Annual Report 2014

Uganda Electricity Generation Company Limited

Karuma Hydro power Project:
Main Access Tunnel

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Karuma Hydro power Project: Tunnel Construction works

CORPORATE INFORMATION

Corporate Information

UGANDA ELECTRICITY GENERATION COMPANY LIMITED

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3rd Floor UEDCL Tower
P. O. Box 75831 Kampala - UGANDA
Tel:+256 312 372 165

BRANCH OFFICE
Plot 18 - 20 Faraday Road, Amberley Estate
P. O. Box 1101 Jinja - UGANDA
Tel: +256 434 120 891
Fax: +256 434 123 064

VISIT: www.uegcl.com

Principal Shareholders
Government of the Republic of Uganda represented by;
- Minister of Finance, Planning & Economic Development
- Minister of State for Finance (Privatization)

Company Secretary
Mrs. Georgina Kugonza Musisi,
Company Secretary
Tel:+256-312-372165

Company lawyers
Sebalu & Lule Advocates and Legal Consultants
S&L Chambers, Plot 14, Mackinnon Road
P.O.Box2255, Kampala Uganda

External Auditors
Ernst & Young Certified Public Accountants
Certified Public Accountants
Ernst & Young House
Plot 18 Clement Hill Road

Main Bankers
Standard Chartered Bank Uganda Limited
P. O. Box 7215, Jinja, Uganda

Stanbic Uganda Limited
Corporate Branch, Crested Towers
P.O. Box 7131, Kampala, Uganda

Crane Bank Limited
Main Branch, Crane Chambers
Plot No 38, Kampala Road
P.O. Box 22572, Kampala, Uganda.

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The Year 2014

- Following the appointment of two new Board of Directors and a new Chairperson at the end of 2013, the Board handover ceremony was successfully held on the 24th of January 2014.
- The Board Charter was amended to have the Board of Directors in charge of recruitment of all Managerial positions in addition to the Chief Executive Officer, Company Secretary and Internal Auditor. Key performance and evaluation tools for the Board of Directors, Chief Executive Officer, Company Secretary and Internal Auditor were also incorporated.
- 15% Advance payment was made for the 600MW Karuma Hydro Power Project site mobilisation was done, 1.5 KM of tunnelling completed and the basic design report submitted.
- Successfully diverted the river and concluded excavation at Isimba Hydro Power Project (183MW).
- The feasibility study report for the 600MW Ayago Hydro Power Project was updated and the procurement of a Supervision Consultant concluded.
- Obtained the Best Evaluated Bidder for Nyagak III SHPP to partner with UEGCL under a Public Private Partnership (PPP) arrangement.
- Secured commitment of Project Financing of EUR 84M and Grant of EUR 4M from KfW and AFD for Muziz HPP.
- Maintained the Bugungu Forestation Project in Buikwe District as part of our commitment to environmental protection.

Corporate Profile

As a precursor, UEGCL's mandate has expanded from Concession monitoring to implementing Governments flagship projects of Karuma, Isimba, and Ayago Hydropower projects. UEGCL is grateful to Government for raising the much needed funding for these infrastructural flagship projects that will enhance our financial health and enable us support national goals.

Who we are

Uganda Electricity Generation Company Limited (UEGCL) is a Public Limited liability Company that was incorporated in March 2001 under the Companies Act, Cap. 110. The Company is wholly owned by the Government of the Republic of Uganda with the main objective of taking over and operating as a going concern the generation Power Plants at Nalubaale and Kiira.

UEGCL's mandate expanded to include concession monitoring in April 2003 when the complex (Nalubaale and Kiira Power Plants) were assigned to ESKOM (U) LTD under a 20 year concession and assigned agreement.

Corporate Vision

To be the most reliable and most efficient electricity generation Company in East Africa that generates adequate electricity to meet the needs of all East Africans in a sustainable manner.

Corporate Mission

To efficiently generate electricity, effectively monitor electricity generation concessions and trade in bulk quality, safe and reliable power at competitive rates in a sustainable manner for accelerating economic development.

UEGCL Core Values

SAFETY

ACCOUNTABILITY

INNOVATION

INTEGRITY

SUSTAINABILITY

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Limited

2014 FINANCIAL AND OPERATIONAL HIGHLIGHTS

2014 Financial and Operational Highlights

FINANCIAL STATISTICS	2014	2013
	UGX '000	UGX '000
For the year		
Revenue	8,511,652	22,801,187
Operating profit/loss	(9,610,058)	(4,905,701)
Earning before interest,depreciation and tax	4,093,776	21,151,959
Profit/loss for the year	(9,098,081)	(10,038,591)
Capital investments	41,700,000	33,300,000
At year -end		
Total Assets	510,329,619	515,715,260
Shareholder's Equity	466,528,524	469,636,003
Outstanding interest bearing debt	-	-
Cash flow data		
Net cashflows from operating activities	1,397,218	(4,069,311)
Netcashflows used in investing activities	(2,378,372)	(328,436)
Net cashflows from / (used in) financing activities	5,990,601	(2,849,797)
Operating and other statistics	FY 2014	FY 2013
Total number of customers	1	1
Total number of employees	43	44
Exchange rate: US Dollar to Uganda Shilling (at year end)	2,500	2,514
Exchange rate: US Dollar to Uganda Shilling (average for the year ended)	2,600	2,585

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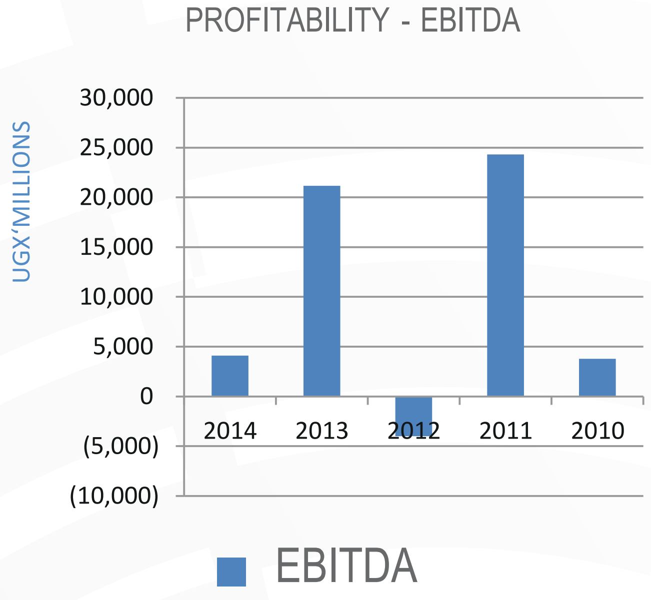
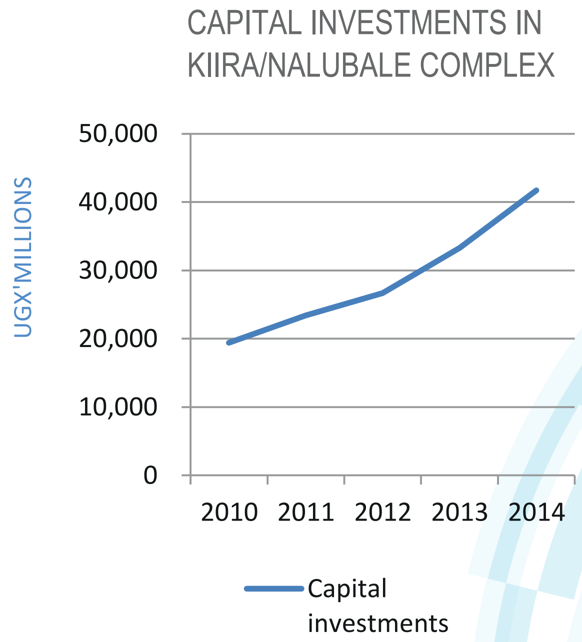
Financial and Operational Charts



Earnings before interest tax depreciation and amortization (EBITDA) was UGX 4.1 billion in 2014 down from UGX 21.2 billion in 2013

EBITDA in 2013 of UGX 21.2 billion was boosted by:-

a) **Strong exchange gains (UGX6.8 billion);**
b) **KFW grant for feasibility of Muzizi HPP (UGX 5.0 billion)**
c) **Waiver of corporation tax arrears (UGX5.3 billion)**



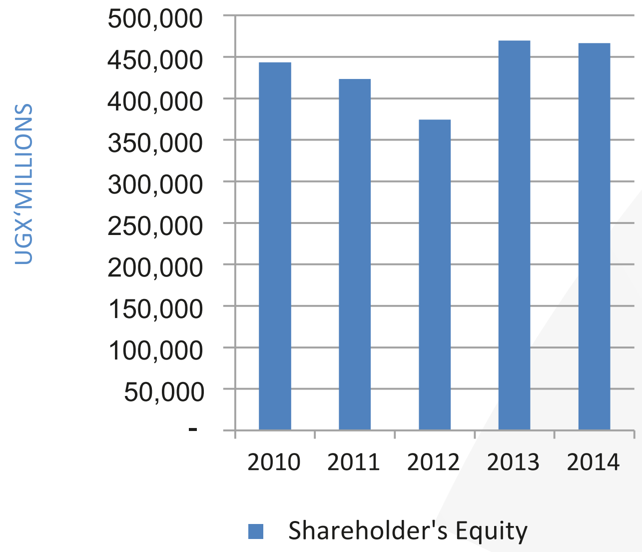
In 2014, the concessionaire invested UGX 8.4 billion in the plants, increasing the total cumulative investments to UGX 41.7 billion.

Significant projects completed in the year include:

- 110 V Battery Charger for KPS Kiira Power Station
- Unit 15 Vibration remediation
- New NPA 11kv Power Cables
- Refurbishment of Nalubale Power Station sluice gates
- Unit 6 Servo refurbishment
- Units (11&12) Governor replacement

Financial and Operational Charts

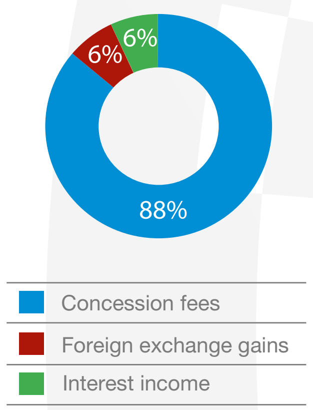
SHAREHOLDERS EQUITY



The Company at 31 December 2014, is solvent with positive equity of UGX 467 billion

The Equity position improved by conversion of UGX 105 billion debt into equity in 2013.

REVENUE ANALYSIS



UGX'000	2014
Concession fees	7,501,687
Foreign exchange gains	497,989
Interest income	511976
Total incomes	

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Analysis of the Financial Results

1. Revenue

Revenues dropped to UGX 8.5 billion in 2014 compared to UGX 22.8 billion in 2013.Revenues in 2013 were boosted by:-

- Strong ex exchange gains(UGX 6.8billion)
- KFW grant for feasibility of Muzizi HPP (UGX 5.0 billion)
- Waiver of corporation tax arrears (UGX 5.3 billion)
  UEGCL is faced with the challenge of

"under billing" of Concession Fees to ESKOM

As much as UEGCL, under the Concession and Assignment Agreement, has the right to bill Eskom for Debt service, Depreciation, Return on Equity and Administrative costs; because of the tariff structure approved by the Electricity Regulatory Authority (ERA) UEGCL only bills Eskom for Administrative costs. This means that UEGCL Conceded Assets are not able to generate enough revenue/cash to recover their carrying amount.

