



**UEGCL**  
*Generating for Generations*

# ANNUAL **REPORT**

FOR THE PERIOD  
ENDED 30 JUNE 2025



A team of UEGCL Engineers during a technical inspection for the pre-commissioning tests at the 6.6 MW Nyagak III SHPP.

# We are UEGCL

## OUR MISSION

To Sustainably Generate Reliable, Quality and reasonably priced Electricity for Socio-Economic Development.

## OUR VISION

To be Africa's leading electricity-generating utility.

## OUR MANDATE

UEGCL's Mandate is to establish, acquire, maintain and operate electricity generation facilities, and to promote research and development in the electricity generation sector while running the company on sound business principles.

## OUR CORE VALUES

- Integrity
- Innovation
- Accountability
- Safety
- Sustainability
- Collaboration

## OUR PURPOSE

Making electricity safely available for supply at all times from all our plants.



The Generator Floor at the 6.6 MW Nyagak III SHPP in Zombo District.

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# Corporate Information



The Directors who held office during the period and to the date of this report were;

## DIRECTORS

Eng. Proscovia Margaret NJUKI Chairperson

Prof. Nixon KAMUKAMA Director

Mrs. Hope BIZIMANA Director

Eng. Gilbert John KIMANZI Director

Mr. Ronald DRAVU Director

Mr. Paul Patrick MWANJA Director

Eng. Wamala Julius NAMUSANGA Director

**CHIEF EXECUTIVE OFFICER**  
Dr. Eng. Harrison .E. MUTIKANGA

**COMPANY SECRETARY**  
Mr. Martin Mark OBIA  
Victoria Office Park, Plot 6-9,  
Okot Close – Bukoto Kampla –  
Uganda

## Registered office and principal places of business



### Head Office

Block C Victoria Office Park  
Plot 6-9, Okot Close –Bukoto  
P.O. Box 75831  
Kampla Uganda



### OTHER OFFICES

**Nalubaale - Kiira Hydropower Complex Office**  
Plot 18-20 Faraday Road  
P.O. Box 1101  
Jinja District-Uganda

**Isimba Hydropower Station Office**,  
Nampanyi Village, Busaana Sub-county  
Kayunga District, Uganda

**Karuma Hydropower Station Office**  
Karuma Cell, Karuma Town Council,  
Kibanda North, Kiryandongo District - Uganda.

**Nyagak III Hydropower Project Site Office**  
Awondekai Village, Paidha  
Sub-County, Zombo District, Uganda.

**Namanve Thermal Power Plant**  
Kiwanga Kasokoso, Mukono District, Uganda



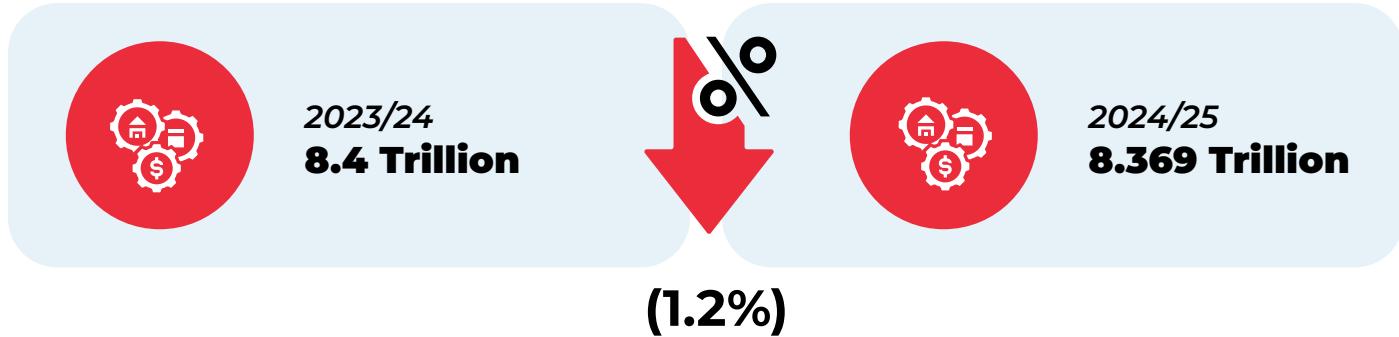
**Stanbic Bank Uganda Limited**  
Plot 17 Hannington Road, Crested  
Towers, Kampala – Uganda  
P.O. Box 7131



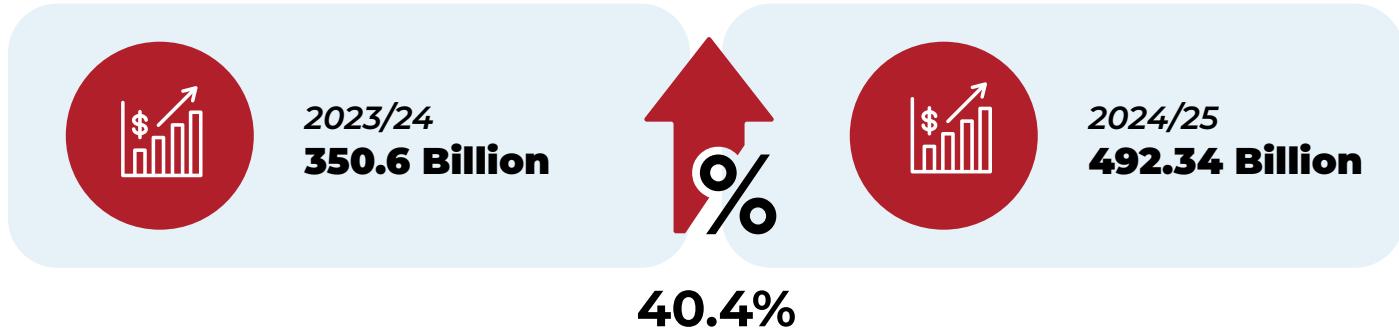
The UEGCL Shareholders, represented by Hon. Dr. Canon Ruth Nankabirwa SSENTAMU, minister of Energy and Mineral Development and Hon. Matia KASAIJA, Minister of Finance, Planning and Economic Development pose with members of the UEGCL Top Management during the close of the 14th AGM in January 2025.

# Financial Highlights 2025

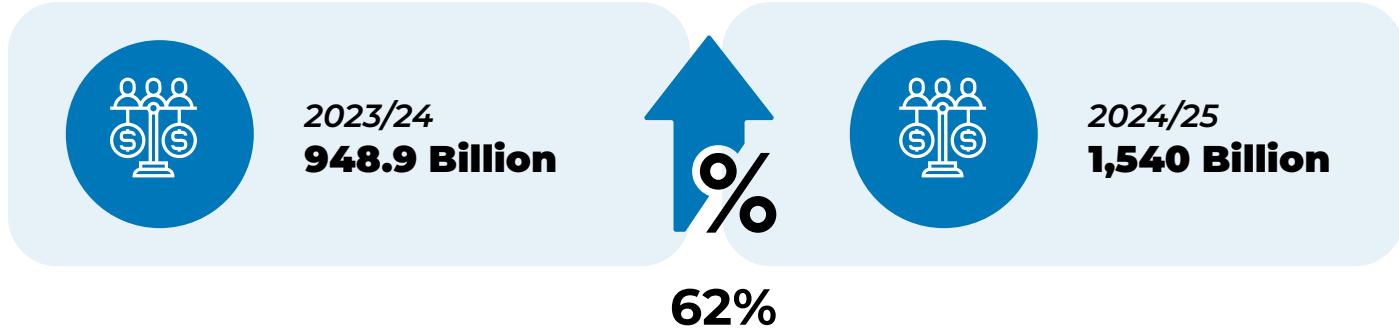
## TOTAL ASSETS



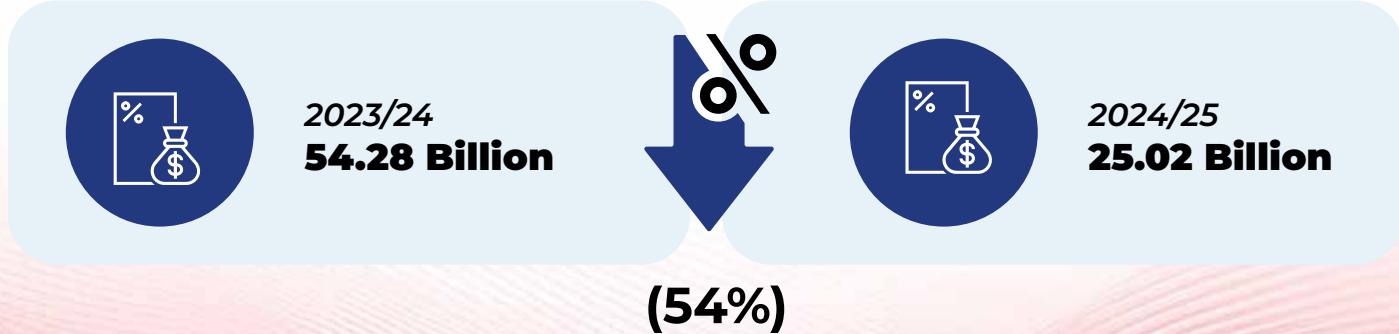
## REVENUE



## EQUITY



## PAT





Membo degli Accordi di Mutuo  
Riconoscimento EA, IAF  
Signatory of EA, IAF Mutual  
Recognition Agreements

CS 007 25.02.22

# CERTIFICATE

N. UG24-15805C

This is to certify that the Occupational Health and Safety Management System of

## Uganda Electricity Generation Company Limited

P.O. Box 75831, Plot 6-9, Okot Close, Kampala – UGANDA

HAS BEEN INDEPENDENTLY ASSESSED AND IS COMPLIANT WITH THE REQUIREMENTS OF

### ISO 45001:2018

for the following scope of activities:

The establishment, acquisition, operation and maintenance of electricity generation facilities to the satisfaction of stakeholders.

IAF 25

For timely and up-to-date information on any changes in the status of the certification referred to in this certificate, please contact the number +39 0296368458 or the e-mail address [info@axe-register.com](mailto:info@axe-register.com)

The validity of this certificate is subject to annual periodic surveillance and the complete review of the organization's management system every three years.

Date of initial registration  
Date of this certificate  
Date of expiry

11/11/2024  
11/11/2024  
10/11/2027

On Behalf of the Certification Body  
**AXE REGISTER**  
Antonio Llorente  
Technical Director

# UEGCL at a Glance

## 1.0 Background

UEGCL was incorporated as a Limited Liability Company on 26th March 2001 under the Companies Act and in conformity with the Public Enterprises Reform and Divestiture Act and the Electricity Act, 1999(amended in 2022), and started operation on 1st April 2001.

## 1.1 UEGCL Mandate, Vision, and Mission

### Mandate

The mandate of UEGCL is to establish, acquire, maintain and operate electricity generation facilities and to promote Research and Development in the Electricity generation sector while running the company on sound business principles.

### Vision

The Vision of UEGCL is to be “Africa’s leading electricity generating utility”.

### Mission

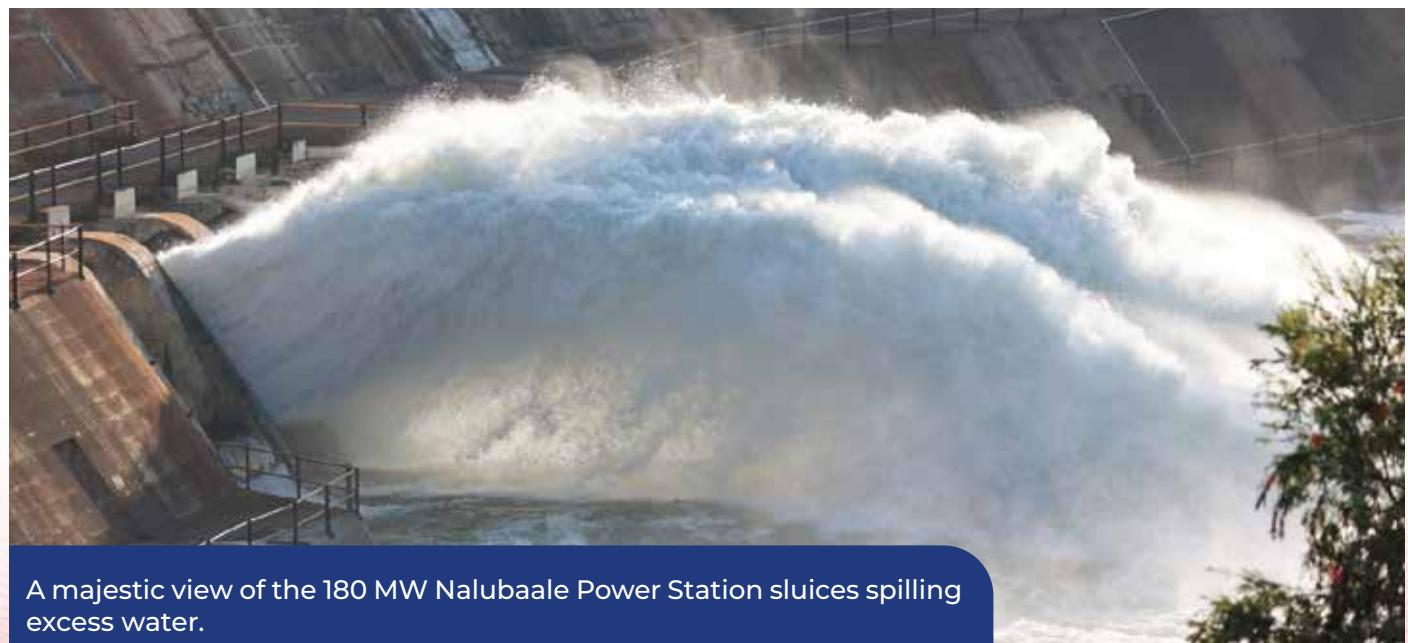
UEGCL’s Mission is to “Sustainably Generate Reliable, Quality and reasonably priced Electricity for Socio-Economic Development”.

### Purpose

To make electricity safely available for supply at all times from all our power plants.

## 2.0 Current Business Operations

- a) The Current Number of Employees is 399;(Males = 317, Females = 106)
- b) Total installed capacity is 1219.6 MW with the addition of 600MW of the Karuma HPP to the



grid on 12 June 2024 and commissioning of the 6.6 MW Nyagak SHPP. This accounts for **59.2%** of the total National installed capacity.

- c) UEGCL is currently carrying out direct operations of the
  - i) Kiira (200 MW) and Nalubaale (180 MW) that commenced on 1st April 2023,
  - ii) Isimba (183 MW) power plant in March 2019,
  - iii) 50MW Namanve Thermal power plant that was re-transferred back to the Government of Uganda in February 2022
  - iv) Karuma HPP, which commenced on 26th September 2024.

## 3.0 Project Development

- a) The rehabilitation project of the **380MW** Nalubaale-Kiira Hydropower stations is under preparation with funding from AFD and EIB.
- b) **A 10MW** Floating Solar project is planned on the reservoir of Isimba HPP.
- c) The **1 MW** Maziba SHPP is due for rehabilitation, with the ESIA studies underway.
- d) The **400MW** Kiba HPP is also under preparation, with UEGCL providing technical input into the preparatory phase.
- e) **382MW** Oriang HPP. Under IPP development (SinoHydro/Roko). Currently, UEGCL is participating in the conceptual stage. The project is to be fast tracked.

# UEGCL'S FOOTPRINT

## OUR PURPOSE

To make electricity safely available for supply at all times from all our power plants.

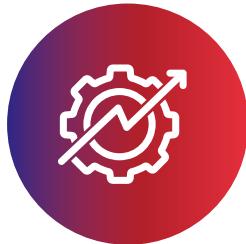


**River Maziba**

**River Nile**

**River Nyagak**

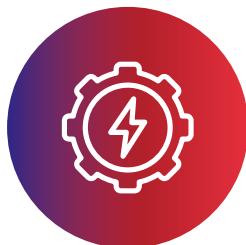
# Outlook



## Operational Efficiency

Over the last six years, UEGCL's mandate has shifted from project development and concession monitoring to the direct Operations and Maintenance (O&M) of government-owned power plants. This change presents new aspirations for service delivery, anchored in our core purpose: "making electricity safely available for supply at all times from all our power plants." Consequently, UEGCL is committed to ensuring that all power plants are fully available and reliable for electricity generation and for supporting grid stability at all times.

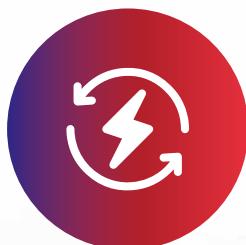
To achieve this, UEGCL continues to drive operational efficiency at its power plants through a robust operations and maintenance (O&M) performance management model. The primary objectives of this model are to promote operational autonomy at each power plant, thereby enhancing the overall efficiency and effectiveness of our service delivery. This performance management framework also enables UEGCL to innovate in critical areas such as operational efficiency, cost optimization, and asset maintenance.



## Generation Capacity

UEGCL's current installed capacity is 1,219.6 MW, and the company aims to increase it to 1,317 MW by 2028. This has allowed UEGCL to sustain its total market share at 59.22%. In alignment with national generation targets outlined in the National Development Plans, Vision 2040, and the Energy Policy, which aim to achieve a generation

capacity of 52,481 MW by 2040, UEGCL is conducting preparatory work on a pipeline of projects that will add 2,000 MW. It is projected that feasibility studies for these projects will be completed by 2028, making them ready for financing. As a going concern, UEGCL plans to leverage a more diversified energy mix by expanding into new sources, including solar and geothermal.



## Financial Sustainability

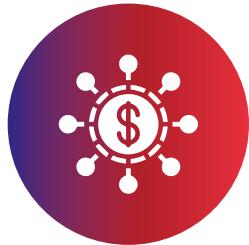
Financial sustainability remains one of the key aspirations of UEGCL. This is clearly stipulated within UEGCL's Strategic Plan (2025-2030), within the Financial and Resilience Plan, which is premised on five pillars:

- Improving operational efficiency
- Designing and implementing the power generation investment strategy
- Developing a sustainable debt

financing strategy

- Implementing efficient cost-based tariffs
- Improving risk management.

The combined pursuit of these pillars is envisioned to ensure UEGCL's financial sustainability over the next five years. Key among the aspirations is the quest for earning a reasonable return on investment that can support the construction of future projects and give UEGCL the much-needed financial sustainability.



### Digital Transformation

At UEGCL, our ICT department is committed to utilising technology to empower our teams and advance our vision of becoming Africa's leading electricity supplier. Our solutions are designed to enhance the efficiency, innovation, and security of our internal operations. By improving operational efficiency, we are integrating advanced ICT systems to streamline workflows, minimise downtime, and provide our staff with the tools necessary to ensure the reliable generation of electricity. Focusing on internal efficiency is essential for meeting Uganda's growing energy demands. We also equip our teams with digital tools that optimise resource management and reduce environmental impact.

By leveraging data, we enable staff to make smarter decisions supporting Uganda's transition to a greener energy future. As our staff are our primary customers, we are dedicated to offering seamless access to information, services, and support through robust digital platforms. This approach fosters collaboration across departments and enhances overall staff experience and productivity. Finally, we are strengthening our Digital Security by building a secure and resilient ICT infrastructure to protect our company's assets and the integrity of our data. Our comprehensive security measures safeguard our systems and maintain the trust of our stakeholders, both internally and externally.



### Business Development

At national level, In line with the Energy policy of Uganda 2023, Uganda is targeting to increase the electricity installed capacity from 2040MW in 2024 to 52 GW by the year 2040. In order to achieve this target, a 10-Fold Growth Strategy was launched, which set a target of 20GW installed capacity in the next 10 years. Internally, UEGCL has completed the feasibility study for the floating solar project with the initial plan to develop a pilot plant with a capacity of 10MWp and with the option of scaling it up in future.

In addition, UEGCL is also fast-tracking synergies with the Ministry of Energy for geothermal development, as part of its energy mix strategy. The base for the energy mix is premised on the development of the large hydropower plants, and following the commissioning of Karuma, attention has now shifted to Kiba (400MW), Oriang (392MW), and Ayago (840MW), which have been highlighted in the fourth National Development Plan. The Ministry of Energy, under the Nuclear Department, is also fast-tracking the development of a first nuclear power plant.



### Business Diversification (Non-Core)

As a pivotal component of its growth strategy, UEGCL is embarking on a journey of non-core business diversification, which will encompass the operationalization of the Karuma, Nalubaale and Isimba Tourism potential, alongside the establishment of a pioneering Professional Services Unit (PSU). UEGCL is also considering leasing out non-generation facilities at Karuma and Jinja in a bid to earn extra revenue. These strategic ventures are poised to not only cultivate an array of diversified revenue streams for the company but also to catalyze the amplification of staff productivity through multifaceted skills development. The PSU will be anchored on the UEGCL subsidiary company that is being set up, and

will provide a wide range of services in the areas of Project Management, Operation and Maintenance, Research & Development, Strategic and Performance Management, etc. The subsidiary company will harness the acquired proficiencies of the UEGCL workforce (active and retired), ensuring that their expertise in these domains is leveraged to furnish services to fellow utilities in the sector, while concurrently internalizing tasks that were hitherto outsourced to consultants. The role of Research and Innovation is increasingly becoming key in diversification, with promising developments which will initially be piloted within UEGCL, and later commercialized, contributing to Non-Tax Revenue (NTR).

# Chairperson's Message



**Eng. Proscovia Margaret NJUKI**  
Chairperson Board of Directors

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*We are committed to managing our operations in a transparent, responsible, and ethical manner, working closely with communities and stakeholders towards ensuring value creation through the generation of affordable electricity for socio-economic transformation, while at the same time preserving the environment.*



## OPERATING REVENUE

Grew by **40%** to  
**ugx 492.34 Bn** FY 24/25  
 from **ugx 350.6 Bn**  
 in FY 23/24.

### Dear Shareholders and Stakeholders,

As we look back on the Financial Year ended 30th June 2025, I am proud of what we have accomplished as a Company. Through operational discipline and an unrelenting focus on our purpose and mission, we have navigated challenges and captured new opportunities.

This report captures our financial performance, key achievements, and strategic priorities over the past Financial Year 2024/2025.

### Financial Overview

During the year, operating revenue grew by 40% to UGX. 492.34 Billion from UGX 350.6 Billion in 2023/2024. The increase is attributed to the first full year of commercial sales after commissioning the Karuma Hydropower Plant and commencing commercial operations on 12th June 2024.

