<tr>
<td><strong>Net Worth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Represented by Surplus for the year</td>
<td>6,483,903,284</td>
<td>$1,808,166.23</td>
</tr>
</tbody>
</table>

The Project Financial Statements on pages 8 to 13 were approved by the Project Management on ______________________ 2017 and were signed on its behalf by:

[Signatures]

Permanent Secretary - MoES
Date: 3/6/17

Financial Management Specialist
Date: 3/6/17
### 6.0 STATEMENT OF FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2017

<table>
<thead>
<tr>
<th>FUND FLOW FROM OPERATING ACTIVITIES</th>
<th>2017</th>
<th>US$ Equivalents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursements from IDA</td>
<td>3</td>
<td>6,842,870,225</td>
</tr>
<tr>
<td>Translation gain (Exchange rate gain on restating DA bank balance)</td>
<td></td>
<td>413,301,918</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7,256,172,142</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Spent on project activities</td>
<td>6, 7</td>
<td>(772,268,858)</td>
</tr>
<tr>
<td>Net Cash flow from Operating activities</td>
<td></td>
<td>(772,268,858)</td>
</tr>
</tbody>
</table>

| FUND FLOW FROM INVESTING ACTIVITIES |      | $0.00 |

<table>
<thead>
<tr>
<th>FUND FLOW FROM FINANCING ACTIVITIES</th>
<th></th>
<th>$0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Increase in Cash &amp; Cash Equivalents</td>
<td>6,463,903,284</td>
<td>$1,808,166.23</td>
</tr>
<tr>
<td>Cash &amp; Cash equivalents at the start of the year</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>Cash &amp; Cash equivalents at the end of the year</td>
<td>6,463,903,284</td>
<td>$1,808,166.23</td>
</tr>
</tbody>
</table>
7.0 SPECIAL ACCOUNT STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

IDA Credit Agreement No.5406-UG

Designated Account Activity Statement as at June 30, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Notes</th>
<th>Amount UGX</th>
<th>US$ Equivalents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance as at July 01</td>
<td></td>
<td>-</td>
<td>$0.00</td>
</tr>
<tr>
<td>Add</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total IDA Replenishments</td>
<td>3</td>
<td>6,842,870,225</td>
<td>$2,023,530.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6,842,870,225</td>
<td>$2,023,530.00</td>
</tr>
<tr>
<td>Less</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligible expenditure during the year</td>
<td>6, 7, 8</td>
<td>(772,268,858)</td>
<td>($215,363.77)</td>
</tr>
<tr>
<td>Closing Bank Balance as at 30th June</td>
<td></td>
<td>6,070,601,367</td>
<td>$1,808,166.23</td>
</tr>
<tr>
<td>Reconciled Bank Balance as at 30th June</td>
<td></td>
<td>6,070,601,367</td>
<td>$1,808,166.23</td>
</tr>
</tbody>
</table>
8.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. About the reporting entity and project

The Government of Uganda (GoU) signed an agreement, dated August 24, 2015 with the World Bank through the International Development Association (IDA) for the funding of the Albertine Region Sustainable Development Project (ARSDP).

Ministry of Education and Sports is implementing component 3 of the Project. Component 3 is Skills Access and Upgrading with a total financing of US$27 million. (IDA US$25.00m and GoU US$2.00 m as counterpart).

2. Summary of significant accounting policies

The principal accounting policies in the preparation of these financial statements are set out below. These policies will consistently be applied throughout the project life cycle unless otherwise stated.

a) Basis of accounting

These financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS), which inter alia include the application of the cash basis of recognition of transactions for external audit.

The Project financial statements are prepared under the historical cost convention and comply with the requirements of the Government of Uganda accounting framework.

The Project financial statements are presented in Uganda Shillings together with corresponding equivalents in United States Dollars (USD).

b) Receipts

Receipts from IDA and other funders are recognized in the financial statements when received. Corresponding equivalents in Uganda Shillings are determined using the Bank of Uganda buying exchange rates pertaining on the day on which the transactions take place.
c) **Expenditure**

Payments including capital expenditure are recognized and recorded in the project's financial records in the period, in which they are incurred. Again corresponding equivalents in Uganda Shillings are determined using the Bank of Uganda buying exchange rates pertaining on the day on which the transactions take place.

d) **Accounting period**

The accounting period followed by the project is that of the Government of Uganda. Therefore, the financial statements have been prepared for the year July 01, 2016 to June 30, 2017.

e) **Fixed Assets**

Fixed Assets are expensed in full in the year of purchase, consistent with the cash basis of accounting. However, there were no physical assets bought by the project during the financial year.

f) **Comparatives**

No comparatives have been provided in the project's financial statements because this is the first year of implementation and first year of presentation of financial statements.
3. Funds from Received from IDA / World Bank US$

28th September 2016 - Withdrawal 01 2,023,530.00
Total 2,023,530.00

As noted in 2 (a) above, this amount is captured in the financial statements at an equivalent amount in Uganda Shillings using the buying exchange rate in Bank of Uganda on that date. The rate was US1: 3591.60 giving rise to an equivalent of UGX 6,842,870,226/=.

4. Contingent Liabilities/ assets

There were no known contingent liabilities/ assets that qualify for accrual or disclosure as at June 30, 2017.

5. Reporting currency

The financial statements are prepared in Uganda Shillings. However equivalents in United States Dollars (USD) are provided for better understanding and appreciation.

6. Staff Costs

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>UGX equivalents</td>
</tr>
<tr>
<td>Staff salaries, Including PAYE and NSSF</td>
<td>200,672.40</td>
<td>719,591,159</td>
</tr>
<tr>
<td>Total Staff Costs</td>
<td>200,672.40</td>
<td>719,591,159</td>
</tr>
</tbody>
</table>

7. Finance costs

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>UGX Equivalents</td>
</tr>
<tr>
<td>Bank Charges debited on receipt of amount from IDA on 28th September 2016</td>
<td>20.00</td>
<td>67,633</td>
</tr>
<tr>
<td>Total Finance Costs</td>
<td>20.00</td>
<td>67,633</td>
</tr>
</tbody>
</table>
8. Technical Assistance - Training

<table>
<thead>
<tr>
<th>Technical Assistance</th>
<th>2017 USD</th>
<th>2017 UGX Equivalents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment of euros 13,489.68 to BTC Uganda for the Training of College Management by ILO</td>
<td>14,871.37</td>
<td>52,810,066</td>
</tr>
</tbody>
</table>

| Total Technical Assistance | 14,871.37 | 52,810,066 |

9. Cash at bank

Bank balances refer to reconciled cash book balances for accounts in Bank of Uganda. These are as follows:

<table>
<thead>
<tr>
<th>Bank account details</th>
<th>2017 USD</th>
<th>2017 UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOU IDA - USS Acc no. 0001300884000022</td>
<td>1,408,638.63</td>
<td>5,103,514,362</td>
</tr>
<tr>
<td>BOU IDA - UGX Acc no. 0001300880000051</td>
<td>399,327.60</td>
<td>1,427,899,131</td>
</tr>
<tr>
<td>Total Cash &amp; Bank as at 30 June</td>
<td>1,808,166.23</td>
<td>6,531,413,493</td>
</tr>
</tbody>
</table>