2. Earnings before interest Taxation Depreciation and Amortization (EBITDA)

EBITDA dropped in 2014 to UGX 4.1 billion compared to UGX 21.2 billion in 2013.This was caused by the drop in revenues due to factors explained above.

3. Balance sheet analysis

Total assets as of 31December 2014 were UGX 510 billion. The Company at 31st December 2014 was solvent with positive equity of UGX 467 Billion.

There is therefore NO material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, so as to be able to realize its assets and discharge its liabilities in the normal course of business.

However the Company continues to make losses year on year. UEGCL made a loss for the year 2014 of UGX 9.1 billion bringing its accumulated losses to the level of UGX 199.5 billion. The equity position improved by c conversion of UGX 105 billion debt into equity in 2013.

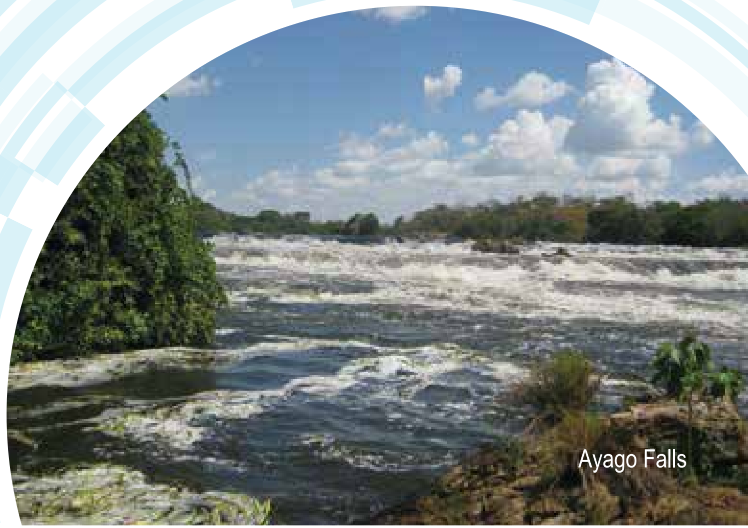
Such losses continue to erode the Company's capital with the shareholders' equity now down to UGX 467 billion(in 2014) from UGX 470 billion (in 2013).;

The above situation is because the tariff structure approved by Electricity Regulatory Authority (ERA) allows UEGCL to only bill Eskom for Administrative costs; yet UEGCL under the Concession and Assignment Agreement, has the right to bill Eskom for Debt service ,Depreciation ,Return on Equity and Administrative costs.

In 2014, Eskom invested UGX 8.4 billion in the plants, increasing the total cumulative investment s since the commencement of the concession to UGX 41.7 billion.

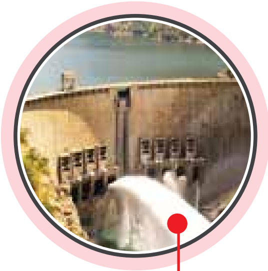
4. Cash flows analysis

The Company generated net cash of UGX 1.4 billion from operations. Closing cash and cash equivalents was UGX 12.3 billion



Ayago Falls

Our Hydro Power Projects



- Nyagak III Hydro Power Project 5.5MW
- Muzizi Hydro Power Project 44.7MW
- Isimba Hydro Power Project 183MW
- Ayago Hydro Power Project 600MW
- Karuma Hydro Power Project 600MW

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The Board

The Management Team

Mr. Sseguya Patrick Internal Auditor	Mr. Kanzira Milton *Procurement & Finance Specialist Officer*	Mr. Moses Kaiizi *Assistant Techinical Manager*	Mr. Emmanuel Lubandi *Manager Finance and Adminstration upto 31st July 2014*	Mr. Dan Walakira Mayanja *Techinical Manager*	Mr. John. Eric Mugyenzi *Chief Executive Officer upto 31st July 2014*	Mrs Geogina Kugonza Musisi *Company Secretary upto 24th Oct 2014*	Mrs. Jackie Ahimbisibwe Twijukye Human Resource & Administration

Mr. Joshua Karamagi
Manager Finance and Adminstration from 1st Dec 2014

Dr. Eng. Harrison Mutikanga
Chief Executive Officer from 1st Dec 2014

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BOARD HAND OVER CEREMONY

Prof. Sandy Stevens Tickodri - Togboathe out going Board Chairperson (extreme left) on the 24th of January 2014 handed over the Board instruments to the Minister for Finance in charge of Investment Eng. DrAjedra Gabriel Gadison Aridru (extreme right) while the Dr. Nixon Kamukama (2nd from left) and Dr. Stephen Robert Isabalija the incoming Board Chairperson (2nd from right) look on.

The Minister hands over the instruments to the new Board Chairman Dr .Stephen Robert Isabalija (center)

Part of the new Board from left the Board Chairperson Dr. Stephen Robert Isabalija, Dr. Nixon Kamukama (2nd from left), Mrs. Jennifer Katagyira Lubaale (3rd from right), Ms Zeridah Zigiti (2nd from right) and Eng. Proscovia Margaret Njuki (extreme right) together with the guest of honor the Minister for Finance in charge of Investment Eng. Dr Ajedra Gabriel Gadison Aridru (3rd from left)

2014 Highlights

CHAIRMANS' MESSAGE

As a new Board that assumed office in January 2014, it gives me great pleasure to present the UEGCL Operational and Financial Report for the financial year ending December 2014. Suffice it to say that the year was characterised by a number of structural changes and positive developments.

Corporate Governance

As will be recalled, the role of the Board includes among others; providing strategic direction and monitoring the operational and financial performance of the Company while ensuring conformity with existing laws, Regulations, Policies and guidelines.As a Board, we therefore considered these tenets as cardinal to our success.

Furthermore as a Board we strive to uphold the principles of corporate governance embedded in our Board Charter and continue to strive towards compliance with the Laws especially the Companies Act, 2012, Public Enterprises and Reform Divestiture (PERD) Act, Electricity Act, Environmental Act, Public Finance & Management Act and the Public Procurement & Disposal of Public Assets' Act among others.

General Strategy

It is on this note that we as a Board kicked off with a review of the functional and operational status of UEGCL, with the objective of repositioning and rebranding UEGCL as a key player within the electricity supply value chain. This culminated into the change in management in which a new Chief Executive Officer and Senior Management Team was appointed.

This was followed by the alignment of the functional structure to effectively handle the Company's expanded mandate of Project Development and Management of the existing and new Hydropower Plants, so as to effectively contribute to the Governments Vision of a "transforming the Ugandan Society from a Peasantry to a Modern and prosperous Country within 30 years". Specifically, our objective was to ensure the efficiency in project implementation, and the posterity of the existing and new hydropower assets for the current and future generations.

Furthermore, the Board put in place a number of new Governance policies and measures aimed at ensuring that the Company is run on prudent management practices. In line with this, the new management was tasked with coming up with tailor made strategies to re-brand and reposition the UEGCL as the "Leading Power Producer in the great lakes region".

> "The Board put in place a number of new Governance policies and measures aimed at ensuring that the Company is run on prudent management practices"

Dr Stephen Robert Isabalija
Chairperson Board of Director

Financial Performance

During the year, the financial position of UEGCL remained constrained, manifesting in an operating loss of UGX 9.1 Billion, a situation that has pertained over the years due to the inflexibility of the regulatory regime. The major causative factor for the loss is the inability of the Company to charge for depreciation of its fixed Assets, which is inconsistent with the International Financial Reporting Accounting Standards based on the matching principle. However, the Board and Management is working round the clock to amicably resolve this accounting mishap. This notwithstanding, the Company still portrays a positive equity of UGX 464 billion, and an ungeared balance sheet following the conversion of the company's long term debt to Government into equity at the last Annual General Meeting.

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Operational Performance

In terms of operations, the Board continued with its core activity of monitoring the operation and maintenance of the Nalubaale-Kira Concession and the Namanve Heavy Fuel Oil (50 MW) in accordance with prudent Utility Practice. Key among the activities during the year were the negotiation of a new Phase of the Concession from 2015 – 2018 in which further efficiency provisions were incorporated within the Concession.

Investments

On the projects front, Investments remain the vanguard of the Company's activities, and during the period the Company made significant strides in regard to the Flagship Projects of Karuma, Isimba, Nyagak III, and Muzizi. The Karuma and Isimba projects progressed smoothly with the acquisition of sites, and commencement of works thanks to the Uganda Government that provided start-up funds for the project. A key milestone attained was the successful financial negotiations with EXIM Bank of China at which funds for the project were committed.

Challenges

Our progress notwithstanding, we as a Company still faced a number of challenges related to the delayed disbursement of project funds, and the protracted process of financial closure for the Karuma and Isimba Hydropower projects. This was coupled with a restrictive budget that did not allow us to innovate on a number of strategic interventions that we had planned to undertake.

Way forward (2015)

As we edge forward towards the financial year 2015, we look forward to a year defined by significant operational and functional changes that will further align the company to the envisaged growth in business and responsibility. As a key yardstick, we shall endeavour to fast track the on-going flagship infrastructure projects so that the fruits of adequate and reliable power supply are delivered in a timely manner. Furthermore, we shall diligently continue carrying out our key mandate of effectively monitoring the concession to Eskom (U) Ltd.

Kira-Nalubaale Concessionaire.

On this note, the Board wishes to take this opportunity to hail the support received from all our stakeholders notable among who are; the Government of Uganda, the Development partners, the various actors within the Energy Sector and the UEGCL staff. Your combined efforts have been invaluable and the reason for the glimmer of positive change that the Company is experiencing.

In conclusion we pledge our commitment to generating for generations as we strive to achieve our Vision of being "The Leading Power Producer within the Great Lakes Region."

Dr Stephen Robert Isabalija
Chairperson Board of Director

As a futuristic aspiration, I pledge to all our stakeholders that UEGCL will re-engineer all its processes so as to conform to; its enhanced mandate of project implementation and operational management, and to the expectations of Government and all stakeholders through the provision of sustainable, affordable and reliable power supply. practices

Dr. Eng. Harrison Mutikanga
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S MESSAGE

It gives me great pleasure to present my maiden foreword in this Annual Report. I take this opportunity to thank all our esteemed stakeholders, management and staff for having completed yet another year.

I wish to first and foremost thank the Board for having entrusted me with the responsibility of steering UEGCL to greater heights. In retrospect, I give due cognisance and laud the Board and the previous management for the robust foundation that has been laid for the furtherance of UEGCL's goals and objectives.

Commencing with the review of the financial position, the company posted a loss of UGX 9.1 billion on the Income Statement. The total revenues were UGX 7.5 billion, and the total expenses were UGX 17.1 billion. The variance of 12.7 billion arose from the plant depreciation charge which was not provided for by ERA thus the loss of UGX 9.1 billion. As mentioned in the Chairman's foreword, this was mainly due to factors beyond our control, and we, together with the Board, will work to ensure that this position is quickly reversed. However, on a positive note, the Company posted a positive cash flow buoyed mainly by the Government contribution to the monitoring and implementation of capital projects, and our accumulated savings. Therefore, no doubt is cast upon the Company's ability to continue as a going concern that is able to realize its assets and discharge its liabilities in the normal course of business.