Earnings before interest, tax, depreciation and amortization (EBITDA) increased by 63% to UGX 295 Billion from UGX 181 Billion due to an increase in revenue.

Profit before tax was UGX 33 billion, which was a 57% decrease from last year's profit before tax of UGX 77 billion. However, the Shareholders' equity increased by 62% to UGX 1,540 billion from UGX 949 billion.

Total Assets as at 30th June 2025 decreased by 1.2% to 8.369 trillion from 8.407 trillion. The

decrease in assets is mainly due to the effect of the full-year Karuma Hydropower Plant depreciation, countered by minimal additions during the year.

Non-current liabilities decreased by 6% to UGX 6.4 trillion from UGX 6.8 trillion. The decrease was due to repayment of the loan on-lent to UEGCL by the Government of Uganda for the development of the Isimba hydropower Plant and categorization of the amount of the loan on-lent to UEGCL by the Government of Uganda due in one year as current liabilities with the planned commencement of loan repayment.

As at the close of the year, the Company was solvent with positive equity of UGX 1,540 Billion. Accordingly, there is 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.

## Operating environment

The World Bank's 25<sup>th</sup> Uganda Economic Update highlights strong economic growth of an estimated 6.8% in the first nine months of FY25, driven by commodity-producing sectors and manufacturing. The growth in the economy bodes well for increased consumption of electricity, which is key to increasing sales and revenue for UEGCL. Despite the strong growth of the economy, UEGCL has faced liquidity constraints; however, efforts to secure supplemental funding, increase dispatch at our generation plants, and diversify revenue through non-core ventures continue to be pursued.

## Strategy

UEGCL's Strategic Plan has also been aligned to the Fourth National Development Plan (NDP IV), whose implementation commenced in July 2025. The NDP IV guides national development over the next five years under the theme of "sustainable industrialization for inclusive growth, employment, and wealth creation." The Company's priority will remain to increase installed capacity and to provide reliable power to support the NDP IV and universal access to affordable, reliable, sustainable, and modern energy for all by 2030 (SDG 7). Key risks identified within the Company's internal and external operating environment will be continuously assessed, evaluated, and monitored.

Financial sustainability remains a key goal for UEGCL, and several initiatives are being tracked to ensure the Company's financial sustainability, including improving operational efficiency, cost control, and revenue enhancement, among others.

## Governance

The Governance roles of the Board of Directors center on oversight, accountability, and strategic guidance to ensure the Company operates ethically, legally and effectively. In this regard, the Board defines and monitors the Company's Strategy, ensuring its alignment with the Company's purpose, mission and the country's National Development Plans. The Board is also responsible for identifying and overseeing key risks to the Company, ensuring compliance with all legal, regulatory obligations and ethical standards and generally promoting transparency and accountability across the Company. Annually, the Board assesses its performance to ensure effectiveness and compliance with good governance practices.

## Corporate Citizenship

We are interested in the welfare of the communities and the preservation of the environment in the areas we operate. In the last year, we have undertaken activities to restore biodiversity and natural habitats, catchment management, and safety and have also meaningfully supported health, education, and sports causes, among others, through our social responsibility initiatives. We are committed to managing our operations in a transparent, responsible, and ethical manner, working closely with communities and stakeholders towards ensuring value creation through the generation of affordable electricity for socio-economic transformation, while at the same time preserving the environment.

## Future Outlook

Looking ahead, over the next year, the following will be the key focus areas for the Company: In alignment with our Strategic Plan, Uganda's Vision 2040 and the NDP IV, our priorities shall be increasing generation capacity, revenue and sales growth, innovation to improve efficiency, cost control and improving the non-generation business and diversifying revenue sources.

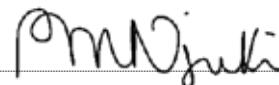
Our focus for 2025/2026 will be on the following:

- i) Sustainability of the Company.
- ii) Resolution of the key outstanding issues and defects at the Isimba Hydropower Project.
- iii) Completion of the outstanding works after the issuance of the Certificate of Completion for the Karuma Hydropower Project and the timely rectification of defects identified during the Defects Liability Period.

- iv) Completion of studies for the rehabilitation of the Nalubaale (180 MW) and Kiira (200 MW) hydropower plants to unlock the funding for the rehabilitation.
- v) Continued building of strategic partnerships to strengthen capacity.
- vi) Obtain funding for the proposed floating solar project on the reservoir of the Isimba Hydropower Plant following the completion of the feasibility studies.

Shareholders for their continued support, and on behalf of the Board, thank all those people and teams across the business for their commitment and hard work during the year.

***Generating for Generations.***



**Eng. Proscovia Margaret NJUKI**  
Chairperson Board of Directors

*Generating for Generations*

## Acknowledgement

I would like to extend my appreciation to our



UEGCL Board Chairperson, Eng. Proscovia Margaret NJUKI, UEGCL CEO, Dr. Eng. Harrison E. MUTIKANGA and Prof. Henry ALINAITWE pose for a picture with UEGCL presents at the 2025 Research and Innovation Symposium.



Board Chairperson plants a tree during the Nyagak III Commissioning

# CEO's Statement



**Dr. Eng. Harrison E. MUTIKANGA**  
Chief Executive Officer



## RETURN ON ASSETS

(RoA) improved from **1.25%** to **1.67%**, reflecting modest gains in asset utilisation.

### Dear Shareholders and Stakeholders,

It is with great pleasure that I present UEGCL's performance for the Financial Year ended 30<sup>th</sup> June 2025 (FY 2024/2025).

The year marked a defining period for UEGCL as we completed the first full year of operating the 600 MW Karuma Hydropower Plant. Throughout the year, we remained steadfast in our purpose of making electricity safely available for supply at all times from all our power plants, while aligning our operations with the national development priorities set out in the Energy Policy 2023, Vision 2040, and the Fourth National Development Plan (NDP IV). The alignment of our Strategic Plan to NDP IV (2025-2030) was completed and certified by the National Planning Authority, reaffirming UEGCL's strategic role in Uganda's socio-economic transformation.

In this report, we outline the progress made, the challenges faced, and the milestones that continue to move us closer to our vision.

### Financial Performance

UEGCL recorded a 40% increase in revenue during the year, rising from UGX 350 billion in FY 2023/24 to UGX 492 billion in FY 2024/25. Profit after tax stood at UGX 25 billion, primarily impacted by higher operating expenses, depreciation and amortisation charges, and rising interest costs on the Karuma on-lent loan.

“

*UEGCL recorded a 40% increase in revenue during the year, rising from UGX 350 billion in FY 2023/24 to UGX 492 billion in FY 2024/25. Profit after tax stood at UGX 25 billion, primarily impacted by higher operating expenses, depreciation and amortisation charges, and rising interest costs on the Karuma on-lent loan.*

amortisation charges, and rising interest costs on the Karuma on-lent loan.

Although the operating margin declined slightly to 27.0 % from 28.5 % in the previous year, the Company's overall performance remained resilient amid a challenging cost environment. Our total assets stood at UGX 8.368 trillion, and the Return on Assets (RoA) improved from 1.25% to 1.67%, reflecting modest gains in asset utilisation. However, the RoA remains below the desired benchmark, largely due to low dispatch levels that continue to limit electricity sales from our energy-based plants. Nonetheless, our financial sustainability efforts, particularly the partial conversion of on-lent debt to equity, have slowly begun to improve UEGCL's financial position and reduce gearing pressure.

We will continue to engage and work with the Regulator and other stakeholders to improve revenue recovery, ensure reasonable tariffs, and enhance the long-term financial viability of the Company.

## Operational Performance

UEGCL operates and maintains four power generation facilities—Isimba (183 MW), Nalubaale-Kiira (380 MW), Namanve (50 MW), and Karuma (600 MW)—with a combined installed capacity of 1,213 MW, representing over 59% of Uganda's grid-connected installed capacity.

During the year, the Company generated 3.63 TWh of energy, a 6.7% increase from the previous year, largely driven by Karuma's first full year of operation. As a result, UEGCL remained the country's leading generation utility, contributing over 51% of the electricity supplied to the national grid. Moreover, operations under the Internal Performance Contracting Framework continued to enhance accountability and efficiency, yielding an overall average Plant Availability of 97.7 % and Reliability of 99.6 %.

The year also saw progress at the Namanve Thermal Power Plant, where Regulator-approved funding enabled the commencement of major overhauls to restore the full dependable capacity of 50 MW.

Some challenges, however, persisted, such as the floating weeds and debris that occasionally interfered with generation, and low system demand that limited dispatch at Karuma. Other notable challenges include the long-outstanding capacity charges for Namanve—which delayed

major maintenance—and the dam-safety risks at Isimba arising from significant spillway defects that required close monitoring and interim controls. Even with these constraints, overall operational performance remained strong and in line with UEGCL's service targets.

## Project Implementation

UEGCL continued to implement the Government of Uganda's flagship hydropower projects—the 600 MW Karuma and 183 MW Isimba Hydropower Plants. The financial year marked the first year of the Defects Liability Period (DLP) for Karuma, following its substantial completion in June 2024. Efforts during the period focused on resolving outstanding works flagged at commissioning and addressing emerging defects under the DLP framework.

The Isimba Hydropower Plant, substantially completed in 2019, has long since moved beyond its DLP. However, some works, particularly snag and defect rectification, remain pending and under implementation. The most significant intervention remains the rehabilitation of the plant's defective spillway, which is affected by progressive concrete erosion and limited capacity for safe evacuation of major flood events. The rehabilitation is expected to involve, among others, the construction of an additional spillway to safeguard dam safety and ensure long-term fitness for purpose.

Overall, implementation of the flagship projects was constrained by funding shortfalls that delayed payments for supervision and project administration. Addressing these gaps remains a priority to sustain momentum on all ongoing and residual works.

Meanwhile, beyond Karuma and Isimba, UEGCL continued advancing several other generation projects. The 6.6 MW Nyagak III Hydropower Plant was substantially completed and commissioned in August 2025, strengthening electricity supply and supporting the electrification of Uganda's West Nile region. Progress also continued on preparatory works for the Nalubaale-Kiira Rehabilitation Project, which is expected to extend the life of the complex by about 30 years and improve its overall performance. During the year, the constructability study was completed, procurement of the Owner's Engineer commenced, and negotiations for project financing advanced substantially.

In addition, UEGCL completed the feasibility study for the 10 MW floating solar project on the Isimba reservoir—the first of its kind in Uganda. The study confirmed the project's technical and economic viability, paving the way for a pilot installation with potential for future scale-up and further diversification of UEGCL's renewable-energy portfolio.

## Embracing Sustainability and ESG

UEGCL continues to embed Environmental, Social, and Governance (ESG) principles at the core of its corporate strategy, reaffirming its commitment to responsible and sustainable business practices under the Integrated Management System (IMS) framework. This approach ensures that environmental stewardship, social responsibility, innovation, and ethical leadership are all pursued as interconnected drivers of long-term value.

## Health, Safety and Environment:

During the year, UEGCL maintained strict compliance with environmental standards under its licences and permits. Going above and beyond, the Company continued to implement reforestation and ecosystem restoration initiatives across its project sites, reinforcing its contribution to Uganda's broader climate and sustainability goals. In line with our core value of safety and the commitment to Generating Safely for Generations, UEGCL strengthened its safety management systems and leadership visibility across all plants.

Notably, we rolled out the "Never Again" safety campaign aimed at learning from past failures, reinforcing procedural discipline, proactive risk management, and a culture of safety accountability throughout the organisation.

## Corporate Social Responsibility:

UEGCL also continued to invest in initiatives that enhance the social and economic well-being of communities in its areas of operation and promote inclusive growth. Guided by the belief that reliable electricity must translate into tangible social benefits, the Company's community programmes focused on improving livelihoods, promoting access to basic services, and supporting environmental conservation in alignment with national development priorities.

## Governance and Leadership:

As the Company's operations and responsibilities grow and evolve, effective governance and principled leadership remain central to sustaining performance and stakeholder trust. Ongoing leadership development and governance training continue to build ethical decision-making, accountability, and strategic agility across the organisation—values that safeguard UEGCL's credibility and long-term success.

## Research and Innovation:

The Company also strengthened its position as a knowledge-driven utility through collaborative research and innovation. The 2025 Research and Innovation Symposium (RIS 2025) provided a platform to advance applied research in hydro-solar integration, dam-safety monitoring technologies, predictive maintenance using AI and IoT, and digital-twin modelling for hydropower facilities. Such initiatives underline UEGCL's commitment to continuous learning, innovation, and applied research as critical enablers of operational excellence and sustainability.

## Future Outlook

Over the next year, UEGCL will sustain its drive for operational excellence across all plants under the Internal Performance Contracting framework and uphold certification of the Integrated Management System (IMS) to ensure continual improvement and compliance with international standards.

Strengthening **financial sustainability** will also remain a top priority. We will continue pursuing our financial sustainability objectives, focusing on balance-sheet strengthening, **cost optimisation**, and **increased revenue generation** from our power plants, with the goal of improving our Return on Assets. This includes, among others, harnessing the new sales opportunities enabled by the Electricity (Amendment) Act 2022, such as directly supplying eligible large consumers. Efforts to operationalise our **Professional Services Unit** will also continue, aimed at expanding revenue streams and leveraging UEGCL's technical expertise beyond the organisation.

Over the medium term, UEGCL will maintain its focus on reliable generation and capacity expansion through new renewable-energy projects. These include the rehabilitation of the 1 MW Maziba Small Hydropower Plant, the 10 MW Floating Solar Pilot Project at Isimba, and support to ongoing

preparatory work for planned large hydropower projects. All these initiatives are geared towards advancing the country's 10-Fold Growth Strategy and Vision 2040 target of over 52,000 MW of installed capacity by 2040.

Looking ahead, UEGCL will accelerate its **digitalisation** agenda to integrate advanced automation, analytics, and cybersecurity enhancements to deepen operational intelligence and organisational agility. These efforts will position UEGCL to deliver smarter, safer, and more sustainable electricity generation in the years ahead.

## Appreciation

I extend my sincere gratitude to the Board of Directors, our Employees, Partners, and Shareholders for your continued trust and support. Your commitment has been instrumental in

enabling UEGCL to deliver on its mandate. Together, we will continue building a stronger and more sustainable future. Thank you for being a part of our journey.

## Generating Safely for Generations



**Dr Eng. Harrison E. Mutikanga**  
Chief Executive Officer



The CEO of UEGCL Dr. Eng. Harrison Mutikanga and the President of UCOLD Dr. Callist Tindimugaya pose with University Engineering Students' representatives during the UCOLD Meeting in Kampala.



UEGCL

UEGCL

Toyota Way will tell you that without Action (effector), there can be no Kaizen (Continuous Improvement).

Again!!" OUR SAFETY COMMITMENT

### Pledge Statement

We commit to putting safety above all else in every task and every decision. We hold each other accountable with honesty and transparency, and to honour every choice a safer future for our plants, for our colleagues, and for the generations to come.

#GeneratingSafetyForGenerations

Follow us on:

other. To future generations. Safety is not a policy. It is a responsibility.

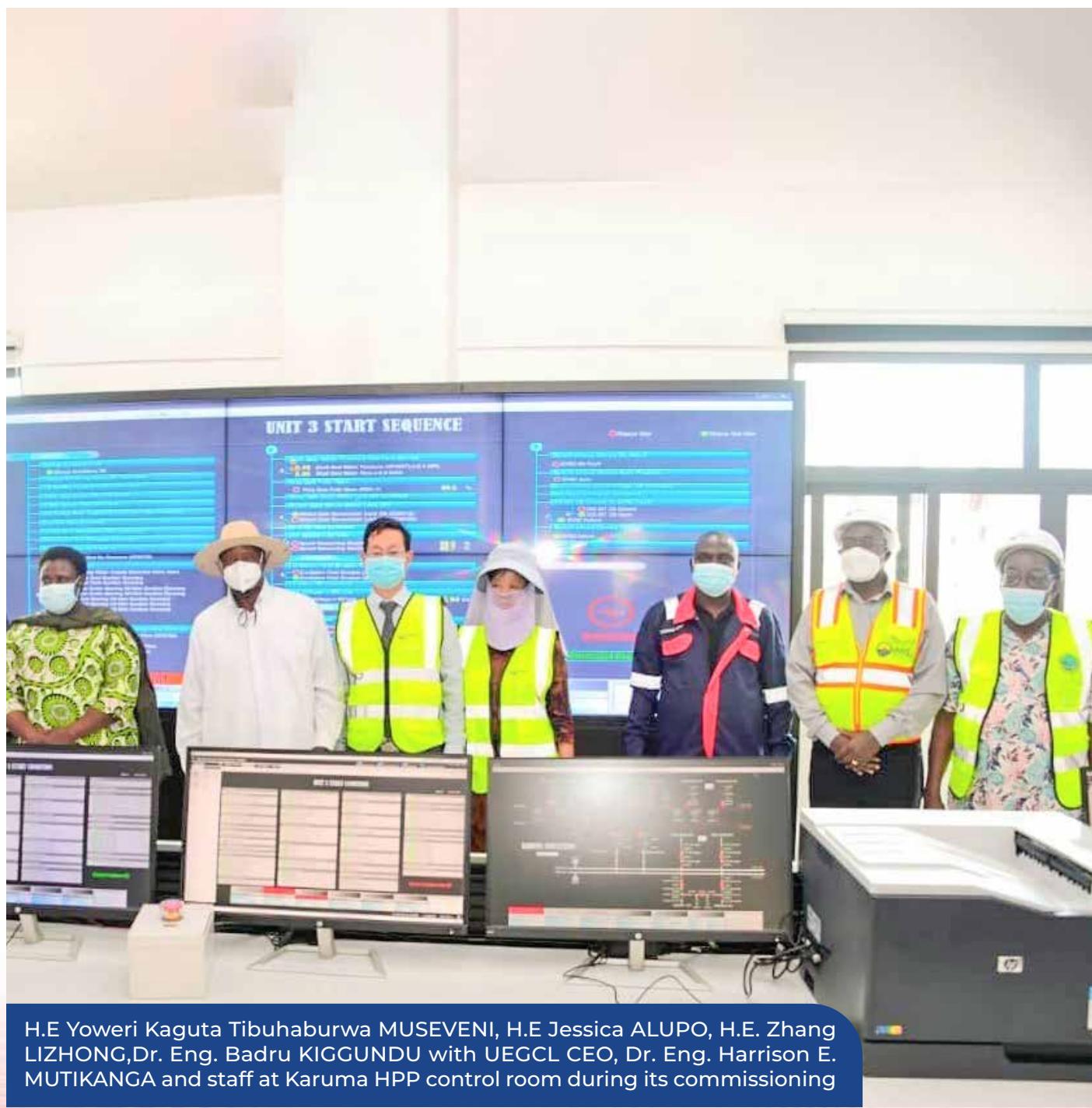


Dr. Canon Ruth Nankabirwa SSENTAMU, Minister of Energy and Mineral Development, Hon. Phionah Nyamutoro, Minister of State for Minerals, and the Chairperson of the UEGCL BOD marvel at the control panels during the commissioning of the 6.6 MW Nyagak III SHPP.

# Projects Development

## 600MW KARUMA HPP

During the reporting period, significant progress was made at the 600MW Karuma HPP. It was successfully commissioned on 26th September 2024. The commissioning was presided over by H.E the president of the republic of Uganda. Karuma HPP completed its first year of the Defects Liability Period (DLP) and Commercial Operations. As of June 30, 2025, the DLP stands at 12/24 months for EM/HM and 12/60 months for Civil structures. Additionally, three Certificates of Completion (CoCs) were issued for outstanding scope, bringing the overall physical progress of the project to 99.99%.



## The 6.6MW Nyagak III HPP

The project achieved completion of all the major works and 33kV T-line, commissioning tests, and trial runs, and is currently in operation. It was commissioned on 29th July 2025. As will be recalled, the 6.6 MW Nyagak III Small Hydropower Project (SHPP), located in Paidha Sub-County Zombo District, was developed as a Public – Private Partnership by a Special Purpose Vehicle (SPV) GENMAX Nyagak Limited formed between UEGCL and the strategic Partner (Consortium of Hydromax Ltd and Dott Services Ltd).



A section of the 6.6MW Nyagak III HPP Control Room

## The 380MW Nalubaale/Kiira Rehabilitation project

The project has registered substantial progress with the project being assigned a code and included in the Public Investment Plan(PIP). During the reporting period, the consultant submitted the inception report for the constructability study, and AFD's No Objection for the Environmental and Social Impact Assessent(ESIA) evaluation reports was received. Additionally, the Expression of Interest for the Owner's Engineer procurement was finalized, with AFD's No Objection received and the Expression of Interest(EoI) advertised.



Power House at Nalubaale Power Station, housing the 10 units

## 400MW Kiba HPP Feasibility Study

Bid evaluation for the feasibility study consultant was completed in May 2025 by MEMD/UEGCL.



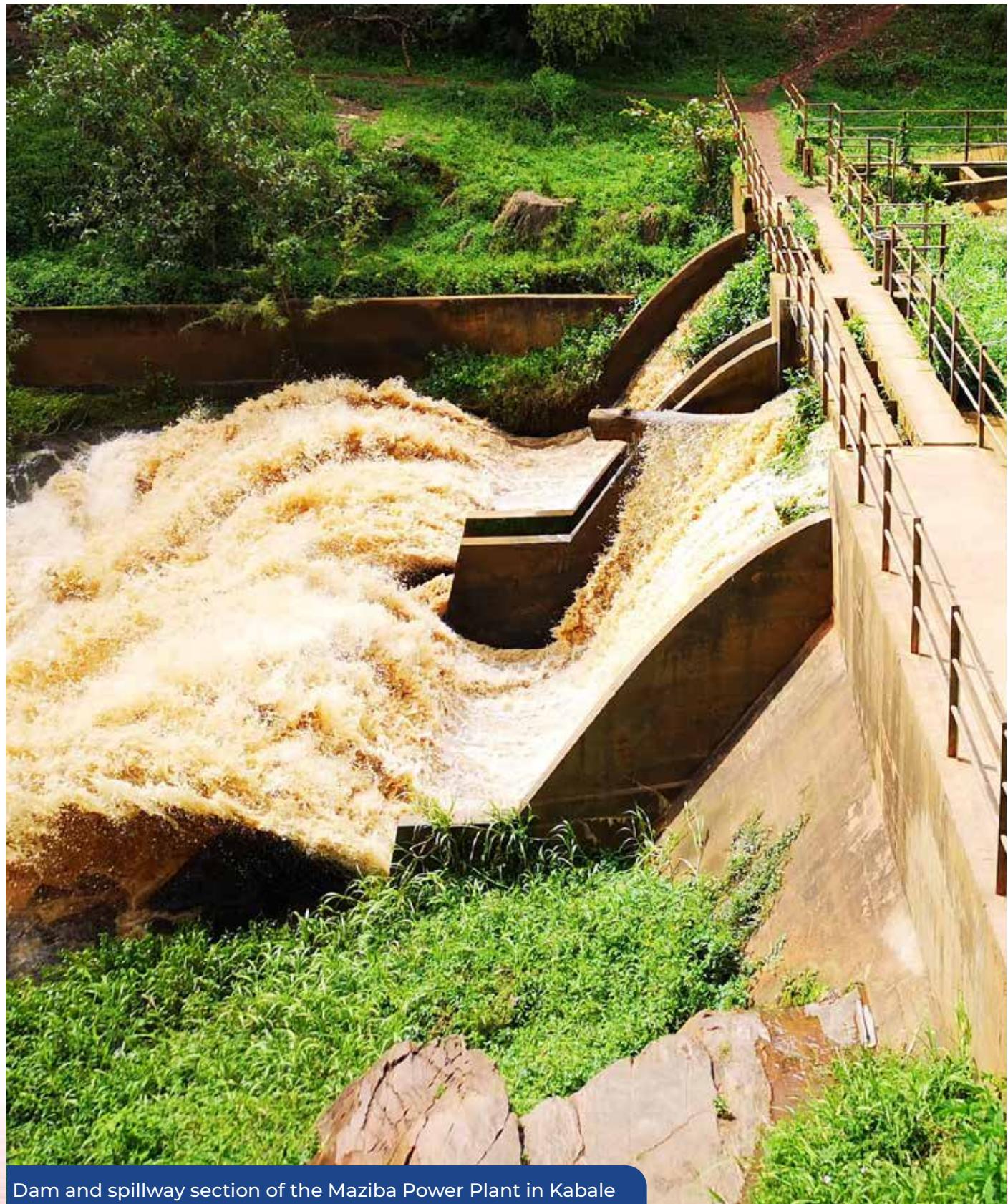
## 10MW Floating Solar Feasibility Studies

The detailed design and technical specifications for the pilot floating solar PV plant were completed. Preliminary discussions for financing are ongoing with the African Development Bank and the Islamic Development Bank, alongside the Public Investment Management System (PIMS) process for the project.



## 1MW Maziba HPP

UEGCL with support from the Government of Uganda (GoU) and Agence Française de Développement (AFD) undertook a feasibility study for the rehabilitation of Maziba Hydro Power Plant. The feasibility study was done by Tractebel Engineering S.A. The outstanding studies include Environment and Social Impact Assessment (ESIA) and Resettlement Action Plan (RAP) for the project. Funding is being sought for the outstanding studies and development of the plant which has been prioritized in NDP-IV.



Dam and spillway section of the Maziba Power Plant in Kabale

# COMMUNITY DEVELOPMENT ACTION PLAN (CDAP)

## A) Isimba HPP CDAP

### i) Grid Extension and Reticulation Project in Kayunga and Kamuli

All works on the Grid Extension and Reticulation project in Kayunga and Kamuli were completed on 31st October 2024. The political commissioning was held on 6th December 2024 and the project is currently in Defects Liability Period.

The scope included Engineering, Procurement & Construction of Medium Voltage (MV) network and installation of distribution transformers and associated Low Voltage (LV) network in Kayunga and Kamuli districts in 49 villages. The project covered extension of the 33kV backbone and installation of 55 transformers and extension of the LV network. The villages covered are listed below:

**Kayunga district villages** – Kayonjo, Kibuzi,

Wampologoma, Sababu, Kasana 2, Bukolwa, Bugobero, Nile River P.S, Corner Bar, Masembe, Lusenke Farm, Bakutta, Busunsuli, Bunzibilide, Bunyuma, Njalabilese, Mataba, Kisombwa, Wanyanga, Ndeeba, Butakola, Gaaza, Namulanda T.C, Namulanda Village, Kisawo, Namatogonya, Kyambogo, Kisagazi, Kisaaba, Kagoye, Bugoge, Wabisonko, Gwanika, Bulyankuyege, Nyakitokolo, Bbale Farm (1&2), Hedikota, Nsiima-Kibate, Nakakonge, Buyuki, Kiziika, Nakakandwa, Kiwooga (A&B), Wankayayiraki, Bokujju, Kyebanja and Hajji Sekka.

**Kamuli district villages** – Nile P.S, Buzimbye, Namatovu P.S, Nabukiddi, Nabyama, Bupiina (1&2) and Kalembe.

### ii) Multi-purpose block at St Peter's Kibuzi SSS

The overall physical progress of the multi-purpose block under construction at St Peter's Kibuzi SSS currently stands at 82%. The project is behind schedule due to financial constraints.

## B) CDAP Nyagak

Four boreholes were completed, and work on the community hall is currently ongoing though lagging behind schedule due to financial constraints.



Hon. Justine Kasule LUMUMBA Minister in charge of General Duties in the office of the Prime Minister, commissions the Grid Extension and Reticulation Project under the Isimba HPP Community Development Action Program.

# Operations Highlights



Aerial view of Isimba HPP showcasing its spillway, powerhouse and switchyard

## Introduction

In the period under review, the company had four operating plants; 183 MW Isimba Hydropower Plant, 50 MW Namanve Thermal Power Plant, 380 MW Nalubaale and Kiira Hydro Power Stations and the recently commissioned 600 MW Karuma Hydro Power Plant. The plants are being operated under **Internal Performance Contracting Framework** that was officially launched on 10<sup>th</sup> March 2022 following the approval of the **O&M Business model**.

This performance contract is signed between the **Plant(s) Operator (plant Staff & Management) and the Asset Holder (UEGCL Head Quarters)**. However, there are notable challenges such as unfunded CAPEX for Namanve Thermal Power Plants, floating islands which curtail power generation at Karuma Hydropower Plant during the wet season and Isimba

spillway deficiencies which continue to limit the available water discharge capacity.

The key highlights on the plant(s) performance throughout the period is as follows.

### ISIMBA HPP (183 MW)

The financial year 2024/25 marked the sixth year of operations of the 183 MW Isimba HPP. On average, the Isimba plant operated with a plant availability and reliability of **97.64%** and **99.85%** respectively. The average declared capacity was **164.75 MWh** and the average actual dispatch was **121.20 MWh**, resulting into a plant factor of **66.32%**. The details for the plant key performance indicators throughout the year are shown in the table below.

**Isimba HPP Key Performance Indicators**

Key Performance Indicator	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Declared Capacity (MWh)	175.08	155.82	177.25	183.00	137.61	155.81	181.17	177.64	169.88	181.44	125.69	168.63
Actual Dispatch (MW)	121.59	90.04	109.67	117.42	108.86	110.09	137.03	144.35	133.26	131.43	125.26	127.41
Plant Availability (%)	98.78	97.57	97.36	97.35	95.55	94.46	99.94	99.73	99.18	99.08	98.19	97.64
Plant Reliability (%)	99.70	99.70	99.75	99.68	99.67	99.68	100	100	100	100	100	100
Plant Factor (%)	66.44	49.20	59.93	64.17	59.49	60.16	74.88	78.88	72.82	71.82	68.45	69.62
REVENUE (UGX BN)	14.5	10.5	12.5	13.8	12.3	12.8	16.0	15.3	15.6	14.9	14.7	14.4

## NAMANVE TPP (50MW)

In accordance with the Power Purchase Agreement, the plant annual dependable capacity was conducted on 28<sup>th</sup> February 2025 for the five available generators (#1, #3, #4, #5, #6), from which a dependable capacity of **35.665MW** was obtained.

DG#2 and DG#7 were still down since 20th May 2024, pending the 36,000 run-hour overhaul and

vibration damper repair on the units respectively due to funding gaps. As such, the Plant currently has an available capacity of 35 MW. A plan to overhaul the engines is underway with funding from the tariff as approved by the Electricity Regulatory Authority.

The plant recorded an average availability of 96.82% and an average plant reliability of 99.65%. The detailed plant performance is shown in the table below.



An aerial view of the 50MW Namanve TPP

## Namanve TPP Key Performance Indicators

Key Performance Indicator	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Declared capacity (MWh)	25632.32	24750.44	21685.15	26489.81	25695.87	26518.33	26489.81	23952.04	26476.81	25678.8	26506.2	25650.27
Actual Dispatch (MWh)	5208	4872	4270	5208	5040	5208	5208	4875.8	5208	5040	5208	5040
Plant availability (%)	99.8	92.4	81	99.76	98	100	99.89	99.99	97.42	95	99.89	98.67
Plant reliability %	98.6	99.1	98.1	99.98	100	100	100	99.99	99.99	100	99.99	99.99
REVENUE (UGX Bn)	4.5	4.2	3.5	3.7	3.8	3.8	3.8	4.0	5.4	3.9	3.9	3.8

Whilst the Plant's contractual daily dispatch is 7.0MW, the plant has been able to satisfactorily support the grid in the event of emergencies. Therefore, Namanve TPP remains a critical asset in the energy mix as a backstop during power forced outages.

## KIIRA/NALUBAALE HPP (380MW)

Upon expiry of the Concession Assignment and Agreement on 31<sup>st</sup> March 2023 with Eskom (U) Limited for Kiira/Nalubaale Complex, UEGCL obtained a Generation License from the Electricity Regulatory Authority and Power Purchase agreement from

UETCL. Operations and Maintenance of the Complex successfully commenced on 1<sup>st</sup> April 2023 and the financial year 2024/25 marked the third year of operations of the Complex. UEGCL has smoothly maintained the plant and recorded on year to date plant availability of 97.4% and reliability of 99.2.8% respectively. The details on the indicators are detailed in the table below.

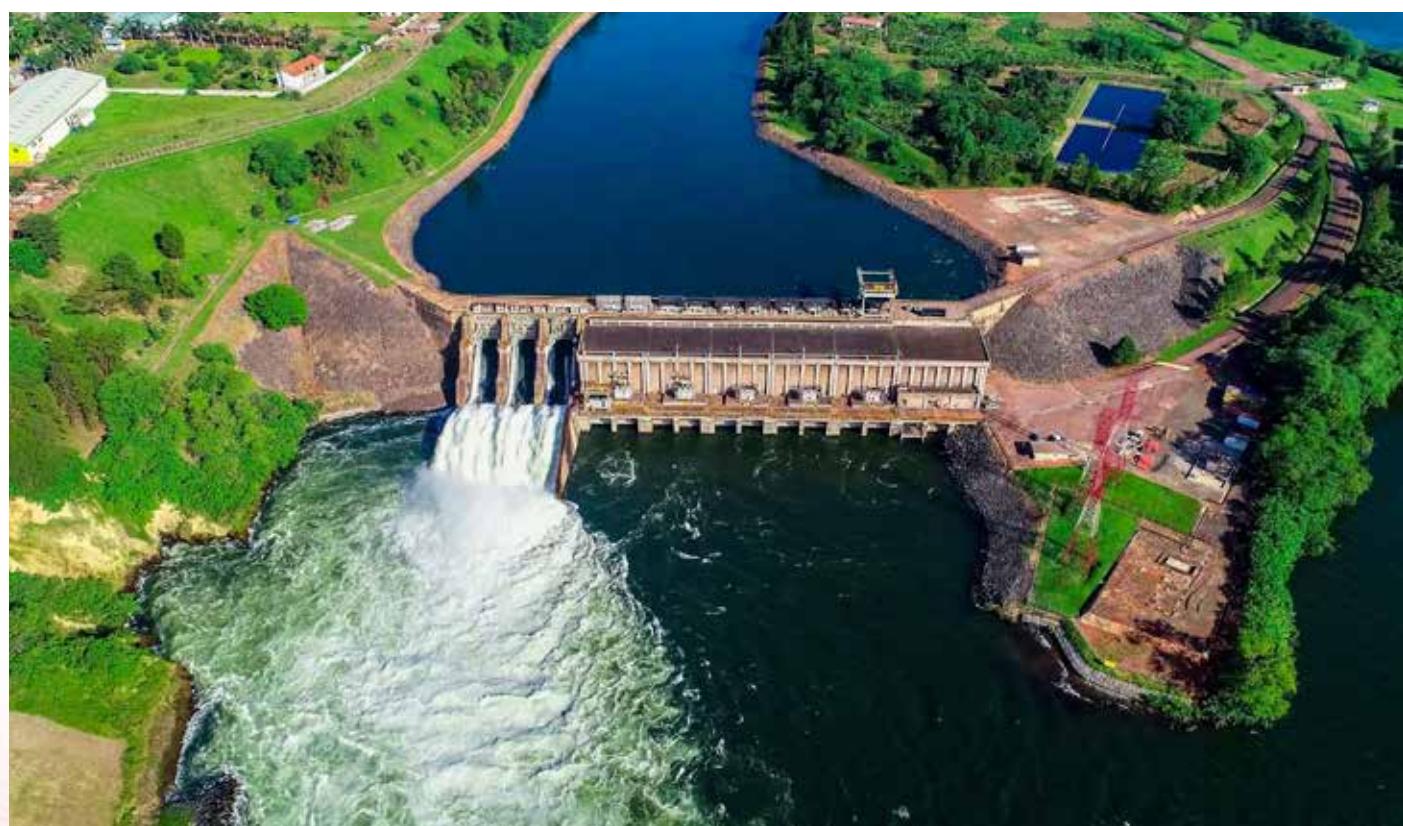
### Kiira/Nalubaale HPP Key Performance Indicators

Key Performance Indicator	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Declared capacity (MW)	173.9	173.9	173.9	173.9	173.9	173.9	173.9	173.9	173.9	173.9	173.9	173.9
Actual Dispatch (MW)	180.3	171.1	157.0	171.6	172.2	171.1	222.9	234.5	224.6	205.2	212.5	212.7
Plant availability (%)	95.6	95.6	99.7	100	100	97.7	99.8	96.3	95.7	98.4	96.6	96.2
Plant reliability %	98.7	99.7	99.9	100	100	97.7	99.8	97.6	99.7	98.4	100	100
REVENUE (UGX Bn)	6.0	6.0	5.8	5.9	5.7	5.9	4.1	3.7	4.1	6.6	6.8	6.6

In order to enhance the reliability and availability of the Complex in a good health state, a number of the projects are being implemented with funding from the tariff as approved by the Electricity Regulatory Authority.



Aerial view of the 180 MW Nalubaale Hydropower Station Sluices



A majestic aerial view of the 200 MW Kiira Hydropower Station.

# KARUMA HPP (600 MW)

Karuma HPP attained its Commercial Operations Date (COD) on the 12<sup>th</sup> of June 2024. The plant has completed the first in operations and maintenance

and recorded a year to date plant availability and reliability of 98.68% and 99.3% respectively. The details on the indicators are detailed in the table below. The plant continues to face challenges of floating Islands which affect power generation

## Karuma HPP Key Performance Indicators

Key Performance Indicator	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Declared capacity (MWh)	500	500	500	300	300	300	300	300	300	300	300	300
Actual Dispatch (MWh)	246.0	294.0	184.0	86.0	74.8	69.2	94.1	134.4	107.9	92.7	106.2	99.1
Plant availability (%)	99.4	99.6	97.8	97.8	97.9	100	98.8	98.5	94.4	97.8	99.2	99.0
Plant reliability %	99.4	99.6	97.8	99.8	100	100	100	100	99.6	99.8	98.9	99.2
REVENUE (UGX Bn)	13.4	13.1	9.3	9.3	9.9	10.4	12.7	16.6	14.7	12.2	14.4	12.9

## MONTHLY SALES UNITS FY2024/2025 (kWh)

	UEGCL (Isimba)	UEGCL (KIIRA/ NALUBALE)	KARUMA HPP	S/Total	Namanve thermal (UEGCL)	S/Total	Total
<b>2024/2025</b>							
Jul-24	89,200,000	134,165,000	71,215,050	294,580,050	5,133,593	5,133,593	299,713,643
Aug-24	65,978,000	127,302,000	70,762,750	264,042,750	4,822,922	4,822,922	268,865,672
Sept-24	77,780,000	113,041,000	49,791,950	240,612,950	4,176,629	4,176,629	244,789,579
Oct-24	86,094,000	128,086,635	50,039,000	264,219,635	5,194,755	5,194,755	269,414,390
Nov-24	77,228,000	123,319,963	53,874,750	254,422,713	5,044,760	5,044,760	259,467,473
Dec-24	80,671,000	127,413,000	56,689,000	264,773,000	5,213,950	5,213,950	269,986,950
Jan-25	100,551,401	165,839,000	69,470,600	335,861,001	5,223,330	5,223,330	341,084,331
Feb-25	95,649,000	157,557,000	89,815,850	343,021,850	4,881,118	4,881,118	347,902,968
Mar-25	97,751,000	167,480,140	79,644,700	344,875,840	5,221,689	5,221,689	350,097,529
Apr-25	93,281,000	147,746,665	66,174,450	307,202,115	5,173,486	5,173,486	312,375,601
May-25	91,856,000	158,095,000	78,402,350	328,353,350	5,238,464	5,238,464	333,591,814
Jun-25	90,415,000	153,956,000	70,777,550	315,148,550	5,098,537	5,098,537	320,247,087
<b>Total</b>	<b>1,046,454,401</b>	<b>1,704,001,403</b>	<b>806,658,000</b>	<b>3,557,113,804</b>	<b>60,423,232</b>	<b>60,423,232</b>	<b>3,617,537,036</b>

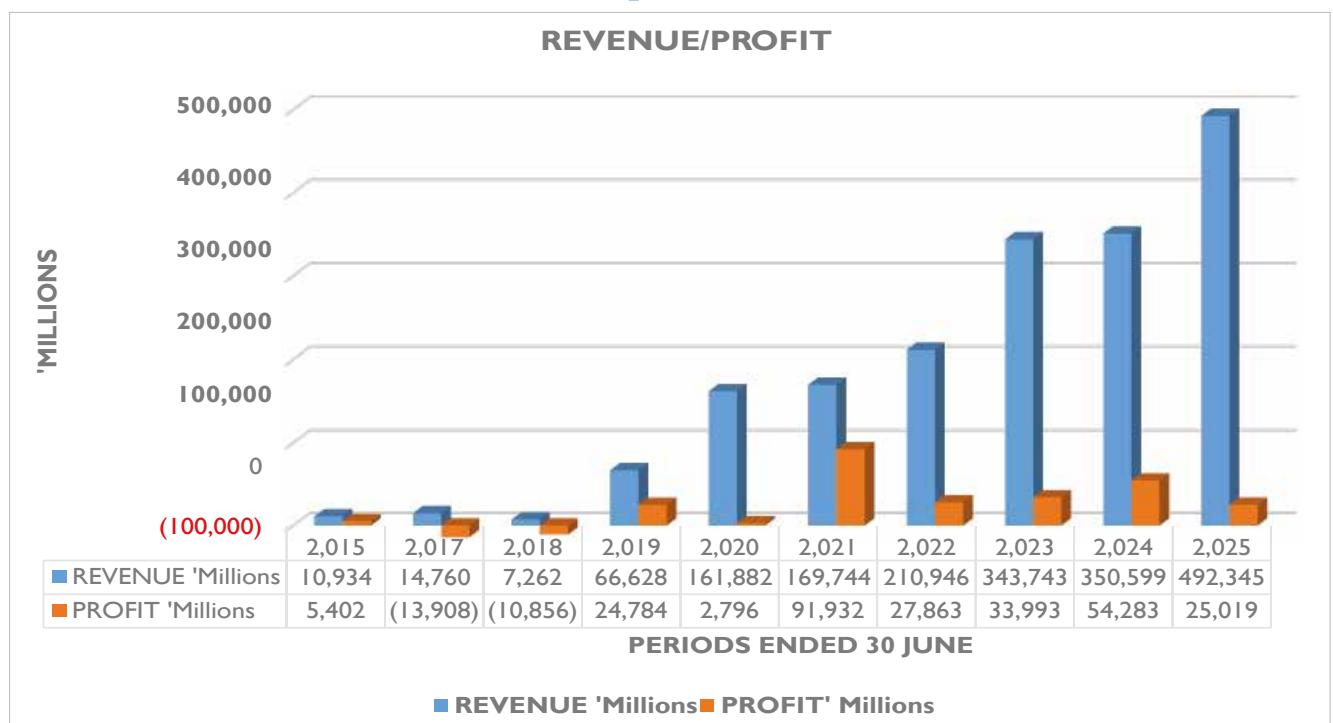




# Financial And Operational Highlights

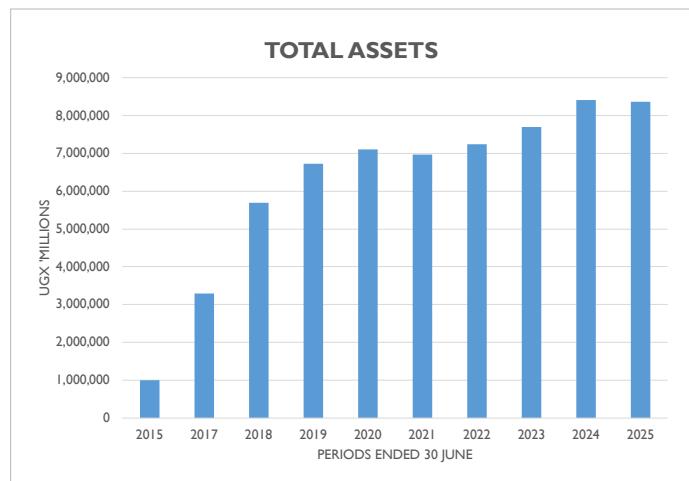
AS AT	30 June 2025	30 June 2024
	UGX '000	UGX '000
<b>For the year</b>		
Concession Fees	0	0
Nalubaale-Kiira Income	47,784,301	41,878,021
Isimba Income	167,716,424	184,760,435
Karuma Income	148,922,786	11,750,444
Namanve Income	48,203,995	55,227,610
Other Income	79,717,484	56,982,009
Operating Profit/Loss	134,227,528	100,546,216
Earnings Before Interest, Tax, Depreciation and Amortisation.	294,533,861	181,174,396
<b>(Profit)/loss for the year</b>	<b>25,018,672</b>	<b>54,282,669</b>
<b>At year-end</b>		
Total Assets	8,368,678,850	8,407,046,587
Shareholder's Equity	1,548,397,897	948,886,087
Outstanding interest bearing debt	4,747,293,388	5,122,617,036
<b>Cash flow data</b>		
Net cashflows from operating activities	173,992,498	124,748,952
Net cashflows used in investing activities	974,824	(700,557,046)
Net cashflows from / (used in) financing activities	(106,176,058)	622,510,294
<b>Operating and other statistics</b>		
Total number of customers (UETCL)	1	1
Total number of employees	419	405
Exchange rate: US Dollar to Uganda Shilling (at year end)	3,594.41	3,706.63
Exchange rate: US Dollar to Uganda Shilling (average)	3,672.88	3,786.24

# Financial And Operational Charts



## REVENUE

- Revenue grew by 40.4% (UGX 350.599bn to UGX492.345bn). This was mainly due to marginally higher electricity dispatch to UETCL as compared to FY2024.
- Karuma commercially on the grid for The first full year;
- 5% Recovery and 4% Return on Buy Out Amount allowed on Kiira / Nalubaale.
- Isimba is continuously being billed on energy instead of capacity.