In regard to operations, UEGCL ensured the effective monitoring of the Kira-Nalubaale Concession which in turn translated into the optimal operation of the Plants throughout the year. Plant availability during the year was maintained at an average of 95%. This was coupled with a number of strategic meetings held with the concessionaire to iron out any deviances from the Concession Agreements by either party. A capacity test was carried out in June 2014, which sustained gross generation for three hours at 290 MW, and the highest recorded generation stood at 299 MW. Furthermore, appropriate corrosion protection and replacement of some electrical components was carried out to remedy challenges encountered at the Kira Hydropower Station. It is worth noting that the Kira-Nalubaale hydropower station is significant as it maintains the lowest unit cost of generation, thus translating into an affordable and cost effective Tariff in line with Governments objective of ensuring competitiveness within the region.

In regard to investments, the Company made significant strides in the implementation of the 4 Flagship Hydropower Projects of Karuma, Isimba, Nyagak III, and Muzizi as follows;

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a) Under the **Karuma Hydro Power Project (600MW)**, 15% Advance payment was made, site mobilisation done, auxiliary facilities done, 1.5 KM of tunnelling completed and the basic design report submitted.
b) Under the **Isimba Hydro Power Project (183MW)**, the river was successfully diverted and dam excavation was completed.
c) Under the **Nyagak III Hydropower Project (5.5 MW)**, a Strategic Partner was procured to undertake the Project with UEGCL under a Public Private Partnership (PPP) arrangement, and construction is due to commence in the next Financial Year.
d) Under the **Muzizi Hydropower Project (44.7 MW)**, commitment of Project Financing of EUR 84M and Grant of EUR 4M from KfW and AFD was secured.

Furthermore, in line with our commitment to environmental protection and sustainable electricity generation, the Bugungu Forestation Project in Buikwe District was successfully maintained.
These achievements notwithstanding, some of the major operational draw backs were;

a) The Technical challenges associated with the aging plant of Nalubaale Power Station that results into frequent outages.
b) As in the past years, some components of the concession fee namely, Return on Equity, Depreciation and Debt Payment and were not allowed into the tariff hence an inadequate budget;
c) Conflict in project implementation roles between UEGCL, and the Ministry of Energy and Mineral Development (MEMD), particularly construction supervision of Karuma and Isimba Hydropower projects.
d) Outstanding receivables from UETCL (UGX 32bn): This amount was billed to UETCL between 2001 and 2002 but has remained unpaid. This amount was to be utilized to pay GoU (loan repayment on behalf of UEB) and to refund money spent by UEB to pay Power III contractors. It has been a reason for qualifying the UEGCL Financial Statements. Given the long standing status of these receivables, it is our hope that they will be written off as has been done with UETCL.

I wish to end this foreword by recognising our various partners in service who have continuously supported the Company in its various exploits and endeavours. I wish to start by thanking the Government for the strategic policy direction which guides our goals and aspirations as a Company. Special thanks goes to the Ministry of Finance Planning and Economic Development and that of Energy and Mineral Development for the support accorded to the Company through the year. In the same breadth we recognise and thank the Development Partners who have always been willing and ready to augment our resources. I wish also to most heartily thank our esteemed stakeholders in the sector including; ERA, UETCL, UEDCL, UMEME, and REA. Finally, last but not least, I thank our staff who have worked tirelessly to ensure that the Company continues operating as a going concern.

As a futuristic aspiration, I pledge to all our stakeholders that UEGCL will re-engineer all its processes so as to conform to; its enhanced mandate of project implementation and operational management, and to the expectations of Government and all stakeholders through the provision of sustainable, affordable and reliable power supply.

Dr. Eng. Harrison Mutikanga
Chief Executive Officer

CORPORATE GOVERNANCE STATEMENT

UEGCL adopted a new Board Charter and strives to uphold corporate governance as explained below.

The Board devotes considerable attention to corporate governance matters relating to the Company's internal controls and compliance activities. Our annual Board Calendar is designed to enable the Board to deliver the key Concession and Projects activities geared towards steering the Company in the right direction and creating value for the Shareholders.

Shareholders' Meetings

The Company held an Extra-Ordinary General Meeting on the 20thof June 2015. However, the Company was unable to hold an AGM for the year ended 31st December 2013owing to delay in conversion of UEGCL debt into equity. The Company could not therefore present accounts to Shareholders as required in an AGM.

Balanced Board of Directors' Composition

As shown below, the Board is diverse in terms of gender and skills with a balance of Independent Non—Executive Directors and None-Executive Directors hence enabling constructive discussion and decision making. Their Engineering, Financial and Economic expertise are aligned towards the needs of the Energy Industry and in particular Electricity.

NO	Director	Category
1	Dr. Robert Stephen Isabalija	Chairman/ Independent Non - Executive Director
2	Eng. Paul Mubiru	Non- Executive Director
3	Dr. Nixon Kamukama	Independent Non - Executive Director
4	Mrs. Jennifer Lubaale Katagyira	Non- Executive Director
5	Ms. Zeridah Zigiti	Non- Executive Director
6	Eng. Proscovia Margaret Njuki	Independent Non - Executive Director

Board of Directors' Meetings

The Board is collectively responsible for the long-term success of the Company, its direction and control.The Board is accountable to the Shareholders for the Company's performance and long-term success. It provides the leadership necessary for the Company to meet its strategic goals. The Members devoted requisite time to attendance of Board Meetings as shown in the record of attendance below.

The Board meeting with the Sinohydro Corporation Team during their visit to Karuma

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Ordinary (38th – 40th) Meeting		30.6.14 and 8/7/2014	Nil
			1
		12.12.14	Nil
Special (48th – 57th) Meeting	10	6.3.14	1
		31.3.14	1
		24.4.14	Nil
		5th – 9th May 2014	Nil
		16.6.14	Nil
		19.6.14	1
		30.7.14	2
		27.8.14	1
		27.10.14 - 28.10.14	1
		21.11.14	2
Committees Audit Risk & Compliance (3rd – 9th)	7	7.1.14	Nil
		3.2.14	Nil
		25.2.14	Nil
		29.4.14	Nil
		1.7.14	Nil
		10.7.14	Nil
		21.10.14	1
Finance (4th – 7th) Committee	4	5.2.14	Nil
		19.6.14	Nil
		3.10.14	Nil
		18.11.14	Nil
Technical (1st -2nd) Committee	2	20.2.14	Nil
		23.9.14	Nil
Planning and General Purpose (1st -2nd) Committee	2	15.1.14	Nil
		27.2.14	Nil
Remuneration (1st – 2nd) Committee	2	30.1.14	1
		27.2.14	Nil

Conflict of Interest

The Board has formal procedures for managing conflicts of interest in accordance with the Companies Act 2006 and Directors are required to declare of any conflict issues to the Company Secretary.

Directors' Development

In spite of the absence of funding to conduct the requisite training for the Board of Directors, they were consistently updated by the Company Secretary on the new Laws and Regulations. An Orientation program was also held for the new Directors and all Directors together with Departmental and Project heads attended from the 3rd July 2014 to the 5th of July 2014.The key areas addressed were Corporate Governance, Public Procurement, Role of Board of Directors and Company Secretary, the Audit function, and role of the Electricity Regulatory Authority among others.

Shareholder Engagement

The Board is committed to sustained dialogue with Shareholders and the Line Ministry. The dialogue has enabled UEGCL to get the requisite support notably release of the Project funds for Karuma HPP and Isimba HPP. The Non-Executive Directors who represent the Line Ministry and Shareholders liaise with the respective Shareholders on policy and financial issues.

The Board Trip to Muzizi Hydropower Project Site

Risk Management and Internal Control

The board adopted an Internal Audit Charter and Manual.

The Company' risk management and internal control are geared towards safeguarding Shareholders' investment. It is designed to identify, evaluate and manage risks that may impede the Company's objectives.

With the support of the Audit, Risk and Compliance Committee, the Internal Audit Department carries out a review of the effectiveness of the Company's risk management and internal control systems quarterly. To that end, the Audit, Risk and Compliance Committee of the Board receives quarterly audit reports from the Internal Audit Department

Company Secretary

The Company Secretary is responsible for the efficient administration of the Company, particularly ensuring compliance with statutory and regulatory requirements and for ensuring that decisions of the Board of Directors are implemented. The Company Secretary acts as a point of communication between the Board of directors and Company Shareholders, reporting in a timely and accurate manner on company procedures and developments.

All directors have access to the services of the Company Secretary.

Compliance

UEGCL conducts business in accordance with relevant laws and regulations. Annual returns were filed while requisite Board and shareholder resolutions were registered.

Going concern

From the Directors' analysis, the Company will remain a going concern for at least the next twelve months from the date of this statement.

2015 Strategic Outlook and Priorities

In line with our strategic goals, Uganda's Vision 2040 and the 2010/11-2014/15 National Development Plan, we shall continue diligently carrying our our key mandate of efficient monitoring of Concessions, development and operation of electricity generation plants as below;

- Continued diligent supervision of the Engineering, Procurement & Construction (EPC) Contractors for Karuma and Isimba HPP to ensure compliance with the Laws, EPC Contract Specifications and ultimately timely delivery of the projects.
- Excavation of the Power House, River Diversion, and Commencement of concrete dam works, approval of basic design reports and attain financial closure for Kauma HPP.
- Financial Closure and Commencement of Construction for Isimba HPP.
- Recruitment of more Project Staff for Karuma and Isimba HPP to ensure adequate supervision of the Engineering, Procurement and Construction (EPC) Contractors.
- Tackle the issue of the aging Nalubaale Hydro Power Station by review of studies and proposals for remedial works.
- Monitor and supervise the Eskom Concession and the operations of Namanve in accordance with prudent utility practice.
- Conclude Compensation of Nyagak III Small Hydro Power Project Affected Persons(PAPs) and Ground Breaking.
- Attain financial closure for Muzizi HPP and conclude detailed design.
- Conclusion of the Feasibility Studies for Ayago HPP in particular the Environmental and Social Impact Assessment (ESIA), Engineering Designs, Geological Studies and Plant optimization, Economic and Financial analysis.
- Oversee implementation of the power generation disaster preparedness plan.
- Monitor and mitigate the impact of the Company's operations on the environment.
- Develop a comprehensive Research and Development Policy.
- Review and re-align the organization structure to strategic objectives.
- Setting up a Hydro Power Training School.