## PROFIT 25.02BN

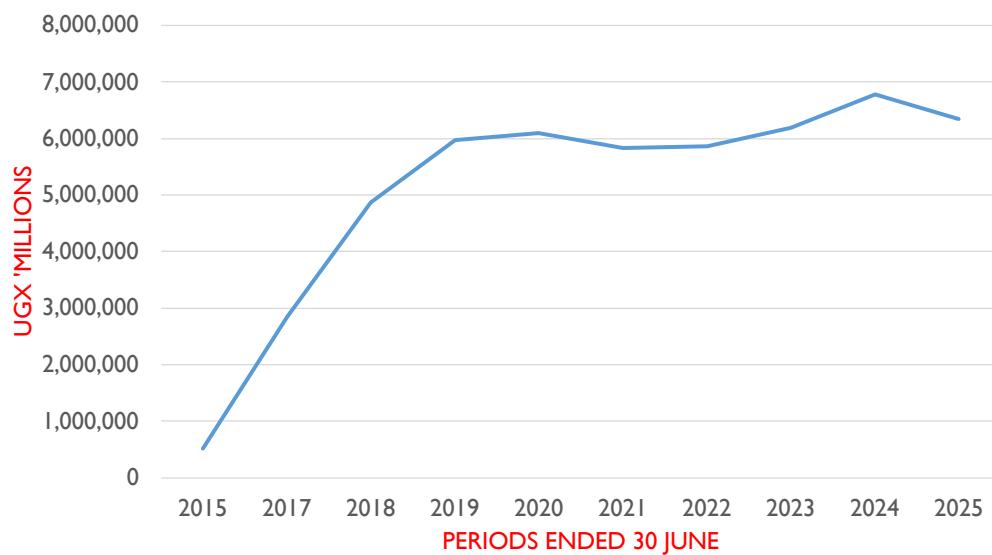
- Decrease in profitably by (54%) (UGX 54.28 bn to UGX 25.02 bn) due to 43.2% rise in operating expenses attributed to the commissioning of Karuma, supported by lesser 40.4% rise in revenue.



## TOTAL COMPANY ASSETS

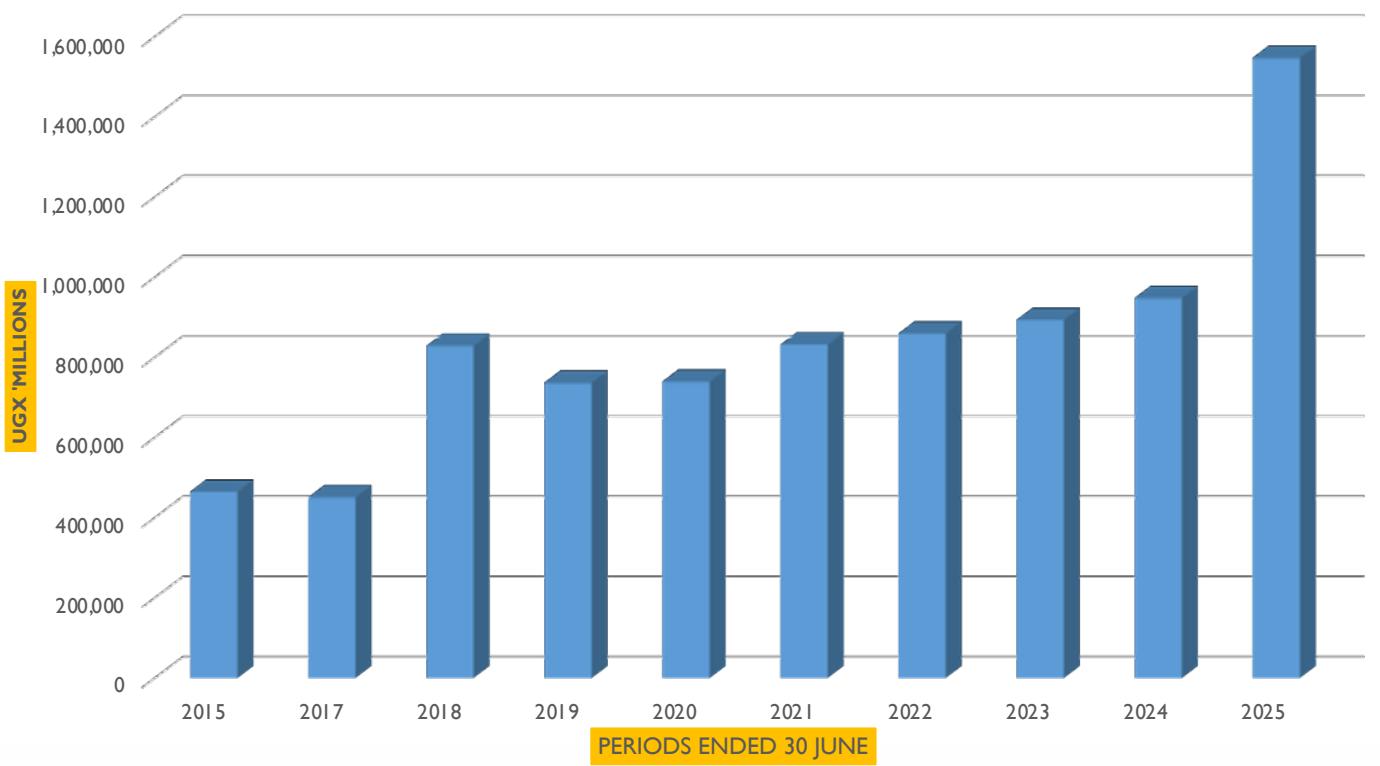
Total Company assets are UGX 8.369tn compared to UGX 8.407tn the previous year (1.2% Decrease) mainly due to full year depreciation on Karuma HPP with minimal asset additions.

## NON CURRENT LIABILITIES



- Total non current liabilities has significantly grown from 2015-UGX 429 billion to UGX 6.354 trillion FY2025 due to the loans borrowed for Karuma & Isimba HPPs.
- Non current liabilities decreased by (6%) in 2025 from UGX6.783tn to UGX6.354tn with classification of part of Karuma loan as current liability payable within one year as loan repayment commences in FY25-26

## Shareholder's Equity



## POSITIVE EQUITY

The Company as at 30th June 2025, is solvent with positive equity of UGX 1,540 Billion, a 62% increase driven by conversion of UGX 566 Billion Karuma Interest payable to Equity.

Profit after taxes UGX 25.02bn (2024:UGX 54.28bn).





A Staff conducts the omicron injection testing at Isimba HPP

# 2025 In Pictures



The minister of Energy and Mineral Development, Hon. Dr. Canon Ruth Nankabirwa SSENTAMU, unveils the commissioning plaque at the commissioning of the 6.6 MW Nyagak III Hydro Power Plant in Zombo District.



The Minister of Energy and Mineral Development, Hon. Dr. Canon Ruth Nankabirwa SSENTAMU, (C) together with the Professor at the College of Engineering Design, Art and Technology (CEDAT), Prof. Henry ALINAITWE, (1st Right) pose with members of the UEGCL BOD at the UEGCL Research and Innovation Symposium.



Members of the Engineers Registration Board (ERB) led by its Chairman, Prof. Henry ALINAITWE (far left), pose at the dam intake of the 183 MW Isimba HPP during a technical inspection.



The Minister of Gender, Labour and Social Development, Hon. Betty AMONGI, hands over an award to Dr. Eng. Harrison E. MUTIKANGA after UEGCL was recognized as the most outstanding Government Agency in Occupational Health and Safety Management during the World Safety Day celebrations in April 2025.



The Electricity Supply Industry (ESI) CEO's, Regulators, Development Partners and Regional Policy Makers, pose at the end of the East African Power Pool Regional Trade Conference in Mombasa, Kenya.



The UEGCL Chief Operations Officer explains to the members of the Parliamentary Committee on Environment and Natural Resources during their oversight visit to the 50 MW Namanve TPP.



The Top Management Team of Public Procurement and Disposal of Public Assets Authority (PPDA) pose with Isimba HPP Staff during their benchmarking visit to the 183 MW Plant in Kayunga District.



UEGCL staff pose after a successful participation in the Annual Rotary Cancer Run in August 2024.



Students of Makerere College were hosted to a guided study tour of the 183 MW Isimba HPP. Such educational visits are aimed at providing students with knowledge about hydropower generation.



The UEGCL Muslim Fraternity were hosted to a special Iftar dinner to mark the end of the holy month of Ramadan.



Former Minister of Ethics and Integrity  
Hon. Dr. Miria Matembe poses with  
UEGCL female staff at the 2025 women's  
day gathering.



As part of the celebrations for World  
Environment Day, UEGCL donated  
assorted tree seedlings to various  
communities around our power plants.

# BOARD OF DIRECTORS

## **Eng. Proscovia Margaret NJUKI Chairperson**



Eng. Proscovia Margaret Njuki is an Electrical Engineer and she holds a Bachelor of Science Degree in Electrical Engineering from the University of Nairobi.

She served the Government of Uganda in the Department of Uganda Television for 28 years and is currently serving as a Director on the Board of Multi-Konsults Ltd, Mildmay Uganda, and Greenhill Academy Ltd.

She is 74 years of age and has served the Company as an Independent Non-Executive Director for ten years, since 13 November 2013, the last six of which have been as the Chairperson of the Board of Directors.

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## **Professor Nixon KAMUKAMA (Ph.D.) Director**



Professor Nixon Kamukama is a Certified Public Accountant and holds a Doctorate of Philosophy in Business, a Master's Degree in Accounting and Finance, and a Bachelor of Commerce (Accounting Option) all from Makerere University.

He has served as Professor at Makerere University Business School and is currently the Deputy Vice-Chancellor- Academic Affairs at Mbarara University of Science and Technology (MUST)

He is 60 years of age and has served as an Independent Non- Executive Director in UEGCL for 10 years, since 6 December 2012.

He is the Chairperson of the Finance & Audit Committee and a member of the Governance, Risk, and Compliance Committee of the Board.

**Eng. Gilbert John KIMANZI**  
**Director**



Eng. Gilbert John Kimanzi is a Water Supply, Sanitation, and Institutional Specialist with more than twenty-eight (28) years of experience in the water and sanitation sector. He holds a Master's Degree in Water and Waste Engineering from Loughborough University, UK, and a Bachelor of Science in Civil Engineering from Makerere University.

He has served in various capacities and is currently serving as Commissioner Water for Production at the Ministry of Water and Environment.

He is 58 years of age and has served as an Independent Non-Executive Director in the Company for six years since 24 November 2016.

He is the Chairperson of the Technical Committee and a member of the Human Resources, Compensation, and Planning Committee of the Board.

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**Mrs. Hope BIZIMANA**  
**Director**



Mrs. Hope Bizimana Is a Human Resource specialist and consultant with over 33 years of working experience in Human Resource Management, Planning, and Organizational Development.

She holds a Master's Degree in Human Resource Management from the Uganda Management Institute, a Bachelor's Degree in Political Science and Public Administration, and a Postgraduate Diploma in Human Resources from Makerere University, and is currently a Human Resource Consultant with ABS Consulting Group.

She is 64 years of age and has served as an Independent Non-Executive Director in the Company for four years since 13 November 2019.

She is the Chairperson of the Human Resource, Compensation, and Planning Committee and a member of the Governance, Risk, and Compliance Committee.



**Mr. Ronald DRAVU**  
**Board Member**

Mr. Ronald Dravu is an Auditor and Certified Public Accountant. He holds a Master's of Arts in Organizational Leadership and a Bachelor's Degree in Business Administration from Uganda Christian University. He also holds an Advanced Diploma in Government Accounting Management and Audit from the East and Southern Africa Management Institute (ESAMI).

He has served as a Chief Finance Officer, Senior Internal Auditor, and Principal Internal Auditor at the Ministry of Local Government and is currently serving as the Chairman Public Accounts Committee Arua City.

He is 72 years of age and has served as an Independent Non-Executive Director in the Company for seven years since 15 September 2016. He is the Chairperson of the Governance, Risk, and Compliance Committee and a member of the Finance and Audit Committee.



**Mr. Paul Patrick MWANJA**  
**Director**

Mr. Mwanja is an Economist with over twenty-two years of experience in Macroeconomics, Project Analysis, and Public Investment Management. Holds a Master's of Arts Degree in Economic Policy Management, a Bachelor of Science Degree in Economics both from Makerere University, and is an ACCA Affiliate.

Mr. Mwanja has served as a Senior Economist and Head of the fiscal policy management section of the macroeconomic policy department, Principal Economist Projects Analysis and Public Investment Management Department, and Assistant Commissioner Infrastructure and Social Services all at the Ministry of Finance, Planning and Economic Development. He is presently the Commissioner Infrastructure & Social Services Department. He is 56 years of age and has served as a Non-Executive Director in the Company for three years since four November 2019.

He is a member of the Technical and Finance and Audit Committees of the Board.



**Eng. Julius Wamala NAMUSANGA**  
**Director**

Eng. Wamala is an Electrical Engineer with over 16 years of experience in occupational safety, project design and management, and electricity generation. He holds a Master's of Science in Energy and Power Systems from the University of Liverpool, UK, a Master's of Science in Computer Science from the University of Pune, India, a Bachelor of Science (Electrical Engineering) from Makerere University, and a Post Graduate Diploma in Project Planning and Management from Uganda Management Institute.

Eng. Wamala has served as a general safety inspector at the Ministry of Gender, Labour, and Social Development and in other roles at the Ministry of Energy and Mineral Development where he is currently the Assistant Commissioner, Electrical Generation.

He is 46 years of age and has served as a Non-Executive Director in the Company since 6 July 2021 and is a member of the Technical Committee and the Human Resources, Compensation, and Planning Committees of the Board.



UEGCL Shareholders, represented by Hon. Dr. Canon Ruth Nankabirwa SSENTAMU, Minister of Energy and Mineral Development and Hon. Matia KASAIJA, Minister of Finance, Planning and Economic Development pose with members of the UEGCL Top Management during the close of the 14th AGM in January 2025.

# The Management Team

## Heads of Departments



**Dr. Eng. Harrison .E. MUTIKANGA**  
Chief Executive Officer



**Eng. George Tusingwire MUTETWEKA**  
Chief Operations Officer



**Joyce NAKALEMA**  
Chief Human Resource Officer



**Albert MURUNGI**  
Chief Information and  
Communication Technology Officer



**Dr. Mary AKURUT**  
Chief Safety Health Environment  
and Quality Officer



**David Kahwa ISINGOMA**  
Chief Strategy and Business  
Development Officer



**Joseph OKECHO**  
Chief Audit Officer



**Eng. Isaac ARINAITWE, CFA**  
Chief Projects Officer

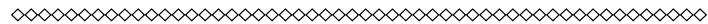


**Susan Taffumba ISUBIKALU**  
Chief Finance Officer



**Mark Martin OBIA**  
Company Secretary

## Heads of Units



**Enock K. KUSASIRA**  
Head Communication and  
Corporate Affairs



**Dr. Eng. Jotham I. SSEMPEWO**  
Head Estates and Administration



**Allen ASASIRA**  
Head Procurement  
and Disposal Unit



**Flavia ANYIKO**  
Head Risk

# Corporate Governance Statement 2025

## THE BOARD

This statement has been prepared per the Code of Corporate Governance contained in the third schedule to the Companies Act CAP 106, and the Electricity (Corporate Governance) Guidelines of 2019 issued by the Electricity Regulatory Authority (ERA).

### **Composition, Operations of the Board of Directors, and Board Committees**

The Company's Board of Directors ("the Board") is composed of seven (7) non-executive members reappointed by the Shareholders for a three-year term on the 1st July 2023 and are eligible for re-appointment.

Five Directors are classified as Independent Non-Executive Directors, while the two Directors representing the Ministry of Energy and Mineral Development and the Ministry of Finance, Planning and Mineral Development are classified as Non-Executive Directors as indicated in the table below.



UEGCL board of directors conduct an inspection during the Nyagak III commissioning in August 2025

## Composition of the Board of Directors

	Director	Classification	Skills
1.	Eng. Proscovia Margaret Njuki (Chairperson)*	Independent non-executive Director	Engineering and Leadership
2.	Eng. Julius Wamala Namusanga **	Non-executive Director	Engineering, Electrical Power Systems and Project Management
3.	Dr. Nixon Kamukama *	Independent non-executive Director	Finance and Accounting
4.	Mrs. Hope Bizimana *	Independent non-executive Director	Human Resources
5.	Mr. Paul Patrick Mwanja**	Non-executive Director	Economics and Budgeting
6.	Mr. Ronald Dravu *	Independent non-executive Director	Accounting and Auditing
7.	Eng. Gilbert John Kimanzi*	Independent non-executive Director	Engineering and Water Resource Management

\*Independent Non-Executive Director

\*\* Non-Executive Director

### Note:

- The prefix Eng. denotes an Engineer registered by the Engineers Registration Board (ERB), the Body responsible for regulating and controlling the engineering profession in Uganda.
- An executive director is a director involved in the day-to-day management or is employed by the Company.
- A non-executive director is a director who is not an executive director as defined in (ii) above and; An independent director is a non-executive director who does not represent or is not nominated by a shareholder, was not employed by the Company in the past 3 financial years, is not an immediate family member of a person who is or was in the past 3 financial years employed in an executive capacity, is not a professional advisor to the Company, is not a significant supplier to, or customer of the Company and has no significant contractual relationship with the Company and is free from any business or other relationship, which could materially interfere with his or her ability to act independently.

The day-to-day operations of the Company are delegated to the Chief Executive Officer and his team, and these report to the Board quarterly. However, the Board has reserved for itself the following non-delegable roles, which include *inter alia* appointment, supervision, and evaluation of the Chief Executive Officer (CEO), appointment of Top Management and Succession Planning. Other roles include approval of the annual budget, financial statements, budget re-allocations, establishment of corporate governance frameworks and policies, ensuring compliance with laws, regulations and standards, overseeing internal controls and risk management systems, protecting the interests of stakeholders and ensuring transparent communication with shareholders and regulators, etc.

In fulfilling its governance and oversight responsibilities, the Board works through four committees, namely: the Human Resources, Compensation, and Planning Committee, the Governance, Risk, and Compliance Committee, the Finance and Audit Committee and the Technical Committee. Each committee functions within clearly defined terms of reference, which outline its mandate, authority, and reporting structures.

## FUNCTIONS OF THE BOARD

The Board approves the Company's Vision, Mission, Strategic Objectives, and purpose. The Board then monitors Management's performance against strategic goals and key performance indicators as well as ensures that the Company Strategy remains aligned with the Shareholders' and Stakeholders' interests.

The Committees meet quarterly or as and when special matters come up and are composed of members with the appropriate mix of skills, experience, and independence to ensure objective judgment and informed decision-making.

They provide focused attention on key areas of governance and other specialised matters.

Committee meetings are well-structured, and the Senior Management of the Company uses its best efforts to provide the Committees with comprehensive and timely information to facilitate robust discussions and well-informed recommendations to the full Board. This process ensures that significant issues are properly evaluated before Board consideration. For the reporting period, the Board is satisfied that all Committees discharged their responsibilities efficiently and have made valuable contributions to the overall governance and strategic oversight of the Company.

## Board And Strategy Effectiveness

During the reporting period, the Company aligned its strategic direction to Uganda's Fourth National Development Plan (NDP IV) 2025-2030. This alignment was achieved through the development of the Company's Strategic Plan, which translates NDP IV objectives into Company-specific goals and outputs. The process was guided by the Programme Implementation Action Plan (PIAP) issued by the National Planning Authority, which informed the Company's five-year work plan and budget.

As a result, UECCL was awarded a Certificate of Compliance by the National Planning Authority to the effect that UEGCL's Strategic Plan conforms to the NPA guidelines. The next critical focus is the effective dissemination of the Strategic Plan to internal and external stakeholders to foster shared understanding and commitment toward its successful implementation, a priority to which the Board remains firmly committed.

## Board Enhancement

The Board development program is a continuous and intentional process that ensures Board Members are equipped with the knowledge, skills, and resources necessary to help them fulfil their governance responsibilities and strategic leadership. For the reporting period, Members undertook training in Strategic Governance, Risk and Compliance Management. Members also participated in other strategic engagements, including the 5th International Water Storage and Hydropower Development for Africa Conference and Exhibition, benchmarking with the Volta River Authority (VRA), Ghana, on their aquatic weed harvesting operations to gain insights on managing the aquatic weeds which disrupt power generation in Uganda, the 93rd Annual Meeting & 28th International Congress on Large Dams and the 44th African Corporate Governance Conference.

## Board Evaluation

In an increasingly complex and dynamic environment, Boards must not only oversee operations but also must assess their own effectiveness. Regular evaluation fosters a culture of accountability, transparency, and continuous improvement/learning. Whether through self-assessment, peer review, or external facilitation, the Company is committed to making Board evaluation a regular and meaningful part of its governance culture. For the reporting period, the Board is undertaking a self-assessment of their individual and collective performance. The results of the self-assessment will be used to point the Board to areas of improvement.

## Conflict Of Interest

The Board is expected to act in the best interest of the Company and to avoid situations where personal interests could interfere with responsibilities. By proactively managing conflicts of interest, the objectivity, independence or fairness of the Board's decision and actions is guaranteed. Members individually declare all forms of apparent or actual conflict of interest when dealing with any matters about the Company. Record of disclosures is documented to ensure transparency and accountability.

## Project Monitoring And Plant Visits

The Board undertakes periodic visits to plant sites as well as project development sites. The site visits provide an opportunity for direct observation of plant operations and project activities, verification of progress against plans, and engagement with stakeholders on the ground, such as site staff, contractors and communities.

Through site visits, members gain firsthand insights into the challenges, achievements, and practical realities of plant operations and project progress, and this facilitates informed decision-making, timely problem-solving, and the identification of best practices that can be replicated at other sites. During the financial year, the Board visited the Nalubaale and Kiira Hydropower Power Stations, Nyagak III HPP during completion and commissioning of the plant, and Karuma HPP.

## Stakeholder Engagement

Engaging stakeholders promotes transparency, accountability, and mutual trust. It fosters collaboration, reduces potential conflicts, and builds a shared sense of ownership and responsibility. The Board ensures that the Company's key stakeholders are often consulted and their interests considered in decision-making. The Company's key stakeholders

include the Minister of Finance, Planning and Economic Development, the Minister of Energy and Mineral Development, the Electricity Regulatory Authority, the National Environment Management Authority, Uganda Electricity Transmission Company Limited, which is the single buyer of all the net electrical output produced by the Company, and Development partners. Other direct stakeholders include development partners, contractors, service providers, suppliers, the media, and host communities.

## Board Meetings

Regular meetings ensure continuous alignment between management actions and strategic goals, allowing timely corrective actions and effective monitoring of major initiatives, risks, and opportunities. The Chief Executive Officer and Senior Management report to the Board quarterly to provide the Board with financial, operational, and performance data; they also report on challenges, risks, and opportunities. Every effort is made to make sure that meeting materials are received by the Board well in advance to allow better preparation

and informed decision-making.

An attendance register is maintained for the Board and Committees, and the record of attendance is captured. Where a member is not able to attend a meeting, he or she communicates his or her apologies to the Board Chairperson or Committee Chairperson. Ordinary quarterly meetings are scheduled in the Board Activity Calendar, while extraordinary meetings are scheduled as and when the need arises.

The Chief Executive Officer and Company Secretary attend all meetings of the Board, and members of the Top Management attend on invitation to present reports or provide additional information when required.

## Ordinary Board Meetings

The attendance of the Ordinary Board Meetings for the period 1st July 2024 to 30th June 2025 was as follows: -

No.	YEAR	2024		2025	
		09.08	26.11	20.02	09.05
	DATE				
1	Eng. Proscovia Margaret Njuki (Chairperson)	✓	✓	✓	✓
2	Mr. Paul Patrick Mwanja	✓	X	✓	X
3	Mrs. Hope Bizimana	✓	✓	✓	✓
4	Dr. Nixon Kamukama	✓	✓	X	✓
5	Mr. Ronald Dravu	✓	✓	✓	✓
6	Eng. Gilbert John Kimanzi	X	✓	X	✓
7	Eng. Wamala Julius Namusanga	✓	✓	✓	✓

✓ = Attendance    X = Absent with apology \* = Online attendance

## Extra Ordinary Board Meetings

The attendance of the Extra Ordinary Board Meetings for the period 1st July 2024 to 30th June 2025 is set out in the table below.

No.	YEAR	2024										2025			
		DATE	10.07	26.07	16.08	23.08	09.01	22.01	13.03	14.03	27.03	15.04	25.06		
1	Eng. Proscovia Margaret Njuki (Chairperson)		✓	✓*	✓*	✓	✓	✓	✓	✓	✓	✓*	✓*		
2	Mr. Paul Patrick Mwanja		✓		✓*	✓	✓	✓			✓				
3	Mrs. Hope Bizimana		✓	✓*	✓*	✓	✓	✓	✓	✓	✓	✓*	✓*		
4	Prof. Nixon Kamukama		✓	✓*	✓*	✓	✓	✓	✓	✓		✓*	✓*		
5	Mr. Ronald Dravu		✓	✓*	✓*	✓	✓	✓	✓	✓	✓	✓*	✓*		
6	Eng. Gilbert John Kimanzi		✓					✓				✓*	✓*		
7	Eng. Wamala Julius Namusanga			✓*	✓*	✓	✓	✓	✓	✓	✓	✓*	✓*		

✓ = Attendance x= Absent with apology \*= Online attendance

## Board Committees

Committee meetings are also held quarterly and scheduled in the Board Activity Calendar. The meetings are well-structured, with comprehensive documentation provided well in advance to facilitate robust discussions and well-informed recommendations to the full Board. The Committees ensure that significant issues are properly evaluated before they are considered by the full Board.

The committee meetings are a hybrid of in-person and virtual attendance, allowing for flexibility and broader participation of all members. Each Board Committee comprises three (3) members and is chaired by an Independent and Non-Executive Director.

Detailed analysis of Committee meetings and attendance during the period of reporting was as follows:

### Governance, Risk and Compliance Committee

This committee supports the Board in understanding the enterprise risk management, governance and compliance management in relation to the Company's operations and also ensures that, through regular reviews and assessments, Management has established effective systems to identify and manage material risks.

The Committee's composition and attendance at meetings for the Financial Years were as follows:

No.	YEAR	2024				2025			
		DATE	25.07 Ord	25.10 Ord	30.01 Ord	28.04 Ord			
1.	Mr. Dravu Ronald (Committee Chairperson)		✓	✓	✓	✓			
2.	Mrs. Hope Bizimana		✓	✓	✓	✓			
3.	Dr. Nixon Kamukama		✓	✓	✓	✓			

✓ = Attendance x= Absent with apology \*= Online attendance

Ordinary Meetings

## The Finance & Audit Committee

The Finance and Audit Committee provides an oversight role in the monitoring reliability of financial statements of the Company, monitoring the Company's performance against the approved budgets, and monitoring and reviewing the performance of the internal audit function. The Committee ensures that the financial results are reported fairly and in accordance with governing laws and generally accepted accounting principles.

The Committee's composition and attendance at meetings for the Financial Year were as follows;

DATE	2024								2025					
	15.07 Ext	26.07 Ord	28.10 Ord	01.11 Ext	15.11 Ext	02.12 Ext	10.12 Ext	19.12 Ext	31.01 Ord	24.03 Ext	04.04 Ext	29.04 Ord	10.06 Ext	
1. Dr. Nixon Kamukama (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓*	✓	✓	✓	✓	✓	✓
2. Mr. Ronald Dravu	✓	✓	✓	✓	✓	✓	✓	✓*	✓	✓	✓	✓	✓	✓
3. Mr. Paul Patrick Mwanja	✓	X	✓	✓	X	X	✓	✓*	X	✓	X	X	X	✓

✓ = Attendance    x= Absent with apology    \* = Online attendance

■ Ordinary meetings    □ Extra ordinary Meetings

## The Technical Committee

The Technical Committee provides an oversight role, reviews, evaluates and make recommendations to the Board in relation to technical performance of the Company, implementation of projects as well as health, safety, and environment and quality management.

The Committee's composition and attendance of meetings was as follows;

No.	YEAR	2024				2025		
		DATE	02.08 Ord	24.10 Ord	12.12 Ext	13.02 Ord	30.04 Ord	
1.	Eng. Gilbert Kimanzi (Chairperson)		✓*	✓*	✓*	✓*	✓*	✓*
2.	Eng. Proscovia Margrate Njuki (Ex-officio)		✓*	✓*	✓*	✓*	✓*	✓*
3.	Mr. Paul Patrick Mwanja		X	✓*	X	✓*	X	X
4.	Eng. Wamala Julius Namusanga		✓*	✓*	✓*	✓*	✓*	✓*

✓ = Attendance    x= absent with Apology \* = online attendance

■ Ordinary Meetings    □ Extra ordinary Meetings

## Human Resource, Compensation and Planning Committee

The Human Resource, Compensation and Planning Committee supports the Board in its responsibility of reviewing Company structure, remuneration, rewards, recruitment, training and development, succession planning, performance management and strategic planning

The Committee's composition and attendance of meetings during the financial year was as follows:

No.	YEAR	2024				2025			
		23.07 Ord	19.09 Ext	23.10 Ord	29.10 Ext	11.02 Ord	17.02 Ord	22.04 Ord	14.05 Ext
	DATE								
1.	Mrs. Hope Bizimana (Chairperson)	✓*	✓	✓*	✓*	✓*	✓*	✓*	✓*
2.	Eng. Gilbert Kimanzi	✓*	X	X	✓*	X	✓*	X	X
3.	Eng. Wamala Julius	✓*	✓	✓*	✓*	✓*	✓*	✓*	✓*

✓ = Attendance    x= Absent with apology    \* = Online attendance

■ Ordinary Meetings    □ Extra Ordinary Meetings

## Internal Audit

UEGCL's Internal Audit Department reviews and evaluates the effectiveness of internal control systems. The Chief Internal Audit Officer reports quarterly to the Finance and Audit Committee of the Board on controls reviewed during the cycle, financial statements and reconciliations, as well as on procurement transactions reviewed during the cycle, thereby providing the Board with independent and objective assurance on the effectiveness of the Company's internal control systems and processes.

## Risk Management

At UEGCL, effective risk management remains a strategic priority, vital for achieving organizational goals and safeguarding stakeholder interests. The Board, through the Governance, Risk, and Compliance (GRC) Committee, oversees Enterprise Risk Management, continuously reviewing the Risk Management Policy and Risk Appetite Statement, providing guidance on mitigation measures, and monitoring their execution.

In FY24/25, the Board reviewed and approved the updated Risk Appetite Statement, which aligns with UEGCL's revised five-year Strategic Plan (2025-2030) and reflects significant changes in the Company's internal and external operating environment.

## Corporate Risk Profile

The Board and Management assessed, evaluated, and continuously monitored key risks during the year, with the main risks including:

**Dam safety risk**, Funding/Liquidity Risk, Strategy Execution Risk, Production Loss Risk, Market Risk, Project Management Risks, Third-Party Risk, Human Capital Management Risk, Data and Cyber Security Risk:

## Directors Remuneration

Directors are paid a monthly retainer fee, sitting allowance, subsistence and travel allowance for members living upcountry at the following rates:

	CHAIRPERSON	DIRECTORS
Sitting Allowance (UGX) (gross)	1,000,000	800,000
Monthly Retainer fee (UGX) (gross)	13,333,000	11,666,000 (Independent & Non-executive) 10,000,000 (Non-executive)
Mileage Allowance	1,800 per Kilometre (KM)	
Subsistence Allowance	250,000/- per night or full board	

## Staff Remuneration

The Company's salary structure is well benchmarked within the sector, and it offers a competitive and attractive package for skilled and competent employees.

## Structure of Remuneration

**Fixed pay:** Basic salary is subject to annual inflationary adjustments.

**Benefits:** The Company provides Medical Insurance Cover, Group Personal Accident Insurance, which includes death benefits for staff and dependants.

## Retirement Benefits Scheme:

**Retirement Benefits Scheme:** As part of the scheme, the Company contributes 30% of each employee's monthly gross salary, and the staff each contributes 5% of their monthly gross salary.

## Variable Pay

The Company pays bi-annual performance incentives and incentives under the Internal Performance Contracting Framework for the Plants based on the Company's overall performance and whenever plant operators/staff excel in meeting their performance targets.

## Integrated Reporting & Disclosure

Integrated reporting is a requirement of both the Uganda Code of Corporate Governance under the Companies Act Cap 106 and under other International Reporting Frameworks. The Company uses integrated reporting to provide a comprehensive view of the Company's performance, strategy and prospects, focusing on value creation, environmental, social and governance aspects, future aspects alongside the traditional financial reports. This approach enhances transparency, accountability, and stakeholder understanding by showing not only financial results but also the broader factors that influence long-term sustainability.

## Company Secretary

The Company Secretary plays a vital governance and advisory role to the Board of Directors. His duties go far beyond administrative tasks, and he acts as a key link between the Board, Management, Shareholders, and

Regulators. Majorly, he advises the Board on correct processes and procedures, compliance with laws, updates on any changes in laws, corporate governance practices, as well as ensures that the Board approves appropriate policies. Administratively, he provides support to the Board by preparing and circulating meeting agendas, coordinating and scheduling meetings, preparing and distributing Board packs (reports, documentation), taking accurate minutes of Board meetings and maintaining proper records.

## Codes And Regulations

The Board is committed to ensuring full compliance with the regulatory regime (laws and regulations), policies, procedures, industrial codes and standards that are relevant to its industry, operations, and geographic locations. Majorly, the Company complies with laws relating to the electricity industry, environment management, labour, occupational health and safety, taxation and those relating to corporate governance.

In keeping up with principles of good corporate governance, the Board of Directors ensures that the Company complies with all requirements. Periodic review of policies is undertaken to ensure that the Company remains compliant and aligned with legal requirements and changes in the operating environment. Several Company policies and policies were reviewed during the reporting period and are pending the Board's approval.

## The Board approved the following revised policies and guidelines:

- i) Communication & Public Relations Policy
- ii) Corporate Social Responsibility Policy
- iii) Social Media Guidelines
- iv) Stakeholder Engagement Strategy

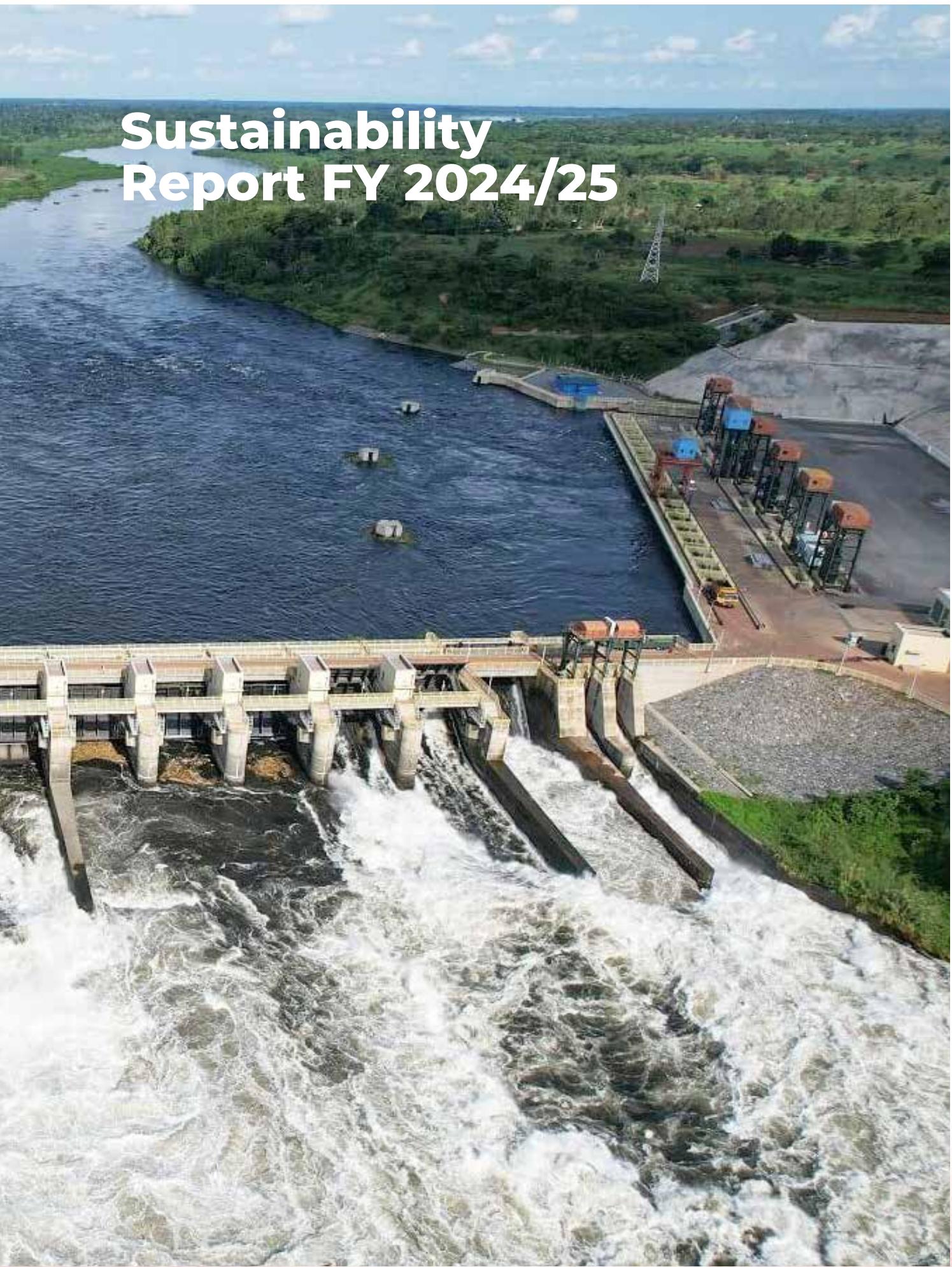
## Going Concern

Having assessed the Company's ability to continue as a going concern and being certain that the Company will continue its operations for the foreseeable future; it is hereby declared that the Board is fully satisfied that the Company is a going concern, able to meet its obligations and will remain so for at least the next twelve (12) months from the date of this statement.



An aerial view of Karuma dam

# Sustainability Report FY 2024/25



UEGCL is keen on operating sustainably and ensuring that resources are utilized in a responsible and ethical manner for future generations to come. As we pursue our vision of being Africa's leading Electricity Generating Utility, we are cognizant of the fact that our product must not only support industrial development, but must as well transform lives/social well-being of Ugandans; especially those within areas where our projects are based.

UEGCL believes that the United Nations Sustainable Development Goals (SDGs) and the Agenda 2030 on social and economic development which have set goals on; Eradication of poverty, ending hunger and achieving food security, Good health, Quality education, Minimizing the negative impact of climate change on the environment, Gender equality, Clean water and sanitation, Affordable and clean energy and Social justice can be achieved if all actors in sustainable development play their part.

As a company, UEGCL is committed to building a robust business through efficient capital management, investment in renewable energy sources, research and innovation, effective stakeholder relations, corporate social responsibility and through

a skilled and motivated workforce.

The sustainability focus is summarized under the following categories which fulfil the aspirations of ESG: -

- Financial Sustainability
- Environmental & Climate
- Corporate Social Responsibility
- Stakeholder Engagement.
- Human Capital & Innovation

## Financial Sustainability

Financial sustainability remains one of the key aspirations of UEGCL. This is clearly stipulated within UEGCL's Strategic Plan (2025-2030), within the Financial and resilience plan which is premised on five pillars;

- Improving operational efficiency
- Designing and implementing the power generation investment strategy



UEGCL CEO poses for a photo after the launch of Never Again campaign at Isimba HPP

- Developing a sustainable debt financing strategy
- Implementing cost-based tariffs
- And improving risk management.

The combined pursuance of these pillars is envisaged to ensure UEGCL's Financial Sustainability over the next five years. Key among the aspirations is the quest for earning a return on equity as a means of fostering financial sustainability.

Over the last 4 years, since the commencement of operations in Isimba in 2019, UEGCL has posted profits that have overturned previous accumulated losses. This has in part been enabled through the stalwart revenue streams of Isimba, that have further been boosted by Karuma revenues. However, consideration has to be given to the long run financial sustainability of the company, which will require changes in the regulatory and Tariffs setting regime.

UEGCL is cognizant of the fact that it has to take a phased approach to attain financial sustainability, and key among these will be; continued dialogue with its shareholders, the Ministry of Energy and Mineral Development and Ministry of Finance Planning and

Economic Development, as well as the Regulator (ERA). This will entail converting part of the on lent debt to equity which will make UEGCL's balance sheet less geared and more attractive to investors and Financial Institutions.

UEGCL will also pursue the Financial sustainability journey through negotiating cost recovery tariffs for all UEGCL Plants, Request government to review policy on subsidies for capacity charges in Thermal Power Plants and have Namanve TPP to mainstream all revenue requirements into the end user tariffs and eliminate government subsidies. UEGCL will also enhance its participation in the East African Power Pool (EAPP) as a futuristic initiative to enhance its financial sustainability.

## Health, Safety and Environment

During this reporting period, UEGCL launched the "NEVER AGAIN" health and safety campaign in September, 2025 at the 183MW Isimba HPP aimed at enhancing a culture of safety, procedural discipline and operational integrity to address systemic and behavioral failures to prevent re-occurrence of incidents.



The campaign emphasizes re-enforcement of a "Speak Up" culture around safety and system gaps to enhance risk-based decision making, boosting learning and feedback loop, building a visible and felt leadership culture and adherence to approved Standard Operating Procedures through monthly safety themes, simulation drills and leadership walk-throughs.

UEGCL has also planted over 70,000 indigenous trees across 150 hectares around the Isimba dam site, contributing to Uganda's goal of 40 million trees annually.

Finally, in recognition of UEGCL's commitment to Health and Safety, UEGCL was recognised by the Ministry of Gender Labour and Social Development (MoGLSD) for its outstanding Occupational Health and Safety Management in the Ugandan Public Sector at the World Day for Occupational Safety celebrations 2025. We are committed to building a resilient health and safety culture with zero incidents across all our plants.

## Quality

During the period, UEGCL developed and implemented a Safety, Health, Environment, and Quality (SHEQ) Integrated Management System (IMS), achieving significant certification milestones based on international standards set by the International Organization for Standardization (ISO). In October 2024, UEGCL was certified against IMS (ISO 9001, ISO 14001, and ISO 45001). ISO 45001:2018 for Occupational Safety and Health Management Systems, ISO 14001:2015 for Environmental Management Systems, and a recertification in ISO 9001:2015 for Quality Management Systems. These certifications ensure compliance with global best practices, guiding process improvement and enhancing international recognition.