Annual Report 2014
Uganda Electricity Generation Company Limited

SAFETY:
we ensure at
our Projects

Annual
Report
2014

Uganda Electricity
Generation Company
Limited

DIRECTOR'S
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014

1. DIRECTORS

The directors who held office during the year and to the date of this report were:

Name	Designation
Dr. Robert Stephen Isabalija	Chairperson
Eng. Paul Mubiru	Member
Mrs. Jennifer Katagyira Lubale	Member
Dr. Nixon Kamukama	Member
Ms. Zeridah Zigiti	Member
Eng. Proscovia Margaret Njuki	Member
Dr. Eng. Harrison .E. Mutikanga	Chief Executive Officer (Appointed on 1 December 2014)

2. REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Branch office
Plot 18-20 Faraday Road
P. O. Box 1101
Jinja-Uganda

Head office
3rd Floor, UEDCL Towers
Plot 37, Nakasero Road
P.O. Box 75831
Kampala – Uganda

3. COMPANY SECRETARY

Mrs. Georgina Kugonza Musisi (Resigned 31 October 2014)
Mr. Martin Mark Obia (Joined on 12 January 2015)
3rd Floor, UEDCL Towers
Plot 37, Nakasero Road
P.O. Box 75831
Kampala-Uganda

4. BANKERS

Standard Chartered Bank Uganda Limited
P.O. Box 1583
Jinja-Uganda

Bank of Uganda
P.O. Box 7120
Kampala-Uganda

Stanbic Bank Uganda Limited
17 Hannington Road
Crested Towers
P.O. Box 7131
Kampala, Uganda

The directors submit their report together with the audited financial statements for the year ended 31 December 2014 which disclose the state of affairs of Uganda Electricity Generation Company Limited (“the company” or ‘UEGCL’).

1. PRINCIPAL ACTIVITIES

The company was established by the Public Enterprises Reform and Divestiture Act Cap 98 and the Electricity Act, Cap. 145 under the Companies Act, 2012 with the main objective of taking over, as a going concern, the generation activities of Uganda Electricity Board (UEB) established under Cap 135 of the laws of Uganda together with all or any part of the property, assets and liabilities associated with it.

The company’s principal business is the generation of electricity and operation and maintenance of generation plants in addition to other roles assigned by the Ministry of Energy and Mineral Development from time to time and the roles incidental to the objectives set out in its Memorandum of Association. By virtue of a Concession and Assignment Agreement (‘concession agreement’) signed between the company and Eskom Uganda Limited (‘EUL’ or ‘Eskom’ or ‘the Concessionaire’), the company’s two assets, Nalubaale and Kira Power Stations, (‘the complex’) were concessioned out to the concessionaire, for a term of twenty five (25) years effective April 2003, with a contractual responsibility of operation and maintenance of the complex. As a result, the company also plays a vital role in the monitoring of the performance of the concessionaire against the agreed performance parameters.

2. RESULTS

The results for the year are set out on page 7. The loss for the year of Ushs 9.10 billion (2013: loss: Ushs 10.03 billion) has been transferred to accumulated losses.

3. DIVIDEND

The directors do not recommend payment of a dividend for the year ended 31 December 2014 (2013: Nil).

4. AUDITORS

In accordance with Article 163 of the Constitution of the Republic of Uganda, Section 17 of the Public Enterprises Reform and Divestiture Act, Cap.98 and Sections 13 (1) (a), 17 and 23 of the National Audit Act, 2008 , the financial statements of the company shall be audited once every year by the Auditor General. Section 23 of National Audit Act, 2008 permits the Auditor General to appoint private auditors to carry out such audit on his/her behalf. For the year ended 31 December 2014, M/s Ernst & Young Certified Public Accountants were appointed to act on behalf of the Auditor General.

5. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 14th August 2015.

By order of the Board,

Company Secretary

14th August 2015

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2014

The Companies Act, 2012 and Electricity Act, 1999 (Cap 145) of Uganda require the directors to prepare financial statements for each financial year, which give a true and fair view of the state of the financial affairs of the company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure the company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are ultimately responsible for the internal control of the company. The directors delegate responsibility for internal control to management. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the company's assets. Appropriate accounting policies supported by reasonable and prudent judgements and estimates, are applied on a consistent basis and using the going concern basis. These systems and internal controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The directors accept responsibility for the year's financial statements, which have been prepared using accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2012. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company will have adequate resources to continue in business for the foreseeable future. This assessment is based on the fact that the company is established under laws of Uganda to provide a service in the power sector and there is no indication that this arrangement will be changed in the foreseeable future. The company's main source of revenue is the concession fee billed to Eskom Uganda Limited which is expected to cover the company's operating costs at a minimum. As such, the directors are not aware of any material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

The financial statements were approved by the Board of Directors on ....14th / Aug /........ 2015 and signed on its behalf by:

Director **Director**

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2014

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF UGANDA ELECTRICITY GENERATION COMPANY LIMITED FOR THE YEAR ENDED 31ST DECEMBER, 2014

THE RT HON. SPEAKER OF PARLIAMENT

I have audited the accompanying financial statements of Uganda Electricity Generation Company Limited, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

My responsibility is to express 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 is to audit and express an opinion on these statements based on my audit. I conducted the audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Part "A" of this report sets out my qualified opinion on the financial statements. Part "B" which forms an integral part of this report presents in detail all the significant audit findings made during the audit which have been brought to the attention of management.

PART "A"

Basis for qualified opinion

i. **Impairment of assets**
As indicated in note 13 to the financial statements, the average electricity capacity generated by the company's plant during the year was below the installed capacity of the plant. This is an indicator of impairment and as such the company performed an

impairment assessment as required by International Accounting Standard (IAS) 36 which resulted into an impairment of UGX.138 billion. However the impairment loss has not been accounted for in the company's financial statement.

Therefore the carrying Amount of the company's property, plant and equipment (PPE) and Equity as at 31st December 2014 have been over stated by UGX 138 billion respectively

ii. **Debt service and depreciation fee components**
Whereas the Concession and Assignment Agreement between the company and the operator of the plant, Eskom Uganda Limited, grants the company a right to charge debt service and depreciation components as part of the concession fees payable by the operator to the company. These components were not billed during the year. Also noted was that the company has not accrued for the fees billable during the year. As a result, the revenue for the year is understated and the interest and depreciation expenses are not matched with revenue.

iii. **Long outstanding balance**
As disclosed in note 22, the financial statements include a long outstanding amount due to Government of Uganda of UGX. 33.828 billion. We did not obtain sufficient audit evidence to support the correctness of the balance as no confirmation was received from Government of Uganda.

IV. **Conversion of Government of Uganda Loans to Equity**
As indicated in notes 20 and 21, the company loans due to the government of Uganda amounting to 105.2 Billion were converted into equity, However although the shareholders resolved to have the loans converted into equity, the Resolution has not been filed with the Registrar of Companies. In addition, not all the approvals have been obtained, as stipulated in the shareholder's resolution. The resolution required that approval to convert the loans to equity is sought from Parliament. The Parliamentary approval has not yet been obtained to date

iv. **Classification of Contributions from Government of Uganda as Equity y Contribution**
As indicated in note 20, as at 31 December 2014, the Government of Uganda, through the Ministry of Energy and Mineral Development, had disbursed UGX. 5.99 billion to facilitate the supervision of Karuma and Isimba Hydro Power Projects. The contributions have been accounted for under equity. Classification as Equity is, however, not supported by shareholders' resolutions.

Qualified opinion

In my opinion, except for the possible effects on the financial statements of the matters referred to in the basis for qualified opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the financial position of Uganda Electricity Generation Company Limited as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2012 of the laws of Uganda.

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2014

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Companies Act, 2012 of Uganda i report to you, based on my audit that;

i. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of the audit;

ii. in my opinion proper books of account have been kept by the company, so far as appears from my examination of those books; and

iii. the statement of financial position and statement of comprehensive income are in agreement with the books of account.

John F. S. Muwanga
AUDITOR GENERAL

26th August, 2015

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Ushs '000	2013 Ushs '000
Concession fees	3	5,970,938	4,454,455
Other operating income	4	1,513,642	10,651,407
Total income		**7,501,687**	**15,105,862**
Staff costs and employee benefits	5	(2,740,346)	(4,360,738)
Project administration expenses	6	-	(5,483,768)
Other administration expenses	7	(2,175,519)	(4,632,937)
Depreciation and amortization charge	8(a)	(12,693,869)	(12,384,724)
Foreign exchange gains/(losses)	8(b)	497,989	6,849,608
Gain on disposal of assets		-	996
Total operating expenses		**(17,111,745)**	**(20,011,563)**
Operating loss		**(9,610,058)**	**(4,905,701)**
Interest income	9	511,976	844,721
Interest expense	10	-	(5,977,611)
Loss before tax	**11**	**(9,098,081)**	**(10,038,591)**
Income tax expense	12(a)	-	-
Loss for the year		**(9,098,081)**	**(10,038,591)**
Other comprehensive income		-	-
Total comprehensive loss for the year, net of tax		**(9,098,081)**	**(10,038,591)**

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Ushs '000	2013 Ushs '000
ASSETS			
Non-current assets			
Property, plant and equipment	13	456,634,077	469,178,393
Prepaid operating lease rentals	14	843,910	943,795
WIP-Projects	15	2,330,054	
		459,808,041	470,122,188
Current assets			
Due from related parties	16(ii)	31,176,347	31,295,241
Trade and other receivables	17	3,164,295	2,800,751
Fixed deposits at amortized cost	18	3,918,703	5,462,087
Cash and bank balances	19	12,262,233	6,034,993
		50,521,573	45,593,072
TOTAL ASSETS		**510,329,619**	**515,715,260**
EQUITY AND LIABILITIES			
Equity			
Issued capital	20	105,208,171	105,208,169
Capital contributions	20	554,861,676	554,861,676
Government Contributions Projects	23	5,990,601	
Accumulated losses		(199,531,923)	(190,433,842)
		466,528,524	469,636,003
Non-current liabilities			
Due to Government of Uganda	21	33,827,934	33,827,934
		33,827,934	33,827,934
Current liabilities			
Provision for current income tax	12(b)	-	-
Due to other related parties	16(iii)	1,442,937	1,330,866
Government of Uganda loans: current portion	22	-	-
Due to Electricity Regulatory Authority	24	6,129,813	6,129,813
Trade and other payables	25	2,320,206	3,500,700
Gratuity payable	26	80,206	1,289,944
		9,973,162	12,251,323
TOTAL EQUITY AND LIABILITIES		**510,329,619**	**515,715,260**

The financial statements were approved for issue by the Board of Directors on...14th/Aug/...2015 and signed on its behalf by:

.... Director

.... Director

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Issued capital Ushs '000 (Note 19)	Capital contributions Ushs '000 (Note 19)	Accumulated losses Ushs '000	Government Contribution Ushs '000	Total Ushs '000
At 1 January 2013	1	554,861,676	(180,395,251)	-	374,466,426
Loss for the year	-	-	(10,038,591)	-	(10,038,591)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss, net of tax	-	-	(10,038,591)	-	(10,038,591)
Conversion of Government of Uganda loans to equity	105,208,168				105,208,168
At 31 December 2013	**105,208,169**	**554,861,676**	**(190,433,842)**	**-**	**469,636,003**
At 1 January 2014	105,208,169	554,861,676	(190,433,842)	-	469,636,003
Loss for the year	-	-	(9,098,081)	-	(9,098,081)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss, net of tax	-	-	(9,098,081)	-	(9,098,081)
Government Contributions		-	-	5,990,602	5,990,602
At 31 December 2014	**105,208,169**	**554,861,676**	**(199,531,923)**	**5,990,602**	**466,528,524**