The current task is maintaining the ISO IMS certification that entails a series of annual surveillance audits by the independent certification body to ascertain continued compliance with the requirements. Additionally, the auditee (UEGCL) is required to demonstrate continual improvement of its system and processes per clause 10 of the ISO IMS standard.

## Corporate Social Responsibility

During the FY2024/2025 period, UEGCL continued to strengthen its ambition of societal impact through deliberate Corporate Social Responsibility initiatives. Guided by its commitment to community empowerment and inclusive development, through the Environment, Social and Governance (ESG) strategy, UEGCL set aside up to Ugx. 40 million shillings to support marginalized vulnerable groups

especially youth and women in organized Saccos within Njeru Municipality, Buikwe District. This support focused on impacting livelihoods, promoting self-reliance and enhancing social inclusiveness. The direct beneficiaries included market vendors involved in out-door catering as well as youth engaged in localized transport (boda-boda) businesses.

This intervention was done through the local leaders and the purpose was to ensure transparency, community ownership sustainability and transformational impact. Through this, UEGCL aligned herself to the government poverty alleviation initiatives focusing on the improvement of household incomes, thereby driving socio-economic transformation in the project area (Buikwe), which plays host to the Nalubaale -Kiira Power stations.

UEGCL undertook a series of community support activities aimed at improving public health and promoting environmental sustainability. During the reporting period, UEGCL donated medical logistics and first aid kits to Village Health Teams (VHTs) in Kawanga, Namanve area in Mukono District. This intervention was intended to enhance the VHTs' capacity to effectively respond to medical emergencies and improve access to basic healthcare services at the grassroots level.

In addition, UEGCL distributed fruit tree seedlings to members of Namanve community. The varieties provided included mango, lemon, guava, and soursop, etc. These fruit trees are expected to serve multiple purposes; ensuring household food security, contributing to environmental conservation through reduced pollution and soil erosion, and functioning as natural windbreakers. These initiatives reflect UEGCL's continued commitment to supporting the well-being of communities in its areas of operation and advancing sustainable development goals.

## Stakeholder Engagement

During the FY 2024/2025, UEGCL undertook high level strategic engagements with the shareholders; Ministry of Energy and Mineral Development (MEMD) together with Ministry of Finance Planning & Economic Development (MOFPED) with the aim of achieving financial sustainability of the Company. This, among others, consequently yielded the conversion of the Karuma HPP on-lent debt of Ugx. 566 Billion into equity, which ensured operational sustainability, safeguarding the long-term viability of Uganda's largest plant as well as reflecting strongly on the company's balance sheet.

Additionally, leveraging the gains of UEGCL's robust and deliberate stakeholder engagement, the regulator (Electricity Regulatory Authority) was able to approve up to Ugx. 21.Billion with in the tariff, to allow for overhaul works at Namanve Thermal

Power Plant. This has since paved way for the major renovation works at Namanve TPP, thereby ensuring sustainable operations of the country's security plant.

UEGCL also engaged various development partners to advance its business growth agenda, resulting in the successful completion of several key company projects. Notably, the partnership with the Swedish Embassy led to the successful completion of the 10 MW Floating Solar Project Feasibility Study, the first of its kind in Uganda, which will contribute to increasing the country's installed generation capacity.

During the reporting period, UEGCL actively participated in sector engagements that highlighted its alignment and contribution to the 10-Fold Growth Strategy, aimed at expanding Uganda's economy from USD 50 billion to USD 500 billion by 2040.

As an enabler of this strategy through the provision of reliable and sustainable electricity, UEGCL continues to collaborate with key stakeholders such as the NPA and MEMD to advance initiatives that directly support the national goal of achieving double-digit economic

growth in line with its corporate mandate.

## UEGCL TALENT MANAGEMENT

The overall headcount as at June 2025 was 419 staff. The workforce comprises of 316 males, representing 75%, while 103 are female, representing 25% of the total workforce. 76% of the staff are based at the Power Plants while 24% are at the Head Office. The company's overall average age was 38 years. The average age for males was 39 years, while the average age for female employees was 35 years.

During the year, implementation of the 1st year of the Manpower Plan in alignment with the new organisational structure to support implementation of the Strategic Plan 2025-2030 commenced. Focus was put on recruitment to support the Operations and Maintenance of the Karuma Hydro Power Plant which was commissioned in September 2024.

In line with the Talent Management strategy, Competence Management commenced and



A staff member undergoes medical screening during the celebrations of World AIDS Day.

competence assessments were at 84% completion. This will inform the development of three-quarters of the Capacity Development Plan and the current Training Plan.

Capacity building was enhanced through training, with 70% of the Training Plan implemented. A total of 165 targeted training programmes were delivered to 110 staff, comprising 32% female and 68% male, addressing identified skills and competency gaps. 4.3% of the workforce benefited from strategic leadership and executive development interventions, including the Directors' Leadership Programme and Executive Coaching. Staff development was further supported externally, under the Indian Grant and the 5-year Norwegian Hydropower Operation and Excellence Home Grant.

To strengthen talent pipelines and build organisational capacity, UEGCL continued to implement the Graduate Trainee Programme with 24 Graduate Trainees; of which, 54% are female. Additionally, UEGCL hosted 93 interns across the different Power Plants.

The second cohort of this years' Mentorship Programme, themed "Woman 2 Woman", was successfully delivered, benefiting 11 young women professionals. Additionally, 5 women participated in the Open Empowering Managers Programme. 35 engineers (14%) are women were also supported by UEGCL in regard to technical mentorship towards registration with UIPE/ERB; 21% of these now fully registered Engineers.

To strengthen professionalism, continuous learning, and global benchmarking, UEGCL supported professional body membership and participation. By June 2025, a total of 153 memberships had been supported across various disciplines, representing 37% of the staff, spanning engineering, finance, law, procurement, audit, HR, and others.

Institutional and strategic affiliations were also enhanced through participation in the Eastern African Power Pool (EAPP), Association of Power Utilities of Africa (APUA), Federation of Uganda Employers (FUE), the International Commission on Large Dams (ICOLD), and Centre for Energy Advancement through Technological Innovation (CEATI) among others in order to further enhance knowledge acquisition and organizational learning.

The focus areas for the next period include developing a Talent Decision Matrix to institutionalize succession planning, support evidence-based career development decisions, and ensure a robust and sustainable talent pipeline aligned with the company's strategic objectives. The company will also

focus on conducting a functional Analysis exercise and optimizing competence assessment results.

One of the major risks to Human Capital is still in regard to staff exits due to short employment contracts as per the Rationalization of Agencies and Public Expenditure (RAPEX).

## Strategy and Performance Management.

UEGCL continues to apply the principles of the Balanced Scorecard (BSC) framework in its strategic planning and performance management processes. The BSC emphasizes a holistic approach to business analysis and strategy formulation, integrating both financial and non-financial dimensions of organizational performance. To further strengthen this framework, UEGCL has incorporated the principles of the PuMP methodology, a practical and results-oriented approach to strategic performance management. This integration is intended to enhance the company's capabilities in performance measurement, analysis, and reporting, thereby providing robust decision-support for improved business outcomes.

During the reporting period, UEGCL realigned its recently rolled-out Strategic Plan (2023-2028) to the National Development Plan IV timelines and aspirations (2025-2030). Specifically to the Sustainable Energy Development Program within the NDP-IV. The alignment process necessitated changes in five key areas namely; the Company Situational Analysis (SWOT, historical performance, etc.), the UEGCL Strategic Goals & undertakings/initiatives, UEGCL's role in attaining the 52GW target by 2040, the Financial implications of the alignment process-(Medium-Term Expenditure Framework, MTEF reporting framework) as well as the UEGCL M&E framework (in line with the Programme Implementation Action Plan).

The aligned UEGCL Strategic Plan (2025-2030) has been certified by the National Planning Authority (NPA) and UEGCL was awarded a Certificate of Compliance from NPA, affirming that the Strategic Plan complies with the National Planning Authority Act, 2002 and the National Planning Authority (Development Plans) Regulations, 2028. The plan is scheduled to be disseminated to both internal and external stakeholders.

As part of the alignment process, the UEGCL 9 Strategic Objectives were reduced to 5. The five objectives reflect the key functional indicators for the company aligned to NDP-IV. The revised Corporate objectives are highlighted below;

No.	Revised Objectives
1	Strengthen Collaboration
2	Improve Asset Management
3	Enhance Business Portfolio
4	Improve Financial Performance
	Improve Institutional Capacity
5	<p>Redefined as:</p> <p>"This entails having in place robust organizational systems, structures, processes, and human capital to enhance operational efficiency and ensure adaptability to emerging challenges and opportunities."</p>

On the performance front, UEGCL recorded a commendable 75% achievement as at June 2025, against the corporate objectives and targets set for the financial year.

Plant Internal Performance Contracts (IPCs) under the O&M Business Model, were also implemented and reviewed across generation facilities during the reporting period, with quarterly performance assessments conducted for Isimba HPP, Nalubaale-Kiira Power Stations, and Namanve Thermal Powerplant. The Karuma HPP IPC was finalized and rolled out following the official commissioning of the plant. The overarching objective of the O&M Business model remains enhancement of management effectiveness through efficient and effective governance approaches, specifically driving Operational efficiency and Accountability.

## Research and Innovation.

During the reporting period, UEGCL's Research and Innovation agenda gained unprecedented momentum, marked by tangible project milestones and the successful hosting of the **Research and Innovation Symposium 2025 (RIS2025)**. The symposium, the second of its kind for UEGCL, provided a high-profile platform to showcase ongoing research projects, foster collaboration with academia, government, and industry, and chart a forward-looking research pathway aligned with the 2025-2030 Corporate Strategic Plan.

The two-day event attracted over 150 participants, including UEGCL staff from various departments, representatives from universities, key stakeholders, and other energy sector professionals, with both in-person and more than 200 participants across the various online platforms. Through presentations, working model demonstrations, exhibitions, and expert discussions, RIS2025 catalysed a wide array of actionable projects and strategic insights aimed at

positioning UEGCL as a front-runner in sustainable energy solutions, digitalization and climate resilience. RIS2025 reinforced UEGCL's positioning as a knowledge-driven organisation and underlined the role of research and innovation in driving operational excellence, sustainability, and national development.

Beyond these, UEGCL expanded its research and technology footprint into several new and emerging areas. Exploratory studies into floating solar PV integration on reservoirs were highly advanced, tapping into hybrid hydro-solar potential for grid stability and energy diversification. Research into dam safety innovations focused on soft water attack monitoring and mitigation, cutting-edge fire suppression systems, and advanced tunnel inspection techniques. Digitalisation projects explored AI- and IoT-based predictive maintenance, cyber-resilience of power plants, and digital twins for hydropower facilities.

All these are futuristic projects that the Research & Innovation teams are keen to explore. Importantly in the reporting period, patent applications were filed for priority innovations, underscoring UEGCL's commitment to safeguarding and commercialising home grown technologies.

Looking ahead, UEGCL's Research and Innovation strategy under the 2025-2030 Strategic Plan is shifting towards scaling successful prototypes into operational pilots, strengthening collaboration with regional and international research institutions, and embedding innovation into daily business operations. With the momentum generated by RIS2025 and other research and innovation initiatives, UEGCL is steadily evolving from a consumer of global best practices into a generator of knowledge, technology, and solutions, contributing not only to Uganda's energy security but also to Africa's and the world's transition to sustainable power.

## OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA



# REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF UGANDA ELECTRICITY GENERATION COMPANY LIMITED FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025

OFFICE OF THE AUDITOR GENERAL UGANDA

## **PREAMBLE**

*This report presents the findings, conclusions and recommendations on the audit of Uganda Electricity Generation Company Limited (UEGCL) for the audit year ended December 2025.*

*The report is based on audit observations made on all types of audits undertaken on the Uganda Electricity Generation Company Limited during the audit year. This is intended to provide stakeholders with a clear understanding of my key findings and conclusions. The recommendations outlined in this report aim to support the entity in achieving its goals and objectives and to promote better service delivery.*

*This report has 6 sections:*

*Section 1: Financial audit report;*

*Section 2: Key findings on compliance with the specified regulatory framework;*

*Section 3: Highlights on evaluation of entity's performance;*

*Section 4: Summaries of key findings arising from other audit engagements;*

*Section 5: Highlights the projects audited under the entity; and*

*Section 6: financial statements*

*Where only summaries of other audit engagements have been included in this report, detailed reports were issued separately.*

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**List of Acronyms**

<b>SN</b>	<b>ACRONYM</b>	<b>MEANING</b>
1.	Bn	Billion
2.	EIA	Environment Impact Assessment
3.	EOM	Emphasis of Matter
4.	ESIA	Environmental Social and Impact Assessment
5.	ERA	Electricity Regulatory Authority
6.	FY	Financial Year
7.	GOU	Government of Uganda
8.	GWh	Giga Watt Hours
9.	HPP	Hydro Power Plant
10.	ICR	Interest Cover Ratio
11.	IESBA	International Ethics Standards Board for Accountants
12.	IFRS	International Financial Reporting Standards
13.	INTOSAI	International Organization of Supreme Audit Institutions
14.	ISSAIs	International Standards of Supreme Audit Institutions
15.	MEMD	Ministry of Energy and Minerals Development
16.	Mn	Million
17.	MoFPED	Ministry of Finance, Planning and Economic Development
18.	MW	Mega Watt
19.	MW/h	Mega Watt per Hour
20.	NAA	National Audit Act
21.	NCA	Non Current Assets
22.	NDP	National Development Plan
23.	NKPS	Nalubale-Kiira Power Station
24.	NTPP	Namanve Thermal Power Plant
25.	PFMA	Public Financial Management Act
26.	PPA	Power Purchasing Agreement
27.	PPDA	Public Procurement and Disposal of Public Assets
28.	ROA	Return on Assets
29.	Tn	Trillion
30.	UEGCL	Uganda Electricity Generation Company Limited
31.	UETCL	Uganda Electricity Transmission Company Limited
32.	UGX	Uganda Shillings
33.	USD	United States Dollar

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**SECTION 1: REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF  
UGANDA ELECTRICITY GENERATION COMPANY LIMITED FOR THE  
FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE, 2025****THE RT. HON. SPEAKER OF PARLIAMENT****Opinion**

I have audited the financial statements of Uganda Electricity Generation Company Limited for the financial year ended 30<sup>th</sup> June 2025, which comprise the Statement of Financial Position as at 30<sup>th</sup> June 2025, the Statement of Financial Performance, the Statement of Changes in Equity, and the Statement of Cash Flows, together with other accompanying statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Uganda Electricity Generation Company Limited as at 30<sup>th</sup> June 2025, and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS), and the requirements under the Companies Act, Cap 106 of the Laws of Uganda.

**Basis of Opinion**

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the 1995 Constitution of the Republic of Uganda (as amended), the National Audit Act, Cap 170, the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), and other independence requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Uganda. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

**Emphasis of Matter**

Without qualifying my opinion, I draw attention to the following matters disclosed in the financial statements;

**1.1 Trade and Other Receivables**

Disclosed in Note 21 on page 35 of the financial statements, are trade and other receivables of UGX.156.911Bn, reflecting an increase of UGX.38.250Bn (32%) from UGX.118.661Bn in the financial year 2023/2024. The majority of the outstanding receivables are related to unpaid power sales to UETCL, totaling UGX.108.943Bn. Of this, UGX.11.985Bn pertains to the Namanve capacity charge for the period December 2022 to December 2023.

The Accounting Officer explained that efforts to recover the long-outstanding Namanve capacity charge receivable from UETCL have been ongoing since FY 2022/23 and Several formal requests were made to UETCL, MoFPED and MEMD to secure supplementary budget support. MEMD communicated to UETCL in July 2024 regarding approval of a UGX 19.65Bn supplementary budget but only UGX.397.014Mn was paid. In addition, the continued non-recovery of this debt and government subsidy have constrained critical capital investments, resulting in shutdown of two units at Namanve thermal Power Plant, with risks of further shutdowns, thereby affecting revenue and energy security. The majority of receivables remain within the 60-day credit terms in the PPAs.

### **Recommendation**

I advised the Accounting Officer to continue engaging UETCL, MEMD, and MoFPED to fast-track settlement of the outstanding Namanve capacity charge arrears, including escalating the matter through formal follow-up.

## **1.2 Outstanding trade and Other payables**

Note 28, on pages 41 to 42 of the financial statement shows that trade and other payables increased by UGX.3.719Bn (10%), from UGX.38.162Bn to UGX.41.881Bn in 2024/2025. Of the outstanding payables, UGX.9.214Bn (22%) relates to supply of the Heavy Fuels and oils for the Namanve plant for April to June 2025. The payables also include the outstanding Eskom buyout amounting to UGX.1.408Bn, which has remained unsettled since May 2023.

The Accounting Officer explained that payables increased because Government budget allocations and releases for project supervision were insufficient. In FY 2024/2025, only UGX 4.5 billion of the approved UGX 9.7Bn was released and as a result, the UEGCL temporarily borrowed from the tariff to pay overdue invoices when the Owners' Engineers threatened to stop work. This borrowing created financial pressure on Operations and Maintenance activities, which are now constrained until the Government reimburses the funds. The older outstanding amount relates to a previous supplier, which was reconciled with UETCL and awaits ERA's approval for settlement.

### **Recommendation**

I advised the Accounting Officer to liaise with the Ministry of Energy and Mineral Development (MEMD) and Ministry of Finance Planning and Economic Development (MoFPED) to ensure the release of all approved budget funds, and for management to prioritise the settlement of the outstanding liabilities.

## **1.3 Outstanding Loan Liability**

Note 26 (a&b) on pages 38 to 41 of the financial statements indicates outstanding loan obligations of UGX.4.1790Tn for Karuma HPP and UGX.1.061Tn for Isimba HPP.

Compared to the previous financial year, the Karuma loan increased by 0.6%, due to the receipt of an additional interim payment certificate (IPC 57) of UGX.14.632Bn, in contrast the Isimba loan decreased by 9%, due to a principal repayment of UGX.107.453Bn from Isimba power sale proceeds.

The note also indicates accumulated interest liabilities of UGX.39.466Bn for Karuma HPP and UGX.2.474Bn for Isimba HPP. The interest liability for Karuma reduced significantly by 92.5%, due to the conversion of UGX.566.355Bn to equity. Isimba's interest liability decreased by 24.3%, following an interest payment of UGX.23.156Bn.

The Accounting Officer explained that Karuma Hydropower Plant achieved Commercial Operation Date (COD) only at the end of FY 2023/24, and FY 2024/25 revenues were far below expectations due to low dispatch, leaving the company unable to meet loan repayment obligations. Loan servicing was further delayed because the Ministry of Finance, planning and economic development had not yet provided the designated repayment account. The debt burden was still material and it encumbers the possibility of acquiring any other additional external financing when the need arises. The loans were based on capacity billing as per the PPA but currently billing is energy based, and GoU guaranteed any shortfall towards these loans. In addition, management recommended that the Government converts the amounts it pays on the company's behalf into grants to improve the company's financial position, strengthen its debt ratio, and support long-term sustainability.

### **Recommendation**

I advised the Accounting Officer to engage the shareholders on implementing the suggested strategies such as; converting Government debt payments into grants and adopting capacity based billing to align with loan commitments as these will strengthen the Company's financial position. Management should also continue engaging stakeholders to explore measures for boosting Karuma energy demand.

### **1.4 Delayed resolution of Insurance Claim**

Note 4(a) on pages 22 to 23 of the financial statements discloses an insurance claim of UGX.1.847Bn resulting from the floods that occurred at Isimba in August 2022. However, as of the end of the financial year, the claim had not been settled. The disclosure indicates that the insurer disputed the claim, arguing that the incident falls outside the scope of coverage. Specifically, the insurer indicated that the proximate cause of the flooding was a defect in the cranes used to lift the downstream gates, which is not covered under the policy.

The Accounting Officer explained that a complaint was to be lodged with the Insurance Regulatory Authority (IRA) by end of November 2025 and would continue to engage the insurer and the insurance broker to enable its effective resolution.

### **Recommendation**

I advised the Accounting Officer to fast track the formal lodging of the complaint with the IRA and follow up accordingly with the insurer, and the Authority to ensure that the matter is conclusively resolved.

### **Other Information**

The Directors are responsible for the other information. The other information comprises the statement of responsibilities of the Directors and the commentaries by the Head of Accounts and the Accounting Officer and other supplementary information.

The other information does not include the financial statements and my auditors' report thereon. My opinion on the financial statements does not cover the other information, and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with

the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

Under Article 164 of the 1995 Constitution of the Republic of Uganda (as amended) and Section 43 of the Public Finance Management Act, Cap 171, the Accounting Officer is accountable to Parliament for the funds and resources of the Company.

The Directors are also responsible for the preparation of financial statements in accordance with the requirements of IFRS and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Directors have a realistic alternative to the contrary.

The Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Conclude on the appropriateness of the Accounting Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to deliver its mandate. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to fail to deliver its mandate.

Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that complies with the IFRS and Company's Act, Cap 106.

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence and, communicate to the Accounting Officer all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Accounting Officer, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Reporting Responsibilities**

In accordance with Section 18 (1) of the National Audit Act (NAA), Cap 170, I report to you, based on my work described on the audit of Financial Statements that, except for the matters in Section 2 of this report and those raised below, whose effect has been considered in forming my opinion on the financial statements, the activities, financial transactions and information reflected in the financial statements that have come to my notice during the audit, are in all material respects, in compliance with the authorities which govern them.

In respect of the compliance criteria of the applicable laws and regulations, I consider it necessary to communicate the matters below;

#### **1.5 Human Resource Management**

##### **1.5.1 Staffing Gaps**

A review of the staff establishment revealed that out of 491 approved positions, 393(80%) were filled, leaving 98 (20%) vacant. Furthermore, the Manpower Plan for FY 2024/2025

required the recruitment of sixty-one (61) positions, of which forty-four (44) were filled, representing 72.13%.

Some of the key positions not filled include; Manager Technical Audit, Manager IT Operations, Business Continuity Officer, Senior Environment and Safe Guards Officer and Head Engineering & Asset Management & Engineering.

Understaffing hinders the entity's ability to effectively deliver its mandate.

The Accounting Officer explained that the approved organizational structure was designed to support the 2023–2028 Strategic Plan, with staffing to be progressively implemented through annual manpower plans and subject to availability of funds. For Year 1 (2024/2025), 80.3% of the 61 planned positions had been filled. The manpower plans for subsequent year comprising 53 positions in Year 2, 15 in Year 3, and 5 in Year 4 will also be implemented based on funding availability.

### **Recommendation**

I advised the Accounting Officer to continue prioritizing the implementation of the approved phased manpower plans to ensure that the organizational structure effectively supports the implementation of the Strategic Plan and delivery of company mandate.

#### **1.5.2 Implications of pending Merger on Staff Insecurity, Planning and Operations**

The Government of Uganda's intention to merge and rationalize public agencies, including the three main electricity companies, Uganda Electricity Generation Company Limited (UEGCL), Uganda Electricity Transmission Company Limited (UETCL), and Uganda Electricity Distribution Company Limited (UEDCL), has led to ongoing uncertainty within the sector.

The merger, outlined in the Electricity (Amendment) Bill, 2022, is awaiting parliamentary approval and presidential assent. Originally set for completion by the end of FY 2021/2022, the merger timeline has been extended annually, with the current deadline set for 30<sup>th</sup> June 2026.

One of the key challenges cited in the previous strategic plan (2018-2023) was the instability caused by the pending merger, which affected the Company's implementation efforts.

As a result of the pending merger, the company has also experienced increased staff turnover in critical positions such as Generation Manager, Mechanical, Civil, Electrical Engineers, Mechanical Technicians, and Quality Control Officer. During the year, twelve (12) staff members exited the organization.

Loss of critical staff due to short-term contracts weakens the company's institutional capacity and undermines its ability to carry out strategic initiatives and improve operational efficiency. Additionally, the ongoing uncertainty hinders the company's ability to attract and retain some of the best talents, affecting its overall performance.

The Accounting Officer indicated that there were ongoing engagements with the Ministry of Energy and Mineral Development (MEMD), which serves as the liaison with the Ministry of Public Service, to secure approval for extending staff employment contracts. In addition, the UEGCL Board of Directors continues to engage shareholders through various fora, including the Annual General Meeting, to facilitate the approval of contract extensions.

## **Recommendation**

I advised the Accounting Officer to continue engaging with stakeholders to clarify the timelines and roadmap for the merger, in order to minimize disruptions during the transition period. I further advised that the necessary approvals be pursued from MEMD, Ministry of Public Service and the Board to ensure that staff are granted reasonable contract periods.

## **1.6 ASSESSMENT OF CORPORATE GOVERNANCE AT UEGCL**

I evaluated the appropriateness and effectiveness of the governance practices, decision-making processes, and oversight responsibilities performed by the company's board and noted that;

### **1.6.1 Undefined Board Tenure**

Article 2 of Table F of the Companies Act, Cap 106, provides for the composition of the board and to ensure rotation of directors to ensure continuity *inter alia*. This guidance ensures regular rotation of directors, provide for their re-election, and establish a clear process for electing new directors, promoting accountability and ensuring that no director remains in office indefinitely.

Furthermore, Section 11(b) and (g) of the UEGCL board charter states that in constituting the Board, the following considerations will be borne in mind: The Directors' terms of service, tenure in office and renewal of appointment, shall be determined by the Shareholders at an Annual General Meeting; The Shareholders shall ensure that at the time of constituting the Board, clear terms and conditions of service for the Directors shall have been drawn up; clarity on time commitments; a performance management mechanism for the Board in place and an approved oath for the Directors to be appointed.

However, a review the appointment letters of the board revealed that the board members do not have defined term limits for reappointment; rather, reappointment is subject to the decision and discretion of the shareholders at the Annual General Meeting.

I also noted the absence of specific provisions in the Articles of Association and the Board Charter regarding the maximum number of terms a director may serve.

Without new members coming in, the Board may be denied new perspectives and experience that would enhance creativity and innovation.

The Accounting Officer reported that during the 83<sup>rd</sup> Ordinary Meeting held on 15<sup>th</sup> August 2025, the Board considered and agreed to the proposed amendments to Sections 16, 18, and 19 of the Board Charter as recommended by the Governance, Risk and Compliance Committee. However, the Board emphasized the need for a comprehensive review of the entire Charter and indicated that external support would be required and to this effect, a consultant was engaged to undertake a full review of the Board Charter.

## **Recommendation**

I advised the board to fast track the completion of the ongoing external review of the Board charter and for shareholders to review the Articles of association to provide for defined board tenure in addition to adopting other good governance best practices.

**Other Legal and Regulatory Requirements**

As required by the Companies Act, Cap 106, of the laws 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 Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

  
Edward Akol  
**AUDITOR GENERAL**  
KAMPALA

1<sup>st</sup> December, 2025

## **SECTION 2: REPORT ON THE AUDIT OF COMPLIANCE WITH THE RELEVANT REGULATORY FRAMEWORK**

I conducted compliance audits on selected key subject matters in line with Section 18 of the National Audit Act (NAA), Cap 170 and in accordance with the International Standards of Supreme Audit Institutions (ISSAI 4000)<sup>1</sup> on compliance auditing.

The primary objective of the audits was to obtain sufficient and appropriate audit evidence to form a conclusion on whether the company complied with relevant identified criteria.

The areas of focus for the compliance review were;

- Procurement Management

### **Audit Criteria**

The criteria for the audit was based on Acts of Parliament, regulations, and manuals/guidelines that are intended to be followed during implementation of the stated interventions. I therefore designed audit procedures to assess the extent of compliance.

### **Audit Methodology**

My audit was conducted based on the information and records provided by the Company staff. In executing the audits, various approaches were exercised which included;

- Document reviews;
- Physical inspections;
- Interviewing relevant officials of the Company; and
- Analyzing data provided.

### **Audit Findings**

The material findings with respect to the compliance criteria for the applicable subject matter are as follows;

#### **2.1 Procurement, Disposal and Contract Management**

I reviewed a sample of procurements worth UGX.127.027Bn to assess whether they were conducted in accordance with the Public Procurement and Disposal of Public Assets (PPDA) Act, Cap 205, PPDA regulations and guidelines in a manner that promotes transparency, fairness, competition to achieve value for money, and made the following observations;

##### **2.1.1 Procurement Planning**

###### **(a) Non-compliance with reservation schemes**

Paragraph 2 of the PPDA Guideline number 11 of 2024, Guidelines to promote participation of registered associations of women, Persons with Disabilities (PWDs), requires an entity to reserve at least 15% of its annual procurement plan budget for awards to registered associations of women, youth, and persons with disabilities.

<sup>1</sup> ISSAI 4000 - Compliance Audit Standard

I reviewed the entity's published procurement plan and noted that the entity did not indicate the procurements reserved for registered associations as required by the guidelines. As such, no contract awards were made to the registered associations.

This was attributed to PPDA's delay to publish a list of interest groups; the list was published in March 2025 as required by PPDA Guideline 11 of 2024.

The failure to reserve procurements for registered associations undermines the legislator's objective of promoting the participation of women, youth, and PWDs in public procurement proceedings.

The Accounting Officer explained that PPDA Guideline 11 of 2024 requires that associations of women, youth, and persons with disabilities be registered with PPDA as special interest groups before they can be considered under the reservation scheme. However, the official PPDA list of registered special interest groups was only published in March 2025, which was late in the FY 2024/25 cycle when most procurements had already been completed. Management confirmed that in the current financial year, UEGCL has incorporated provisions for special interest groups in its procurement plan in line with the guideline.

### **Recommendation**

I advised the Accounting Officer, going forward, to align procurement planning with PPDA reservation requirements by proactively engaging PPDA to obtain updated lists early in the financial year. UEGCL should also establish internal monitoring mechanisms to ensure consistent inclusion of special interest groups in procurement processes in compliance with Guideline 11 of 2024.

### **(b) Unimplemented procurements**

Section 60(2) of the PPDA Act, Cap.205 requires a Procuring and Disposing entity (PDE) to plan its procurement in a rational manner. The PPDA Regulations require an Accounting Officer to have the overall responsibility for the successful execution of the procurement, disposal, and contract management processes and ensure that the implementation of the contract is in accordance with the agreed terms.

A review of the Entity's approved Procurement Plan for the financial year 2024/2025 showed that procurements totaling **UGX.249.105Bn** were planned for implementation during the year. Analysis of the procurement system revealed that the total value of awarded contracts amounted to **UGX.40.030Bn** and other procurements worth **UGX.277.962** were initiated but not concluded. When combined, the total value awarded, would substantially exceed the approved Procurement Plan, resulting in an overall implementation rate of 112%.

Implementation of procurements beyond the approved Procurement Plan exposes the entity to budget overruns and unfunded commitments, increasing the likelihood of arrears and would strain the Entity's financial capacity.

Management explained that there were variances between planned figures and contractual figures due to fluctuations in exchange rates and market.

### **Recommendation**

I advised the Accounting Officer to institute stronger commitment controls to ensure strict alignment between procurement planning and implementation.

## 2.1.2 Contract placement, award, and management

### (a) Contract implementation delays

Regulation 52(1b) of the PPDA (Contracts) Regulations 2023 requires the contract manager to make certain that the provider performs the contract in accordance with the terms and conditions specified in the contract.

I noted that three (3) contracts worth UGX.246.565Mn experienced significant delays as the contractors failed to complete the contracts/deliver performance obligations within the timelines stipulated in the contracts without evidence of contract extensions or valid justifications.

Despite the delays, the entity did not invoke the liquidated damages clauses specified in the contracts as summarized in the table 1 below;

**Table 1: Implementation delays**

Procurement reference	Subject	Contract amount- (UGX- Mn)	Delays	Remarks
UEGCL/SUPLS/23-24/10493	Mechanical seals and valves NKPS	109.684	4 months and 9 days	Delivery was delayed by 4 months and 9 days. Supplies that should have been delivered within one month were instead received in three consignments (24 days, 103 days, and 124 days after order acceptance). Final inspection was completed on 7th January 2025
UEGCL/SPLS/23-24/10760	16SQMM 4 cores armored cable	79.060	2 months and 20 days	The Local Purchase Order (LPO) specified that delivery should occur within one month from the date of acceptance of order, which was 23rd August 2024. Contrary to these requirements, delivery was effected on 12th November 2024, representing a delay of approximately two months and twenty days beyond the agreed contractual period.
UEGCL/SPLS/24-25/20429	Silica gel crystals NKPS	57.820	1 month and 19 days	The contract delivery date was 18 Dec 2024 however; supplies were delivered on 06th Feb 2025, representing a delay of 1 month and 19 days.
Total		<b>246,565</b>		

*Source: UEGCL Procurement files*

Delays in contract implementation hinders the delivery of intended services, while failure to enforce liquidated damages sets a precedent for weak oversight and may encourage contractor complacency in meeting performance obligations on future contracts.

The Accounting Officer acknowledged the delays and committed to strengthening contract-monitoring mechanisms including setting more realistic contractual delivery timelines and enforcing liquidated damages for delayed deliveries to ensure improved supplier performance and timely completion of contracted obligations.

### **Recommendation**

I advised the Accounting Officer to set up a plan in establishing these mechanisms and I will follow up on management's commitment to strengthen contract-monitoring mechanisms, including establishing more realistic delivery timelines and enforcing liquidated damages for delayed deliveries.

#### **2.1.3 GENERAL PROCUREMENT OBSERVATIONS**

##### **(a) Delays in Settlement of Contractor Obligations**

A review of Board minutes (Minute No. MIN/08/141/2025 of the 141st BOD meeting), the Project's Board Quarterly Progress Report, signed contracts, Interim Payment Certificates (IPCs). Bank statements, payables ledger, and payment schedules revealed outstanding balances totaling UGX.4.806Bn for four contractors. These obligations have remained unsettled for over 200 days, as detailed in table 2 below.

**Table 2: Delays in Settlement of Contractor Obligations**

Supplier	Invoice date	Amount (UGX Bn)	Audit Comment
<b>Continuum Engineering Ltd (CEL):</b>	13 November 2023	0.218	UEGCL entered into a contract with CEL in March 2022 for one year. However, four extensions totaling 34 months have since been granted, the latest extending completion to 22 January 2026. These extensions were necessitated by lack of funding, as disbursements from MoFPED remain unpredictable. Despite project progress standing at 82%, IPC No. 3 remains unpaid, for 595 days since invoice submission
<b>Ambitious Construction Co. Ltd (ACCL):</b>	14 February 2024	1.784	UEGCL contracted ACCL on 1 July 2021 for one year and 10 months ending 17 May 2023. completion was achieved on 17 February 2024. however Payments for IPC Nos. 10 & 11, along with 50% retention after the Defects Liability Period (DLP) concluded in December 2024, remain unsettled. This matter escalated to adjudication, where the ruling favored the contractor. At the reporting date, has remained outstanding for more than 502 days
<b>Amugoli General Enterprises Ltd (AGEL):</b>	17 February 2024	1.248	UEGCL contracted AGEL on 1 July 2021 for a period ending 17 May 2023. Substantial completion was also on 17 February 2024. Payment for IPC No. 10, totaling, has remained unpaid for 362 days since invoice submission on 3 July 2024.
<b>Meggar Technical Services Ltd (MTSL):</b>	27 November 2024.	1.556	UEGCL entered into a 36-months contract with MTSL on 23 November 2021, Substantial completion was on 31 October 2024. IPC No. 4 remains unsettled, for 215 days
<b>Total</b>		<b>4.806</b>	

*Source: UEGCL Procurement files*

Prolonged non-settlement of contractor obligations strains the Company's working relationship with contractors, heightening the risk of disputes, interest claims, and potential

litigation. Furthermore, delayed payments negatively impacts contractor performance, stalls ongoing projects, and undermine achievement of the Company's strategic objectives.

The Accounting Officer explained that the affected contracts relate to projects funded under the Government of Uganda (GoU) and in FY 2024/25, there was a shortfall in GoU budget allocations for these ongoing project works, which resulted in delays in settling contractor payments.

### **Recommendation**

I advised the Accounting Officer to continue engaging GoU and MoFPED to ensure timely and adequate budget releases for project-funded activities to avoid payment delays.

### **Conclusion**

The evidence obtained from the compliance audit on the management of Procurements by UEGCL is sufficient and appropriate to provide a basis for my conclusion.

Based on the work performed and described in this report, except for the findings stated above, nothing has come to my attention that causes me to believe that the Procurement, Disposal and Contract Management in the Company is not in compliance, in all material respects, with the relevant criteria.



Edward Akol

**AUDITOR GENERAL**

KAMPALA

1<sup>st</sup> December, 2025

## SECTION 3: REPORT ON PERFORMANCE EVALUATION

In accordance with Schedule 2 of the Public Finance Management Act Cap. 171 on the presentation of financial statements, and Section 18 of the NAA, Cap 170, I undertook an evaluation of the Uganda Electricity Generation Company Ltd's performance in comparison with planned activities and outputs for the year as well as its mandate. This section presents the findings from the evaluation of the performance;

### 3.1 Review of the implementation of the approved budget

Paragraph 2(a) of Schedule 5 of the PFMA, Cap 171, requires Accounting Officers to prepare appropriation accounts showing services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for each vote by Parliament.

UEGCL is mandated to establish, acquire, maintain and operate electricity generation facilities and to promote research and development in the electricity generation sector while running the company on sound business principles. I reviewed documents such as; work plans, budgets and performance reports to assess the extent to which the company implemented its planned activities. I made the following observations;

#### 3.1.1 Revenue Performance

I reviewed the approved revenue estimates for the FY 2024/2025 and noted that the entity budgeted to collect **UGX.620.016Bn** during the year. I noted that the entity managed to collect **UGX.445.82Bn** representing a 72% performance as shown in the table 3 below;

**Table 3: showing Revenue Performance for FY 2024/25**

Source of Financing	Budgeted Revenue (UGX Bn)	Actual Receipts (UGX Bn)	Variance (UGX Bn)	Management Explanation
Nalubale-Kiira revenue	39.489	47.784	-8.295	Increment in Q4 attributed to the recognition of completed NKPS projects worth UGX 4. 5BN. Additionally, quarterly Capacity Tariff indexation gains Key to note that this is no longer Concession fees
Isimba Income	170.480	167.716	2.764	An overall performance of 98% was achieved, falling short of the 100% target due to curtailment of dispatch in Q1 by UETCL between August 12, 2024, and September 2, 2025. This curtailment was necessary to facilitate maintenance work on one of the Bujagali-Kawanda transmission lines. During this time, Isimba HPP's dispatch was restricted to 50MW.
Karuma Income	316.418	148.923	167.495	The 47% underperformance at Karuma HPP is attributed to lower-than-planned dispatch. Average hourly actual dispatch at 92MWh vs. budget of 160MWh.
Namanve Income	57.390	48.204	9.186	Below budget because there was a significant reduction in the cost of the fixed component of HFO from USD 382.3 to USD 246.6 In addition, the capacity charge was low given the 2 units that were out.
Other Operating Income	36.238	33.199	3.039	Sale of Bids and Manpower utilization billing for UEGCL staff on Eskom post concession projects. Sale of international bids.

Source of Financing	Budgeted Revenue (UGX Bn)	Actual Receipts (UGX Bn)	Variance (UGX Bn)	Management Explanation
				Delayed execution of the investments that caused higher than planned bank balances thus the favorable variance.
<b>GROSS INCOME</b>	<b>620.016</b>	<b>445.820</b>	<b>-165.285</b>	
		<b>72%</b>		

Source: UEGCL Budget Vs Actual FY 24-25 report

The low revenue collection was primarily due to underperformance in Karuma HPP income, attributed to lower-than-planned dispatch, and the Isimba HPP shortfall, which resulted from dispatch curtailment by UETCL for maintenance work, as well as a delay in the recognition of deferred income from the NKPS investment.

Under collection of revenue affects implementation of planned activities.

### **Recommendation**

I advised the Accounting Officer to continue engaging relevant stakeholders in exploring other avenues of improving demand such as opening up industrial parks and increasing access to the grid.

#### **3.1.2 Funding of the Annual Expenditure Budget**

During the financial year 2024/25, the board approved expenditure budget of **UGX.343.806Bn**. Of this, the available funding was **UGX.332.013Bn** creating funding gap of 3%. Details in the table 4 below;

**Table 4: Showing Expenditure Budget performance for FY 2024/25**

Classification	Cost Estimate for the period	Available Funding	Variance (UGX Bn)	% Variance
	(2024/2025) (UGX Bn)	(2024/2025) (UGX Bn)		
<b>Recurrent - Wage</b>	70.200	67.126	3.074	4%
<b>Recurrent - Non- Wage</b>	174.270	170.712	3.558	2%
<b>Capital Development</b>	99.336	94.175	5.161	5%
<b>Total</b>	<b>343.806</b>	<b>332.013</b>	<b>11.794</b>	<b>3%</b>

Source: UEGCL Budget Vs Actual FY 24-25 report

The shortage of UGX.11.7794Bn was attributed to shortfalls in project funds disbursements from GOU, majorly for Karuma & Isimba HPP pending works and collections of Namanve overhauls, whose budget was approved in the Q2 (April 24-June 24) under the ERA tariff report, and collections were to be made in the preceding months, April 2025-Dec 2025.

Failure to provide funds for activities that were budgeted for negatively affected their implementation and provision of the expected services.

The Accounting Officer took note of the the observation and explained that UEGCL has continuously submitted supplementary funding requests to both the Government of Uganda (GoU) and ERA to secure adequate resources for planned operational and capital activities.

## **Recommendation**

I advised the Accounting Officer to continue engaging with GoU and ERA to secure timely and adequate funding for planned activities.

### **3.1.3 Absorption of Available Funds**

Out of the total available funding of UGX.332.0123Bn, only UGX.217.279Bn was spent representing an absorption level of 65%. See table 5 below;

**Table 5: Showing Absorption of available funds**

<b>Classification</b>	<b>Available Funding</b>	<b>Amount Spent</b>	<b>Unspent (UGX Bn)</b>	<b>% Variance</b>
	<b>(2024/2025) (UGX Bn)</b>	<b>(2024/2025) (UGX Bn)</b>		
<b>Recurrent Wage</b>	67.126	67.366	-0.240	0%
<b>Recurrent - Non-Wage</b>	170.712	132.351	38.120	22%
<b>Capital Development</b>	94.175	17.562	76.613	81%
<b>Total</b>	<b>332.013</b>	<b>217.279</b>	<b>114.734</b>	<b>35%</b>

*Source: UEGCL Budget Vs Actual FY 24-25 report*

UEGCL uses a Balanced Score Card (BSC) approach to monitor corporate performance using the 4 perspectives of: financial stewardship, stakeholder, internal business processes, and organizational capacity. To achieve the company's strategic objectives under the various BSC perspectives, the company set out to implement 86 initiatives at departmental level, operationalized through 204 critical tasks.

I assessed the extent of implementation of critical tasks in twelve (12) departments/business units (Legal & Board Affairs, Corporate Affairs, Human Resource Department, Strategy and Business Development Department, Internal Audit Department, Risk unit, Operations Department, Projects Department, ICT SHEQ, Procurement and disposal unit, Finance and accounts) with actual expenditure worth UGX.217.279Bn, and noted the following;

- 133 critical tasks with estimated and actual expenditure of UGX.236.666Bn and UGX.194.560Bn respectively were fully implemented,
- 65 critical tasks with estimated and actual expenditure of UGX.107.087Bn and UGX.22.719Bn respectively were partially implemented and,
- 16 critical tasks with estimated expenditure of UGX.0.053Bn were not implemented

The summary is shown in the table 6 below;

**Table 6: Showing Absorption of available funds**

<b>No</b>	<b>Level of performance by the end of 2020/2021</b>	<b>No of critical tasks</b>	<b>Planned- (UGX Bn)</b>	<b>Amount spent (UGX Bn)</b>	<b>Audit remarks</b>
<b>1</b>	Fully implemented	133	236.666	194.560	Fully implemented
<b>2</b>	Partially implemented	65	107.087	22.719	Some activities were partially achieved yet the company has spent some funds for example e.g. branding for Karuma plant and Isimba visitors center. This is still

No	Level of performance by the end of 2020/2021	No of critical tasks	Planned- (UGX Bn)	Amount spent (UGX Bn)	Audit remarks
					pending implementation and funds have been rolled over to FY 25/26. Implementation of the FY 2024/25 approved plant rehabilitation projects and overhauls at NKPS; Namanve & Isimba was noted to be still pending at the time of the Audit. Further still, the resettlement action Plan for Muzizi has not been completed during the year, amounting to Ugx 2.49 Bn, pending the review to initial assessment that will be done by an external consultant.
<b>3</b>	Not implemented	6	0.053	0	The following activities were not implemented. These include; the Business Continuity Maturity Survey, Risk Maturity Survey and Risk Maturity Survey tool, amounting to a total of Ugx 53.4M
	<b>Total</b>	<b>204</b>	<b>343.806</b>	<b>217.279</b>	

Source: UEGCL Budget Vs Actual FY 24-25 report and activity performance report

Additionally, efforts should be made to ensure that planned activities, such as; the Business Continuity Maturity Survey and Risk Maturity Survey, are prioritized and fully implemented in the next financial year to prevent further delay.