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Ushs '000	2013 Ushs '000
OPERATING ACTIVITIES			
Loss before tax		(9,098,081)	(10,038,591)
Adjustments for:			
Interest income	9	(511,976)	(844,721)
Interest expense	10	-	5,977,611
Depreciation and amortization	8(a)	12,693,869	12,384,724
Unrealised exchange (gains)/losses		(2,155)	(7,613,743)
Waiver of tax arrears	12	-	(5,289,362)
(Gain)/loss on disposal of assets		-	(996)
		3,081,656	**(5,425,078)**
Working capital adjustments:			
(Increase)/Decrease in trade and other receivables		(363,544)	1,312,645
(Decrease)/Increase in trade and other payables		(1,180,494)	2,146,594
(Decrease)/Increase in gratuity payable		(1,209,738)	39,175
(Decrease)/increase in grants		-	(703,325)
Increase/(Decrease) in amounts due from related parties		118,898	(56,620)
Increase/(Decrease) in amounts due to related parties		112,072	(162,802)
Cash (used in)/generated from operations		**(2,522,806)**	**(2,849,411)**
Interest received		838,367	956,303
Interest paid		-	(2,176,203)
Net cash flows (used in)/generated from operating activities		**1,397,218**	**(4,069,311)**
INVESTING ACTIVITIES			
Proceeds from sale of assets		-	3,276
Purchase of property, plant and equipment	13	(48,318)	(331,712)
Expenditure on WIP projects	15	(2,330,054)	-
Net cash flows used in investing activities		**(2,378,372)**	**(328,436)**
FINANCING ACTIVITIES			
Loan repayments	21	-	(2,849,797)
Government Contributions to projects	20	5,990,601	
Net cash flows used in financing activities		**5,990,601**	**(2,849,797)**
Net (decrease)/increase in cash and cash equivalents		5,009,446	(7,247,544)
Cash and cash equivalents at 1 January		11,497,080	18,744,624
Cash and cash equivalents at 31 December	19	**16,180,936**	**11,497,080**

1. REPORTING ENTITY AND GOING CONCERN

1.1. Reporting entity

Uganda Electricity Generation Company Limited (the 'company' or 'UEGCL') is a corporate body, incorporated under the Companies Act, 2012 and in conformity with the Electricity Act, 1999. The company was incorporated in March 2001 to operate and maintain the generation plants at Nalubaale and Kiira power stations that were formally owned and operated by UEB. The company is primarily involved in the monitoring of the 20 year concession arrangement with Eskom Uganda Limited and construction of electricity power plants.

1.2. Going concern

The directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company will have adequate resources to continue in business for the foreseeable future. This assessment is based on the fact that the company is established under laws of Uganda to provide a service in the power sector and there is no indication that this arrangement will be changed in the foreseeable future. The company's main source of revenue is the concession fee billed to Eskom Uganda Limited which is expected to cover the company's operating costs at a minimum. As such, the directors are not aware of any material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the principal accounting policies used in preparation of these financial statements. The policies have been applied consistently to all periods presented and are set out below.

a) Basis of accounting and statement of compliance

The financial statements are prepared on the historical cost basis unless otherwise stated. The financial statements are presented in Uganda Shillings which is the company's functional currency, rounded to the nearest thousands (Ushs '000).

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and the requirements of the Companies Act, 2012 of Uganda.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and that revenue can be measured reliably. Revenue is measured at the fair value of the consideration received excluding Value Added Tax, discounts, commissions, rebates and other sales taxes.

Concession fees receivable from the concessionaire (Eskom) for operating and maintaining the complex (the two dams of Kiira and Nalubaale) is recognized in the statement of comprehensive income on a monthly basis. The concession fees are based on the amount pre-approved by Electricity Regulatory Authority on annual basis and comprise of the components specified in the concession agreement, debt service, depreciation of the concession assets and administration expenses.

Concession fees comprise of the amounts invoiced on a monthly basis and are stated net of VAT and discounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Interest income and expenses

Interest income comprises of income on funds invested in fixed deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

Interest expense comprises of interest charges on the company's borrowings and is recognised using the effective interest rate method.

d) Translation of foreign currency transactions and balances

Transactions in foreign currencies are translated into Uganda Shillings using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Uganda Shillings at the exchange rates ruling at that date. Foreign currency differences arising on translation are recognized in profit or loss except for differences arising on translation of available-for-sale equity instruments.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into Uganda Shillings at the exchange rate at the date when the fair value was determined.

e) Service concession arrangements

A service concession arrangement is typically an arrangement involving a private sector entity (the operator) constructing and/or upgrading, operating and maintaining infrastructure used to provide a public service for a specified period of time. The operator is paid for its services over the period of the arrangement. The arrangement is governed by a contract that sets out performance standards, mechanisms for adjusting prices and arrangements for arbitrating disputes. The grantor (the party that grants the service arrangement) controls the infrastructure and the operator is required to return the infrastructure to the grantor at the end of the concession period.

The company (the grantor) entered into a service concession arrangement where it is the grantor. On 26 November 2002, the company entered into a service concession agreement with Eskom Uganda Limited to operate two hydropower dams at Kiira and Nalubaale power stations. Under the terms of the agreement, Eskom is to operate and maintain the dams for a period of 20 years. Eskom is responsible for any maintenance services required during the concession period.

The company is charged with the responsibility of managing the concession on behalf of Government of Uganda which owns the assets constituting these dams.

The standard rights of the grantor to terminate the agreement include poor performance by Eskom and in the event of a material breach in the terms of the agreement. The standard rights of Eskom to terminate the agreement include failure of the grantor to make payment under the agreement, a material breach in the terms of the agreement, and any changes in law which would render it impossible for Eskom to fulfil its requirements under the agreement.

The concession agreement assigns the company the right of ownership to all modifications incorporated into the complex by Eskom during the concession term. The concession assets handed over to Eskom are recognised as property, plant and equipment of the company because the contractual service arrangement does not convey the right to control the use of the public service infrastructure to Eskom. However, the company does not recognise the modifications and upgrades as assets because the company does not incur any costs on these modifications. Eskom recovers the cost incurred from Uganda Electricity Transmission Company including a return on investment of 12% per annum. At the end of the concession, the company will assess the recognisability of the remaining book value of the modifications.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Recognition and measurement
Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When part of the item of property, plant and equipment has different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent cost
The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

De-recognition
An item of the property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amounts of property, plant and equipment. When revalued assets are disposed off, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Depreciation
Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

Nalubaale & Kiira Power Station – Civil	1.25%
Nalubaale & Kiira Power Station – Others	2.50%
Nalubaale & Kiira Power Station Plant	8.30%
Furniture and fittings	12.5%
Office machinery and equipment	20%
Computers	20%
Buildings	2.5%
Motor vehicles	20%
Tools and equipment	12.5%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Property, plant and equipment (continued)

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.
No depreciation is charged for property, plant and equipment in the course of construction (capital work-in-progress). Upon completion of the project, the accumulated cost is depreciated using the depreciation rate of the appropriate property, plant and equipment category set out above.

g) Prepaid operating lease rentals

Leasehold land is recognised as an operating lease. Any upfront payments are recognised as prepaid lease rentals and recorded under non-current assets and are amortised over the remaining period of the lease on a straight-line basis.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

h) Cash and cash equivalent

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks that are due within three month, and investments in money market instruments, net of bank overdrafts, if any.

i) Provisions

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

j) Dividends

Dividends are recognised as a liability in the period in which they are declared. Proposed dividends are disclosed as a separate component of equity until ratified at the Annual General Meeting.

k) Tax

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the provisions of the Income Tax Act (Cap 340) of Uganda. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Tax (continued)

Deferred income tax
Deferred income tax is provided for in full at the reporting date, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Deferred income tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset, if there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity in the same taxation authority.

Value Added Tax (VAT)
Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on a purchase of goods and services is not recoverable from Uganda Revenue Authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense for the item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial Instruments

i) Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial instruments at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial assets and financial liabilities are recognised initially at fair value plus transaction costs, except in the case of financial instruments recorded at fair value through profit or loss. The company's financial assets include cash and short-term deposits, trade and other receivables, amounts due from related parties and staff loans, and the company's financial liabilities include trade and other payables, amounts due to related parties and borrowings (Government of Uganda loans).

ii) Subsequent measurement

Bank balances, trade receivables and other receivables and amounts due from related parties
These financial assets are classified as loans and receivables, as they are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as 'financial assets held-for-trading', designated as 'financial investments available-for-sale' or financial assets designated 'at fair value through profit or loss'. After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate method, less allowances for impairment. Amortisation is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate. The amortization is included in profit or loss. The losses arising from impairment are recognized in profit or loss.

Borrowings, amounts due to related parties and trade payables
After initial measurement, these financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortisation is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate. The amortization is included in profit or loss.

iii) De-recognition of financial assets and financial liabilities

Financial assets
A financial asset is de-recognised where:
- The rights to receive cash flows from the asset have expired; or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and Either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial Instruments (continued)

iii) De-recognition of financial assets and financial liabilities (continued)

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

m) Impairment of assets

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-financial assets
The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of what the asset's carrying amount would have been net of depreciation or amortization if no impairment loss was recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Employee benefits

Gratuity scheme
The company operates a gratuity scheme where the employees' benefits are measured as follows:

i) Permanent staff - for each year worked, 25% of the gross annual salary.
ii) Contract staff - for each month worked, 25% of the gross monthly salary.

The employee benefits arising from the gratuity scheme are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Changes to the Gratuity Scheme

With effect from 1 April 2014, a new retirement benefit scheme was set up where members of staff contribute 5% of their gross monthly salary and the Company contributes 25% of the gross monthly salary for each month worked for the contract staff. The scheme was registered as a defined benefit contribution with the Uganda Retirement Benefits Regulatory authority.

National Social Security Fund
The company also makes contributions to a statutory scheme, the National Social Security Fund (NSSF). Contributions to NSSF are determined by applicable statute and are shared between employer and employee. The company's contributions of 10% on employee emoluments are charged to profit or loss in the year to which they relate.

2.1. ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

(i) New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. Changes resulting from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRSs that were effective for the current reporting period did not have any impact on the accounting policies, financial position or performance of the Company.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27):** These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10.

- **IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32:** These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting.

- **IFRIC Interpretation 21 Levies (IFRIC 21):** IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

- **IAS 36 Disclosure requirements for the recoverable amount of impaired assets - Amendments to IAS 36:** Clarifies the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- **IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39:** These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

(ii) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are described below. This description is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Company's financial position or performance in the period of initial application. In cases where it will have an impact, the Company is still assessing the possible impact.

Standards and interpretations issued or revised but not yet effective for the financial year ended 31 December 2014

- IFRS 15: Revenue from Contracts with Customers (Effective 1 January 2016)
- IFRS 14: Regulatory Deferral Accounts (Effective 1 January 2016)
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (Effective 1 January 2016)
- IAS 16 and IAS 41: Accounting for bearer plants (Effective 1 January 2016)
- IFRS 9: Financial instruments (Effective 1 January 2018)
- IAS 19: Defined Benefit Plans: Employee Contributions (Effective 1 July 2014)
- IFRS 11: Accounting for the acquisition of interests in a Joint Operation (Effective 1 January 2016)
- IAS 27: Equity method in separate financial statements (Effective 1 January 2016)

2.1 ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS (Continued)

(ii) Standards issued but not yet effective (Continued)

Improvement project
Below is a summary of the improvements issued in December 2013 but which were not yet effective for the financial year ended 31 December 2014:

- IFRS 2 – Share-based Payment (Effective 1 July 2014)
- IFRS 3 – Business Combinations (Effective 1 July 2014)
- IFRS 8 – Operating Segments (Effective 1 July 2014)
- IAS 16 – Property, plant and equipment and IAS 38 Intangible Assets (Effective 1 July 2014)
- IAS 24 – Related Parties (Effective 1 July 2014)
- IAS 40 – Investment Property (Effective 1 July 2014)
- IFRS 13 - Short term receivables and payables (Effective 1 July 2014)
- IAS 24 – Key management personnel (Effective 1 July 2014)
- IFRS 3 – Scope of Joint ventures (Effective 1 July 2014)
- IFRS 13 – Scope of Paragraph 52 (Effective 1 July 2014)

3. CONCESSION FEES

	2014 Ushs '000	2013 Ushs '000
Administration component	5,970,938	4,454,455

The debt service and depreciation component was not accrued for during the year under review because it was not included in the tariff methodology approved by Electricity Regulatory Authority.

4. OTHER OPERATING INCOME

	2014 Ushs '000	2013 Ushs '000
Grant income from KFW - Muzizi feasibility study	452,340	4,902,899
Interest on staff loans	-	51,966
Staff loan notional interest income	-	-
Sundry Income	159,356	20,168
Other income	919,053	97,218
Write-off of amounts due to related parties (note 15(iii))	-	37,493
Waiver of corporation tax arrears	-	5,289,362
Repair of access roads to Nalubaale dam	-	252,301
	1,530,749	**10,651,407**

5. STAFF COSTS AND EMPLOYEE BENEFITS

	2014	2013
Salaries	1,504,819	2,386,920
Company contributions to NSSF and other funds	97,389	387,070
Other staff benefits and allowances	1,138,138	1,586,748
	2,740,346	**4,360,738**

The average number of persons employed by the company during the year was 43 (2012: 44). During the year ended, project employee benefits were capitalised as they arose directly from the construction of Karuma and Isimba Hydropower projects. This amounted to Ushs. 1,855,623,536.

6. PROJECT ADMINISTRATION EXPENSES

	2014 Ushs '000	2013 Ushs '000
Nkusi	-	4,853
Ngenge	-	7,155
Muzizi – feasibility study and transaction advisory	-	4,907,877
Isimba	-	19,066
Nyagak	-	533,657
Ayago	-	7,350
Buseruka	-	3,810
	-	**5,483,768**

6. PROJECT ADMINISTRATION EXPENSES (CONTINUED)

Project administration expenses mainly related to costs incurred by UEGCL in the monitoring and supervision of the on-going projects.

Muzizi
On 27 October 2010, UEGCL engaged a consultant, Fichtner GMBH & Co. to carry out a feasibility study and transaction advisory for Muzizi small hydropower project at Euro 1.5 million. The study was completed in 2013.

Isimba
On 6 September 2013, the Ministry of Energy and Mineral development signed a contract with China International Water and Electric Corporation. China international Water and Electric Corporation is the EPC (Engineering and procurement consultant) for the construction of the 183MW Hydro Electric Project. Completion of the project is slated for 2017.

Nyagak III
As at 31 December 2014, the agreement to finance the construction of the 4.5MW hydro power project had not yet been signed but Kfw is committed to offering a grant of 8 million Euros to fund the project with the balance of 6.5 million Euros being catered by the private sector partner who is yet to be procured. UEGCL procured the services of the IFC to enable them obtain a private sector partner for this project.

Karuma
A resettlement of plan was carried out by the Ministry of Energy and Mineral Development with the help of UEGCL to enable work start on the 600MW HPP. The appointed EPC for the project is Sinohydro and the project is slated to be completed in 2019. As at 31 December 2014 the project was still in its initial phase i.e. site clearing activities and resettlement of people in the surrounding areas.

7. OTHER ADMINISTRATION EXPENSES

	2014 Ushs '000	2013 Ushs '000
Transport expenses	153,811	337,771
Operational expenses	99,716	1,833,338
Audit fees and related expenses	34,447	33,875
Directors' allowances	241,007	157,801
Directors' expenses	85,529	310,905
Professional fees	1,809	13,102
Consultancy fees	119,918	30,159
Legal fees	56,000	24,400
Legal expenses	128,893	27,490
Other costs	1,254,389	1,864,096
	2,175,519	**4,632,937**

8. DEPRECIATION AMORTISATION CHARGE AND FOREIGN EXCHANGE LOSSES

a) Depreciation and amortisation charge

	2014 Ushs '000	2013 Ushs '000
Depreciation charge	12,592,634	12,297,323
Amortisation charge	101,235	87,401
	12,693,869	**12,384,724**

b) Net foreign exchange gains/(losses)

	2014 Ushs '000	2013 Ushs '000
Net foreign exchange gains/(losses)	497,989	6,849,608

The net foreign exchange gains include foreign exchange gains of Ushs 498 million (2013: gains of Ushs 6.8 billion) arising from translation of monetary transactions, assets and liabilities denominated in foreign currencies.

	2014 Ushs '000	2013 Ushs '000
9. INTEREST INCOME		
Interest income from fixed deposit accounts	511,976	844,721
10. INTEREST EXPENSE		
Government of Uganda loan	-	1,615,937
World Bank-IDA loan	-	4,361,674
	-	**5,977,611**

11. LOSS BEFORE TAX

	2014 Ushs '000	2013 Ushs '000
The following items have been charged to the loss before tax:		
Depreciation and amortization charge (note 8(a))	12,693,869	12,384,724
Staff costs and employee benefits (note 5)	3,950,480	4,360,738
Auditors' remuneration	34,447	33,875
Directors' remuneration	241,036	157,801
Foreign exchange gain/(losses) (note 8(b))	497,989	6,849,608

12. TAX

The tax rate is set at 30% on the results for the year as adjusted for tax purposes in accordance with the Income Tax Act (Cap 340) of Uganda.

	2014 Ushs '000	2013 Ushs '000
a) Income tax charge		
Current income tax charge for the year	-	-
Understatement of current income tax in prior years	-	-
Understatement penalties	-	-
	-	**-**

No current income tax has been recognised in these financial statements because the company had accumulated tax losses of Ushs. 92.6 billion as at 31 December 2014 (2013: Ushs 111.5 billion). The tax losses will be carried forward and utilised against future taxable profits in accordance with the Income Tax Act of Uganda.

12. TAX (CONTINUED)

a) Income tax charge (continued)

Reconciliation between the income tax expense and the product of accounting profit and the tax rate:

	2014 Ushs '000	2013 Ushs '000
Loss before tax	(9,098,081)	(10,038,591)
Tax calculated at 30% (2013: 30%)	(2,729,424)	(3,011,577)
Tax effect of expenses not deductible	3,577,979	3,449,125
Unrecognized deferred income tax (charge)/credit	22,434,824	(437,548)
Prior year under/(over) provision of deferred income tax	(22,702,511)	-
Income tax charge	-	-

b) Current income tax provision		
At 1 January	-	5,289,362
Provision for the year	-	-
Tax waiver	-	(5,289,362)
At 31 December	-	-

The income tax provision related to tax arrears which arose from the unbundling of the Uganda Electricity Board (UEB) in 2001.

On 8 August 2014, UEGCL received communication from Uganda Revenue Authority (URA) that the company's tax arrears were waived by the Minister of Finance, Planning and Economic Development.

c) Deferred income tax

Deferred income tax is calculated on all temporary differences using the liability method at a principal tax rate of 30%. As at 31 December 2014, the company had a deferred tax asset of Ushs 22.43 billion (2013: Ushs 29.52 billion). The deferred tax asset is attributable to the following:

	1 January 2014 Ushs '000	Movement for the year Ushs '000	31 December 2014 Ushs '000
Deferred income tax asset			
Accelerated tax depreciation	5,954,275	1,167,647	7,121,922
Short term Timing differences		543,674	(1,471,510)
Tax losses carried forward	(33,463,509)	(5,378,273)	(28,085,236)
	(29,524,518)	**(3,666,952)**	**(22,434,824)**

12. TAX (CONTINUED)

c) Deferred income tax (continued)

	1 January 2013 Restated Ushs '000	Movement for the year Ushs '000	31 December 2013 Ushs '000
Deferred income tax asset			
Accelerated tax depreciation	4,474,351	1,479,924	5,954,275
Provision for bad debts	-	(19,684)	(19,684)
Provision for terminal benefits	(375,231)	(11,752)	(386,983)
Net unrealized foreign exchange losses	(2,622,903)	1,014,386	(1,608,517)
Tax losses carried forward	(31,438,183)	(2,025,326)	(33,463,509)
	(29,961,966)	**437,548**	**(29,524,418)**

13. PROPERTY, PLANT AND EQUIPMENT

	Plant & Machinery Ushs '000	Buildings Ushs '000	Furniture & Fittings Ushs '000	Computers Ushs '000	Tools & Equipment Ushs '000	Communication Equipment Ushs '000	Motor Vehicles Ushs '000	Office Machinery Ushs '000	Total Ushs '000
COST									
At 1 January 2013	845,932,483	1,590,661	139,829	410,629	733,836	50,742	1,691,915	236,274	850,786,369
Additions	-	-	-	138,287	13,715	138,932	-	40,779	331,712
Write offs	-	-	-	(4,309)	-	-	-	-	(4,309)
At 31 December 2013	**845,932,483**	**1,590,661**	**139,829**	**544,607**	**747,551**	**189,674**	**1,691,915**	**277,053**	**851,113,773**
Additions	-	-	25,875	11,210	-	-	-	11,233	48,318
Write offs	-	-	-	-	-	-	-	-	-
At 31 December 2014	**845,932,483**	**1,590,661**	**165,704**	**555,817**	**747,551**	**189,674**	**1,691,915**	**288,286**	**851,162,091**
DEPRECIATION									
At 1 January 2013	366,791,985	737,530	68,462	280,173	692,607	36,429	862,701	170,199	369,640,086
Charge for the year	11,918,364	39,767	13,506	50,672	7,555	5,122	257,204	5,133	12,297,323
Write offs	-	-	-	(2,030)	-	-	-	-	(2,030)
At 31 December 2013	**378,710,349**	**777,297**	**81,968**	**328,815**	**700,162**	**41,551**	**1,119,905**	**175,332**	**381,935,379**
Charge for the year	12,210,856	39,767	16,421	52,125	8,989	5,122	232,646	26,708	12,592,634
Write offs	-	-	-	-	-	-	-	-	-
At 31 December 2014	**390,921,205**	**817,064**	**98,389**	**380,940**	**709,151**	**46,673**	**1,352,551**	**202,040**	**394,528,013**
NET CARRYING VALUE									
At 31 December 2014	**455,011,278**	**773,597**	**67,315**	**174,877**	**38,400**	**143,000**	**339,364**	**86,246**	**456,634,078**
At 31 December 2013	**467,222,134**	**813,364**	**57,861**	**215,791**	**47,389**	**148,122**	**572,010**	**101,721**	**469,178,394**

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Testing of the complex assets for impairment

The installed capacity of the power complex (Nalubaale and Kiira) is 380 MW. However, the average capacity generated during the year was about 140 MW (2013: 140MW). The low generating capacity is attributed to the varying water levels, which resulted in restricted amount of water released to the complex. The company has no control over the amount of water released through the complex. However, the complex is being operated and maintained in accordance with the laws of Uganda and prudent utility best practice. Management believes that operationally the complex is still intact and is not impaired. However, no impairment assessment was carried out as at the end of the year. The company plans to undertake the impairment assessment in the subsequent period.

Modifications to the complex by Eskom Uganda Limited

Under section 2.8 of the concession agreement with Eskom Uganda Limited (the operator), the company is entitled to a right of ownership on all modifications to the complex. However, the Power Purchase Agreement (PPA) between the operator and Uganda Electricity Transmission Company Limited (UETCL) entitles the operator to fully recover the cost of the modifications plus a 12% return-on-investment from UETCL. Therefore, although the company has a legal right of ownership, all the economic benefits arising out of the modifications are enjoyed by the operator. As such, the company has not recognised the value of the modifications in these financial statements. As at 31 December 2014, the operator had made a total investment in relation to modification of the complex amounting to Ushs 8.4 billion (2013: Ushs 33. billion).

14. PREPAID OPERATING LEASE RENTALS

	2014 Ushs '000	2013 Ushs '000
Cost		
At 1 January	2,021,764	1,997,514
Additions	1,350	24,250
At 31 December	2,023,114	2,021,764
Amortization		
At 1 January	1,077,969	990,568
Charge for the year	101,235	87,401
At 31 December	1,179,204	1,077,969
Net carrying amount	**843,910**	**943,795**

14. PREPAID OPERATING LEASE RENTALS (CONTINUED)

The prepaid operating lease rentals are made up as follows:

	Nalubaale Ushs' 000	Kiira Ushs' 000	Total Ushs' 000
Cost			
At 1 January 2013	1,556,320	441,194	1,997,514
Additions	24,250	-	24,250
At 31 December 2013	**1,580,570**	**441,194**	**2,021,764**
Additions	1,350	-	1,350
At 31 December 2014	**1,581,920**	**441,194**	**2,023,114**
Amortization			
At 1 January 2013	933,285	57,283	990,568
Charge for the year	83,027	4,374	87,401
At 31 December 2013	**1,016,312**	**61,657**	**1,077,969**
Charge for the year	95,958	5,277	101,235
At 31 December 2014	**1,112,270**	**66,934**	**1,179,204**
Net carrying value			
At 31 December 2014	**469,650**	**374,260**	**843,910**
At 31 December 2013	**564,258**	**379,537**	**943,795**

At inception of the leases, the lease obligations were paid up front. As such, the obligation resulting from the minimum lease payment was expunged at the beginning of the leases in a single payment.

15. WORK IN PROGRESS- PROJECTS

This amount relates to project costs so far incurred on Karuma & Isimba Hydro Power Projects. The work in progress relates to all the supervision costs being incurred by UEGCL in ensuring that the Karuma and Isimba Projects come to life. The costs incurred to date mainly consist of project salaries and wages for all staff involved on the two Hydro power projects. The costs are being capitalised as UEGCL expects to recover all the funds injected into the projects once the projects are completed and commissioned. The capitalisation of the cost incurred on Karuma and Isimba Commenced at the start of the year i.e. 1st December 2014.

	2014 Ushs '000	2013 Ushs '000
Opening Balance	-	-
Additions	2,330,054	-
Transfers to PPE	-	-
	2,330,054	**-**

16. RELATED PARTIES

Following the restructuring of Uganda Electricity Board (UEB), three Government of Uganda fully owned successor companies were created including the company. The other two companies, Uganda Electricity Transmission Company Limited (UETCL) and Uganda Electricity Distribution Company Limited (UEDCL) are related to the company through common shareholding.

The following are the transactions were carried out with related parties and the balances due to/from related parties:

UGANDA ELECTRICITY GENERATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. RELATED PARTIES (Continued)

	2014 Ushs '000	2013 Ushs '000
i) Transactions with directors		
Fees for services as directors	241,036	157,801
ii) Amounts due from related parties		
Uganda Electricity Transmission Company Limited (UETCL)	30,992,456	31,111,351
Uganda Electricity Board (UEB)	183,891	183,891
Uganda Electricity Distribution Company Limited (UEDCL)	-	65,612
	31,176,347	**31,360,854**
Provision for doubtful debts - UEDCL *	-	(65,613)
	31,176,343	**31,295,241**

*The amounts have been provided for because they have been long-outstanding in the company's books.

	2014 Ushs '000	2013 Ushs '000
iii) Amounts due to related parties		
Uganda Electricity Transmission Company Limited (UETCL)	10,194	10,194
Uganda Electricity Board (UEB)	1,318,048	1,318,048
Uganda Electricity Distribution Company Limited (UEDCL)	40,117	27,299
	1,368,359	**1,493,668**
Write-offs:		
Uganda Electricity Transmission Company Limited (UETCL)	-	(10,194)
Uganda Electricity Distribution Company Limited (UEDCL)	-	(27,299)
	1,442,937	**1,330,866**

Write-offs
The balances have been long-outstanding in the company's books of account. As part of the year-end financial reporting process, a request was sent to UETCL and UEDCL to confirm the amounts owed by UEGCL. UETCL and UEDCL confirmed that those amounts are not owed to them. As such, the balances have been written off.

17. TRADE AND OTHER RECEIVABLES

	2014 Ushs '000	2013 Ushs '000
Trade receivables-Eskom	1,174,285	892,126
Advance for inventories-Eskom	1,191,288	1,191,288
Withholding tax recoverable	630,398	397,674
Staff salary advances and Loans	-	63,217
VAT receivables	73,717	-
Staff debtors-advances not yet accounted for	6,585	841
Karuma pre-development costs		34,727
Other receivables – prepayments and performance bonds	88,022	220,878
	3,164,295	**2,800,751**

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

Advance for inventories

The advance for inventories of Ushs 1.19 billion relates to critical inventories that were transferred to Eskom Uganda Limited at commencement of the concession period. At the completion of the concession period, Eskom is required to hand over the complex to the company with adequate stocks required to keep the complex operating for some time as required by the best utility practices.

Karuma pre-development costs

Section 8 of the Tripartite Memorandum of Understanding (MoU) between Government of Uganda represented by the Ministry of Energy and Mineral Development (MEMD) and UEGCL and UETCL stipulates that the parties will meet, discuss and reconcile accounts for UEGCL's previous development cost expenses relating to the Pre-EPC contractor appointment period in respect of all its activities on the project and MEMD will facilitate the requisite refund of monies to UEGCL. UEGCL had not reconciled the balances on the projects costs incurred at 31 December 2014, 2013 (Ushs 34.7 million).

18. FIXED DEPOSITS AT AMORTISED COST

	2014 Ushs '000	2013 Ushs '000
At 1 January	5,462,087	12,457,670
Purchased during the year	-	5,135,696
Interest income	283,006	844,721
Amount redeemed during the year	(1,826,391)	(12,976,000)
At 31 December	**3,918,703**	**5,462,087**

The weighted average effective interest rate on fixed deposits at 31 December 2014 was 11.5% (2013: 11.5%).

The maturities of the fixed deposits is analysed as below:

	2014 Ushs '000	2013 Ushs '000
0-3 months	3,918,703	5,462,087
	3,918,703	**5,462,087**

19. CASH AND BANK BALANCES

	2014 Ushs '000	2013 Ushs '000
Cash at bank	6,114,585	454,100
Stanbic Bank Uganda Limited Escrow Account	6,147,632	5,580,893
Cash at hand	16	-
	12,262,233	**6,034,993**

19. CASH AND BANK BALANCES (CONTINUED)

Escrow Account

In accordance to section 5.1 of the Concession and Assignment Agreement, the company is required to open and maintain an escrow account. The required amount to be deposited on this account was established by the company and Eskom Uganda Limited as of the transfer date and there after received every six months, equal to the equivalent of Eskom Uganda Limited's revenue requirements for a four-month period exclusive of the company's concession fees. However, in no event shall the amounts required to be deposited in the escrow account exceed USD 3 million. As at 31 December 2014, the balance on this account was Ushs 6,147,632,485 equivalent to USD 2,220,332.

20. ISSUED CAPITAL AND CAPITAL CONTRIBUTIONS

a) Share capital	Number of shares	Amount Ushs '000
Authorised, issued and fully paid ordinary shares of Ushs 500 each:		
At 1 January 2014	105,208,168	1
Conversion of Government of Uganda loans to equity	-	105,208,168
At December 2014	**105,208,169**	**105,208,169**

The Government of Uganda (GoU) is in the process of developing many hydro sites with other partners. The partners require that the Government takes up all outstanding loan obligations from other on lenders. GoU through the Ministry of Finance, Planning and Economic Development Permanent Secretary agreed in principle to covert the debt of all UEB successor companies into zero-return equity in order to support the electricity tariff. The loan balance in note 22 was converted into shares each valued at Ushs 500. The effective date of conversion was 31 December 2013.

b) Capital contributions	2014 Ushs '000	2013 Ushs '000
Government of Uganda	554,861,676	554,861,676

This balance relates to the Government of Uganda consideration in respect to the net assets and liabilities taken over by the company from Uganda Electricity Board. The amount is not repayable to the shareholder.

21. DUE TO GOVERNMENT OF UGANDA

	2014 Ushs '000	2013 Ush'000
Uganda Government-Dues	14,897,779	14,897,779
Accrued interest	18,930,155	18,930,155
Accrued interest	**33,827,934**	**33,827,934**

These balances relate to the depreciation charge on property, plant and equipment for the year 2001 and accumulated accrued interest taken over from Uganda Electricity Board. The amount is payable to Government of Uganda.

22. GOVERNMENT OF UGANDA LOANS

	2014 Ushs '000	2013 Ushs '000
UEB refinancing loan	-	-
World Bank- IDA loan	-	-
	-	**-**
Non-current portion		
UEB refinancing loan	-	-
World Bank- IDA loan	-	-
	-	**-**
Current portion		
UEB refinancing loan	-	-
World Bank- IDA loan	-	-
	-	**-**
Total	**-**	**-**
Movement on account		
At 1 January	-	111,733,962
Interest expense	-	5,977,611
Repayment of principle	-	(2,849,797)
Interest paid	-	(2,176,203)
Foreign exchange (gains)/losses	-	(7,477,405)
	-	**105,208,168**
Conversion to equity (note 19)	-	(105,208,168)
At 31 December	**-**	**-**

UEB refinancing loan
On 1 January 2002, an undertaking of a 7.1% per annum long-term loan of US$ 23,976,496 payable in two semi-annual instalments over 15 years was vested in the company under Statutory Instrument No. 27 of April 2002, in pursuance of section 25A(i) of the Public Enterprises Reform and Divesture Statute of 1993. This loan is the subject of a loan agreement dated 1 January 2002 signed by the Government of Uganda and the company. The purpose of this loan is to refinance previous loans made by the Government of Uganda to Uganda Electricity Board in connection with its operations and capital expenditure on the Owen Falls Dam extension. The loan is unsecured.

The loan repayments are expected to be financed by the debt component of the concession fees that are billed to Eskom. During the year, no debt service component was included in the tariff methodology by the Electricity Regulatory Authority (regulator) and the company was instructed not to bill this component by the regulator. As such, there were no repayments during the year following the removal of the debt service component from the tariff methodology.

At 31 December 2013, the outstanding loan amount was converted to equity.

22. GOVERNMENT OF UGANDA LOANS (CONTINUED)

World Bank – International Development Agency loan
On 5 February 2002, the Government of Uganda signed a subsidiary loan agreement, as amended by an agreement dated 23 February 2005, with the company equivalent to US$ 48,900,000 on terms and conditions satisfactory to the International Development Agency (IDA). The loan is repayable over 16 years, with a 3.5 year grace period, at an interest rate of 7.1% per annum on amounts withdrawn and outstanding from time to time. The subsidiary loan agreement is binding upon all successors of the company in whatever forms constituted and their assigns. The total amount drawn down at 31 December 2013 was US$ 40,265,943. The loan is unsecured.

At 31 December 2014, the outstanding loan amount was nil as it was all converted to equity on 31 December 2013.

Conversion of the loans to equity
The Government of Uganda is in the process of developing many hydro sites with the support of other partners. The partners require that the Government takes up all outstanding loan obligations from other on lenders. The Government of Uganda through the Permanent Secretary Ministry of Finance, Planning and Economic Development/Secretary to the Treasury agreed in principle to covert the debt of all UEB successor companies into zero-return equity in order to support the electricity tariff. As such, outstanding loan balance was converted into equity shares effective 31 December 2013.

23. GOVERNMENT CONTRIBUTION TO PROJECTS.

Government of Uganda Contribution.	2014 Ushs '000	2013 Ushs '000
Government of Uganda	5,990,601	-

This relates to the amount advanced by government to UEGCL to facilitate supervision of Karuma and Isimba Hydro Power Projects.

24. DUE TO ELECTRICITY REGULATORY AUTHORITY

This relates to a provision for a tariff stabilization fund set up by the Electricity Regulatory Authority under the provisions of the Electricity Act, 1999.

25. TRADE AND OTHER PAYABLES

	2014 Ushs '000	2013 Ushs '000
Trade and other payables	2,074,211	1,946,319
Withholding Tax (WHT) payable	1,102,041	1,102,041
Accrual for IFC retainer fees	-	452,340
	3,176,252	**3,500,700**

The WHT payable is comprised of the following:

i) An assessment of penal interest from Uganda Revenue Authority (URA) of Ushs 814 million. The penal interest was as a result of late payment of WHT for the period 2001-2009. The principal WHT was paid in 2010.

ii) WHT payable on the consultancy services rendered for the feasibility study at Muzizi amounting to Ushs 288 million.

IFC retainer fees

IFC retainer fees relate to penal fees for non-compliance with the advisory agreement between IFC and the company. The transaction advisory services agreement between UEGCL and the IFC states that if any delays on the project are occasioned by UEGCL, UEGCL will pay a sum of Usd 20,000 dollars on a monthly basis for all delays caused. During the year, there were no delays occasioned by UEGCL and subsequently all the amounts due as a penalty were paid by KFW. This has therefore been recognised as part of other income in the financial statements.

26. GRATUITY PAYABLE

	2014 Ushs '000	2013 Ush'000
At 1 January	1,289,944	1,125,692
Gratuity expense for the year	-	608,633
Loan repayments	-	(327,196)
Gratuity payments made	(1,209,738)	(234,453)
Gratuity obligation excluding the NSSF provision	**80,206**	**1,172,676**
10% NSSF provision	-	117,268
At 31 December	**80,206**	**1,289,944**

The terms of the company's gratuity scheme are summarized as follows:

a) Permanent staff: Gratuity is earned at a rate of 25% of the gross annual salary for each year worked, where 'salary' implies one's gross monthly salary as at the point of exit from the company. Permanent employees are entitled to gratuity in the following circumstances:
   i) Retirement/early retirement
   ii) Expiry of contract
   iii) Termination for medical incapacity
   iv) Redundancy
   v) Death
   vi) Termination with notice

b) Contract staff: Gratuity is earned at a rate of 25% of the gross monthly salary for each month worked and is paid at the end of each year. During the year the Company gratuity scheme was closed off and all the outstanding obligations for employee gratuity were paid off .Effective 1 April 2014, a new retirement benefit scheme was set up where staff

26. GRATUITY PAYABLE (Continued)

contribute 5% of their gross monthly salary and the Company contributes 25% of the gross monthly salary for each month worked for the contract staff. The scheme was registered as a defined benefit contribution with the Uganda Retirement Benefits Regulatory authority.

27. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company bases its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing.

Impairment losses on receivables

The company reviews its receivables at each reporting date to assess whether an allowance for impairment should be recorded. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and the actual may differ from the estimation, resulting in future changes to the allowance.

Provisions

Provisions are recognised based on a reliable estimate of the amount that the company expects to incur and involve an element of judgement.

Impairment of tangible assets

The company regularly reviews its assets and makes judgements in determining whether an impairment loss should be recognized in respect of observable data that may impact on future estimated cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows and value-in-use amounts are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

28. FINANCIAL RISK MANAGEMENT

The company has exposure to credit, market and liquidity risks from its use of financial instruments. The company's Board of Directors has overall responsibility for the establishment and oversight of the company risk management framework.

a) Credit risk

Credit risk is the risk of financial loss to the company if a counterparty or customer fails to meet its contractual obligations, and arises primarily from concession fee billings and other amounts due from related parties and other stakeholders. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as indicated below:

	2014	2013
	Ushs '000	Ushs '000
Amount from related parties	31,176,347	31,295,241
Fixed deposits at amortized cost	3,918,703	5,462,087
Trade receivables	1,174,285	892,126
Staff advances and loans	-	64,058
Bank balances	12,262,233	6,034,993
	48,531,568	**43,748,505**

Trade receivables relate to billed but unpaid concession fees due from Eskom Uganda Limited and were neither past due nor impaired.

b) Market risk

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will reduce the company's revenue or increase the operational and capital costs. The objective of the company's market risk management is to manage and control market risk exposures in order to minimize the impact of adverse market movements with respect to revenue protection and to optimise the funding of the business operations and capital expansion.

Currency risk

The company manages its foreign exchange exposure by maintaining a reserve of about USD 2.228 million (2013: USD 2.265 million) on its US Dollar Escrow Account in order to pay for obligations that are denominated in that currency. In addition, the company negotiates rates with its bankers before transactions are affected.

The company had the following currency exposures to United States Dollar at year-end. All amounts are in Ushs '000.

	2013	2012
	Ushs '000	Ushs '000
Financial assets		
Stanbic Bank Uganda Limited Escrow Account	6,147,632	5,580,893
Financial liabilities		
Amounts due to UETCL	-	-
Government of Uganda loans	-	-
	-	-
Net currency exposure	**6,147,632**	**5,580,893**

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following significant exchange rates applied during the year:

	Reporting date Spot rate		Average rate	
	2014	2013	2014	2013
US$:Ushs	2,499.88	2,513.54	2,599.80	2,585.09

Interest rate risk

The company has no exposure to interest rate risk as the company had no interest bearing borrowings and all its investments have fixed interest rates.

c) Liquidity risk

Liquidity risk is the risk that the company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows from revenue and capital and operational outflows. The objective of the company's liquidity and funding management is to ensure that all foreseeable operational, capital expansion and loan commitments can be met under both normal and stressed conditions.

The following are the contractual maturities of financial liabilities and financial assets, including estimated interest payments and excluding the impact of netting off agreements.

	Carrying amount	< 6 months	6-12 months	Over 1 year
	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Financial assets				
Due from related parties	31,176,343	-	-	31,176,343
Trade and other receivables	3,164,295	1,342,609		1,821,686
Fixed deposits	3,918,703	3,918,703	-	-
Cash and bank balances	12,262,233	6,114,601	-	6,147,632
	50,521,574	**11,375,913**	**-**	**39,145,661**
Financial liabilities				
Due to Government of Uganda	33,827,934	-	-	33,827,934
Due to Electricity Regulatory Authority	6,129,813	-	-	6,129,813
Due to related parties	1,442,937	-	-	1,442,937
Trade and other payables	2,320,206	1,218,165	-	1,102,041
Gratuity Payable	80,206	-	-	80,206
	43,801,096	**1,218,165**		**42,582,931**
Net liquidity gap	**6,720,478**	**10,157,748**	**-**	**(3,437,270)**

28. NON-FINANCIAL RISK MANAGEMENT

i. Compliance risk

Compliance risk is the risk of non-compliance with the contractual obligations and other statutory requirements of the Government of Uganda. The contractual obligations are contained in the concession agreement with Eskom Uganda Limited.

The approach adopted to manage these risks includes a combination of adequate procedures to assist management in achieving adherence to the legislative requirements and effective monitoring and reporting mechanism to ensure compliance. The company's top level management is charged with the responsibility of monitoring and ensuring adherence to the concession agreement.

ii. Operational risk

Operational risk is the risk of the company not being able to operate if certain uncertainties occurred. These are caused by environmental factors, political, social factors and machine breakdown such as floods, wars, strikes and fire.

The company recognises operational risk, inclusive of information risk and business continuity, as a significant risk category and manages it within acceptable levels. The company's management continues to develop and expand its guidelines, standards, methodologies and systems in order to enhance the management of operational risk. Actual and potential risks are reviewed regularly and proper systems are put in place to avoid and reduce such uncertainties.

ACRONYMS

Acronyms

ASR	Alkali silicate reaction
BOOT	Build Own Operate and Transfer
CAA	Concession and Assignment Agreement
DLP	Defects Liability Period
DWD	Directorate of Water Development
ECTAPIA	Environmental Conservation, Agriculture and Tree Planting Initiative Association
ESIA	Environment and Social Impact Assessment
ERA	Electricity Regulatory Authority
EUL	Eskom Uganda Limited
GOU	Government of Uganda
GOMC	Generation Operation and Maintenance Costs
HFO	Heavy Fuel Oil
HOA	Heads of Agreement
HPDU	Hydro Power Development Unit
JICA	Japan International Corporation Agency
JUPPCL	Jacobsen Uganda Power Plant Company Ltd
KPS	Kiira Power Station
KV	Kilo volts
MOFPED	Ministry of Finance, Planning and Economical Development
MEMD	Ministry of Energy and Mineral Development
MW	Mega Watts
NPS	Nalubaale Power Station
OFE 14/15	Owen Falls Extension - Units 14 and 15
O&M	Operations and Maintenance
RAP	Resettlement Action Plan
SHE	Safety Health and Environment
SHPP	Small Hydro Power Project
UEB	Uganda Electricity Board
UEDCL	Uganda Electricity Distribution Company Ltd
UEGCL	Uganda Electricity Generation Company Ltd
UETCL	Uganda Electricity Transmission Company Ltd
UGSHS	Uganda Shillings
USD	United States Dollar

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