Failure to fully implement all outputs denies timely delivery of services to the intended beneficiaries.

The Accounting Officer explained that the plant overhauls and rehabilitation capital investments were only partially completed because many projects were still in progress at year-end. In addition, delays arose from stringent supplier conditions—particularly from Original Equipment Manufacturers (OEMs)—who affected procurement timelines. UEGCL has since obtained PPDA accreditation to allow negotiation and contract renewals for affected procurements. Procurement for contractors to implement the pending FY 2024/25 approved projects across the various sites were fast-tracked in FY 2025/26.

### **Recommendations**

I advised the Accounting Officer to ensure timely completion of the ongoing capital investments by strengthening procurement planning, actively managing OEM-related constraints, and monitoring project milestones across all sites. For Muzizi, prompt finalization of the RAP review and implementation will be essential to avoid further delays.

I further, urged the Accounting Officer to reinforce internal planning and budgeting processes to ensure adequate funding for key organizational activities, including Business Continuity and Risk Maturity assessments.

### 3.1.4 Service Delivery Assessment

I undertook procedures on a sample of nine (9) projects worth UGX.7.112Tn to confirm whether they were implemented in a timely manner, were of acceptable quality and quantity and whether they were functional.

#### (a) Delay in implementation of activities

Out of the nine (9) projects, two (2) projects worth **UGX.6.073Bn** had delays averaging seventeen (17) months from the expected completion date as shown in the table 7 below;

**Table 7: Showing delayed projects/works**

Project Name	Delay (Months)	Remarks from Management	Management response
<b>Isimba HPP CDAP Multi-purpose office Block-St. Peters Kibuzi SSS (continuum). Project cost UGX.5,315,537,929</b>	27	At time of audit in June 2025, the overall progress was 88%. The extension of completion date to 22 January 2026, result into 34 Months delay. The delay in the execution of works was attributed to delayed payments due to no disbursements from the government	While the project continues to be challenged by funding constraints, the progress registered now stands at 90% following Q4 2024/2025 release.
<b>CDAP- Construction of community hall (Nyagak). Project cost UGX.758,409,494</b>	7	In the period the contractor was noted to have abandoned the site. The contractor resumed work and in June 2025 the overall progress was 90%, but progressing slowly. The Contractor's performance guarantee and advance payment guarantee expired and UEGCL has since not paid any IPCs. Additionally, the completion date was extended to 21 <sup>st</sup> August 2025.	The Contractor continues to be non-compliant contractually though works are progressing. Management is in the process of addressing the noncompliance aspects.

*Source: UEGCL Operations and Maintenance Quarterly Reports*

Delayed completion of works implies that the beneficiaries will not receive the intended services in a timely manner

#### Recommendation

I advised the Accounting Officer to fast track the completion of these projects in order to ensure improved service delivery.

#### (b) Unsatisfactory quality of works/services

Out of the nine (9) projects, two (2) projects with a combined contract value of **USD1.966Bn** had significant outstanding scope of works and unresolved defects as highlighted in 8 below;

**Table 8: Unsatisfactory quality of works/services**

S/No.	Contract Details	Audit comment	Management response
1	Construction of Karuma HPP Contractor: Sino hydro corporation LTD Total Project Amount- USD. 1,398,516,759 Effective date-16th December 2013. Completion date: 12th June 2024	The contractor was paid full contract sum including retention of USD. 1,398,516,759. The project is in its Defects Liability Period (DLP) and 8 Mechanical & Electrical (M&E) Defects and 20 Civil Defects are yet to be rectified.	Following the instruction of the Hon. Min of MEMD to the BoD, Reference ESD/141/232/01 dated 14th May 2024 to ensure that i) To avert load shedding in the country, two generation units shall continue to be available to the grid until the issue of a Certificate of Completion (CoC) to the Contractor. ii) UEGCL together with the Contractor, the Owners Engineer, and MEMD cooperate to achieve the full drawdown of the outstanding Preferential Buyer-Credit loan before the final drawdown date on 31st August 2024. A CoC was agreed with an outstanding works non-compliances and Defects identified. By the end of the reporting period. The rectification of the Civil defects stands at 93%, M&E at 56%. The defects are scheduled to be completed by April 2026.
2	Construction of Isimba HPP Contractor: China International Water and Electric Corporation Total Project Amount- USD567,738,990.96 Effective date-30th April 2015 Completion date-31st March 2019	Isimba Hydro Power Plant (HPP): has been in operation for 75 months (six years and three months) since its commissioning on 31 <sup>st</sup> March 2019. Full contract sum USD 567,738,990.96 was paid. However, Out of the 1,610 identified snags, 151 are still outstanding. Key among those is the observed extensive damage to the spill way and the energy dissipaters. The pending activities are critical for the safety of the dam and operation of the power plant.	Following the presidential directive of HE in Dec 2022, Addendum #6 was signed that paved way for the release of outstanding amounts in the Contract. Addendum #6 also attempted to reestablish and DAB under which the cause of the spillway defects was to be referred. The actual establishment of the cause of the defect has been delayed significantly due to a number of reasons. Following the advice of the AG, the PoEs and guidance from BoD management has embarked on undertaking a root cause analysis of its own to advise Government on the cause and potential solution. In the event of the matter coming before the DAB, the RCA undertaken by UEGCL will provide technical basis for GoU's submissions.

*Source: UEGCL Projects Board Quarterly progress reports & Operations and Maintenance Quarterly Reports*

Failure to resolve these outstanding works and defects may affect plant reliability, safety, and efficiency and will expose the entity to potential operational disruptions. In addition, UEGCL may face exposure to additional costs associated with rectifications of defects not resolved during the DLP.

### **Recommendation**

I advised the Accounting Officer to prioritize closure of all outstanding defects and scope items.

### (c) Functionality of facilities/buildings/structures/machines

I undertook a physical inspection to confirm the functionality of the completed structures/works. However, I noted that two (2) out of the ten (10) sampled projects worth UGX.10.100Bn, were not functional despite completion due to reasons summarised in the table 9 below;

**Table 9: Functionality of inspected works/equipment**

SN	Project	Total expenditure (UGX Bn)	Inspection remarks
1	Construction of Karuma HPP-Visitors centre	6.700	The structure was completed in June 2024, however it was not utilized because it was not furnished
2	Construction of Karuma HPP –Hostel building	3.400	The structure was completed in June 2024, however it was not utilized because it was not furnished
	<b>Total</b>	<b>10.100</b>	

*Source: physical verification*

The failure to furnish the hostel and centre was attributed to a lack of funding.

The failure to utilize the completed structures for their intended purpose undermines the government's investment in constructing these facilities, rendering the capital expenditure ineffective and failing to deliver the expected benefits.

The Accounting Officer acknowledged the concern and explained that the furnishing of both the Visitor Centre and the Hostel was deferred to FY 2026/27 due to budget constraints.

### Recommendation

I advised the Accounting Officer to ensure that the proposed budget allocations for furnishing the Visitor Centre and Hostel are secured and prioritised in FY 2026/27 to facilitate timely procurement and commissioning.

## **3.2 MANAGEMENT OF NON-CURRENT ASSETS**

### **3.2.1 Effectiveness of Utilization of Non-Current Assets**

Instruction 3.9.5 of the Treasury Instructions, 2017, requires budget estimates to be based on pre-determined objectives and outputs as provided in the strategic plans of the entity. Additionally, Instruction 16.9.1 mandates that the Accounting Officer to prepare an annual budget for asset maintenance and systematically assess the performance of Non-Current Assets (NCAs) for functionality, utilization, and physical and financial performance.

A review of operational quarterly reports, board of survey reports, asset register, and field inspections revealed issues affecting the effective utilization of NCAs at UEGCL;

### **a) Plant operations at Nalubaale–Kiira Hydro Power Plant (NKPS)**

Nalubaale Power Station is a 72-year-old plant with a total number of ten (10) machines and an installed capacity of 180 MW. Kiira Power Station is a 25-year-old plant housing five (5) machines and with installed capacity of 200 MW.

#### **Non-Functional Equipment**

During the physical verification and interviews held with NKPS management, it was noted that the powerhouse crane, critical for heavy lifting operations, is underutilized due to concerns regarding the structural integrity of the powerhouse.

As a result, the planned heavy lifting works between units 5 and 10 have been halted. This suspension disrupts the maintenance schedule, leading to extended downtime and reduced plant efficiency.

Additionally, the inability to use the crane effectively may necessitate alternative, costlier lifting methods, which could also introduce safety risks. If the structural issues remain unaddressed, they could worsen over time, increasing the risk of damage to critical infrastructure and jeopardizing the overall safety and stability of the plant.

The Accounting Officer acknowledged that, the unavailability of the powerhouse crane continues to constrain maintenance activities and that the crane has been non-operational since UEGCL assumed operations from Eskom Uganda Limited.

#### **Recommendation**

I advised the Accounting Officer to strengthen maintenance planning and closely monitor progress on the powerhouse crane project to avoid further delays, while ensuring strengthened maintenance of the unaffected sections.

### **b) Plant Operations at Karuma Hydro Power Plant (KHPP)**

#### **Low Dispatch**

Karuma Hydro power is 600MW plant, however, during field inspection and a review of quarterly reports I noted that out of a total available capacity of 2,652 GWh, only 808.27 GWh was dispatched to the grid, representing 30% utilization and an underutilization gap of 1,843.73 GWh. The table 10 below refers.

**Table 10: Status Karuma Quarterly Electricity Dispatch**

Quarter	Available capacity-GWh	Actual net generation-GWh	Variance-GWh
July-Sep	372	191.768	180.232
Oct-Dec	811.2	160.602	650.598
Jan-Mar	648	240.55	407.45
Apr-Jun	820.8	215.35	605.45
<b>Total</b>	<b>2652</b>	<b>808.27</b>	<b>1843.73</b>

*Source: KHPP Quarterly reports*

The table shows a significant variance between the available capacity and actual net generation, with a total of 1,843.73 GWh of untapped power over the year. This underutilization highlights operational inefficiencies, which not only result in lost revenue but

also put additional strain on plant machinery. Prolonged underutilization can lead to premature wear and tear, reducing the facility's lifespan and increasing maintenance costs

Furthermore, I noted that low dispatch does not meet the minimum dispatch of 300MW/h required to enable the identification and addressing of the latent defects in generating units and associated plant structures during the defects liability period.

The Accounting Officer explained that the underutilization of Karuma Hydropower Plant is primarily caused by two factors: low national demand and the high influx of water weed at the intake. Regarding low demand, UEGCL engaged the regulator (ERA) and UETCL to support increased dispatch, and UETCL.

Concerning the water weed challenge, the Ministry of Energy and Mineral Development (MEMD) requested a technical mitigation proposal from the contractor, which has been submitted and is currently under review. In addition, UEGCL has engaged the Volta River Authority (VRA) of Ghana—an experienced utility that has successfully managed severe water weed issues—to provide consultancy services. A comprehensive technical plan from VRA was expected by March 2026.

### **Recommendation**

I advised the Accounting Officer to continue engagements with ERA and UETCL to secure increased dispatch for Karuma as national demand grows, ensuring optimal utilization of the plant. It is also recommended that UEGCL fast-tracks the review and implementation of the water-weed mitigation strategy, including close coordination with MEMD, the contractor, and the Volta River Authority.

### **c) Plant Operations at Namanve Thermal Power Plant**

Namanve power plant comprises of seven (7) generating units. It has a capacity of 50MW but is currently producing 35MW because two (2) units have exceeded the overhaul limit and therefore out of use. The two units have been out of service since May 2024, awaiting major overhaul. With only 35MW available instead of 50MW, there is reduced output and financial loss.

In addition, review of Namanve Thermal Power Plant Quarterly Reports for the Period revealed sixty (60) forced shutdowns, which reduced the plant availability and ultimately resulted into a loss of 260.9 MWh. The table 11 below refers;

**Table 11: Status Namanve Thermal Power Plant**

<b>Quarterly</b>	<b>Number of forced plant shut downs</b>	<b>Energy loss-MWh</b>
<b>July-Sep</b>	8	121.2
<b>Oct-Dec</b>	19	66.6
<b>Jan-March</b>	13	37.9
<b>April-June</b>	20	35.2
<b>Total</b>	<b>60</b>	<b>260.9</b>

*Source: Namanve TPP Quarterly reports*

Reduced operational efficiency and generation capacity. Non-functional equipment and delayed maintenance lead to power output below installed capacity, affecting revenue and service delivery. Additionally, forced shutdowns and equipment failures increase maintenance costs and reduce reliability of power generation.

The Accounting Officer explained that at the time of takeover of Namanve Thermal Power Plant (NTPP) in February 2022, several Diesel Generators and related systems required major overhauls and there was significant deferred maintenance. In June 2025, the regulator provided UGX.22Bn to support the outstanding generator overhauls and contracts for spares and services with works already underway however, substantial additional investment is still required to fully restore and modernize the plant.

UEGCL indicated that USD.28.981Mn additional capital funding is required to implement outstanding rehabilitation and upgrade works that were not undertaken by the previous operator.

### **Recommendation**

I advised the Accounting Officer to prioritize mobilization of the additional funding to ensure timely execution of the outstanding rehabilitation and upgrade works at Namanve TPP. UEGCL should also continue engaging sector stakeholders and the regulator to secure funding support necessary to safeguard plant reliability, environmental compliance, and overall energy security.

#### **3.2.2 Maintenance of Non-Current Assets**

Instruction 16.9.1 of the Treasury Instructions, 2017, requires the Accounting Officer to prepare an annual budget for asset maintenance and ensure regular assessments of NCA functionality, utilization, and physical and financial performance.

During inspections and interviews with management, I noted the following;

- The entity has plant maintenance programs, undertakes regular inspections, and has computerized maintenance management systems (CMMS) except for Namanve hydro plant where tracking of maintenance is done manually using Excel spreadsheets.

This results into increased administrative workload and increases the risk of omissions or inconsistencies.

- The forklift inherited from Jacobsen is in poor mechanical condition. Its defective state poses a safety hazard to the operators.
- The powerhouse access doors are in a poor condition and this is resulting into noise emission, which is humanly discomforting. Table 12 below refers;

**Table 12: Damaged forklift and power house door**

Photograph	Description
	<b>Fig. 1</b> :Forklift inherited from Jacobsen in poor mechanical condition
	<b>Fig. 2</b> :The powerhouse access door in a poor condition(eroded)

The Accounting Officer explained that the regulator provided UGX 22Bn in June 2025 to support the outstanding generator overhauls and contracts for spares and services have since been signed with works already underway substantial additional investment is still required to fully restore and modernize the plant.

### **Recommendation**

I advised the Accounting Officer to prioritize mobilization of the required additional capital funding so that additional investments are implemented and in addition, closely monitor ongoing works and supplies to ensure timely execution of the signed contract.

#### **3.2.3 Controls for Safeguarding Non-Current Assets**

Instruction 16.3.1 of the Treasury Instructions, 2017, mandates the Accounting Officer to ensure proper control systems are in place to manage NCAs and implement preventative mechanisms to eliminate theft, losses, wastage, and misuse.

##### **(a) Encroachment of Land at Nalubaale–Kiira Power Station**

A review of the minutes of the 432<sup>nd</sup> Ordinary Top Management Meeting held on 18<sup>th</sup> March 2025 revealed that land adjacent to the source of the Nile in Jinja which forms part of the land for NKPS has been encroached upon by a private developer. Thereby interfering with UEGCL's control over its property.

Furthermore, boreholes that form a core component of the Dam Break Emergency Response Plan were found to have been blocked, covered, or filled up, impairing their usability.

Additionally, an interview held with management indicated that the process of securing land titles for this portion of the NKPS land has not yet commenced, as the Ministry of Energy and Mineral Development (MEMD) is the legal owner and is currently undertaking land surveying and property valuation activities in the area.

**(b) Karuma Land Management**

During inspections, I noted that part of the land initially acquired for Karuma Hydro power plant is being used to set up an industrial park. Pictorial evidence below refers. I was not availed a copy of the title to confirm if there was a change in ownership or mutation.

This potential change in ownership or land use poses risks to project sustainability, long-term operational security, and UEGCL's ability to control and protect its strategic assets.

**Pictorial Evidence of ongoing works on part of Karuma HPP land**



*Figure 3: Private investor undertaking construction works*

The Accounting Officer acknowledged the observation and explained that issuance of the land titles was pending action from the Ministry of Energy and Mineral Development (MEMD). However, MEMD had not yet secured the necessary funds to complete the land acquisition process.

**Recommendation**

I advised the Accounting Officer to continue engaging MEMD to expedite both the land acquisition, the issuance of titles and follow up on the funding requirements with the relevant government stakeholders to ensure timely completion of the process and safeguard the Company's land ownership interests.

### 3.3 **PROJECT INFRASTRUCTURE**

#### 3.3.1 **NAMANVE THERMAL POWER PLANT (NTPP)**

##### **(a) Delayed Return of Namanve Evacuation Transformer by UETCL**

Namanve Thermal plant was design to have two evacuation transformers as means of ensuring that the plant has; back up capacity in case one fails, flexibility as plant can operate at different voltage levels or configurations as well as reliability of supply as the two transformers can help prevent single point failures and reduced power outages.

During inspection and review of UEGCL letter to UETCL dated 29<sup>th</sup> March 2022, vide UEGCL/MGT/NTPP-00-3589-22 authorizing temporary borrowing or utilization of the 60 MWVA transformer at UETCL Lugazi substation and ERA's no objection letter dated 9<sup>th</sup> April 2022. I noted that, the transformer was handed over to UETCL on 5<sup>th</sup> September 2022 and at the time of inspection in October 2025 UETCL had not returned the transformer.

##### **Pictorial evidence of the location of two transformers (existing and borrowed)**



***Figure 4: Site for Evacuation Transformers (Available and location of the borrowed transformer)***

The delay to return of the second evacuation transformer affects maintenance of the available transformer, which impacts on the useful life of transformer; the plant is also exposed to a risk of long downtime which amplifies the risk of power outages and reliability of supply.

Additionally, in case of failure of the available evacuation transformer the plant will not be able to evacuate power resulting into loss of revenue.

The Accounting Officer took note of the observation and indicated that engagements with UETCL were ongoing and the company had also requested the MoFPED to provide the necessary resources for procurement of an additional transformer.

## **Recommendation**

I advised the Accounting Officer to continue following up with MoFPED to secure timely funding for the acquisition of the additional transformer since the transformer is essential to ensure adequate system capacity, operational reliability, and continuity of power evacuation.

### **(b) Non Functional black start generator**

A black start generator is critical in a power generation plant as it; enables the power plant to restart itself without external power sources after a complete shutdown or blackout, it acts as initial power source for starting auxiliary systems, such as; pumps, fans, and control systems and it also helps in restoring power to the grid quickly and efficiently. This therefore implies that the down time is minimized and impact on power outage is reduced.

However, during inspection and interviews with management I noted that the black start generator was not functional. Management indicated that generator could have only worked for 2 years since installation. Figure 3 below refers;



**Figure 5: Non Functional Black Start Generator**

The was attributed to lack of funding to acquire new generator since it might not be feasible to repair the current Generator due to difficulty in sourcing spares.

Therefore, the plant is currently dependant on the national grid, however, in case of a complete shutdown or blackout the plant has no reliable and efficient source of power to restart itself.

The Accounting Officer explained that UEGCL has formally requested the Ministry of Finance, Planning and Economic Development to provide funding for the acquisition of a new Black Start Generator, as communicated in the several correspondences.

### **Recommendation**

I advised the Accounting Officer to continue engaging MoFPED to secure the required funding for the Black Start Generator, given its critical role in restoring the plant during system blackouts.

#### **(c) Delayed overhaul of Two units at Namanve Thermal Power Plant**

During inspection and review of the reports, I noted that Namanve power plant comprises of seven (7) generating units. It has a capacity of 50MW but is currently producing 35MW because two units have exceeded the overhaul limit and were halted. With only 35MW available instead of 50MW, there is reduced output and financial strain. The two units have been out of service since May 2024, awaiting major overhaul.

This was primarily attributed to insufficient funding, although plans are in place to overhaul the units, with the necessary resources allocated and a contractor already secured for the project.

Despite the plans to commence the overhaul of the two (2) units, a period of over one (1) year has elapsed since the units have been out of use, this results into loss of revenue as well as loss of stay capacity of power required during the emergency.

The Accounting Officer took note of the observation and clarified that although UEGCL requested the required funds in good time, the releases were not provided promptly. However, UEGCL would continue to engage ERA, MEMD, and MoFPED to ensure timely availability of funds for the plant's operational and investment needs.

In addition, the Accounting Officer indicated that, the long-term and sustainable solution was for ERA to mainstream all O&M and investment costs of Namanve TPP into the tariff. Which would reduce reliance on Government appropriations and ensure predictable funding for the plant's operations and maintenance.

### **Recommendation**

I advised the Accounting Officer to continue engaging ERA, MEMD, and MoFPED to secure timely funding releases for Namanve TPP.

#### **3.3.2 NALUBAALE-KIIRA HYDRO POWER PLANT**

##### **(a) Delayed implementation of approved Investments**

A review of quarter 4 NKPS Operations and maintenance reports, revealed that ERA approved budgets amounting to; UGX.36.321Bn, UGX.34.400Bn, and 7.188Bn for investment in the years 2023, 2024, 2025 respectively.

However, out of the 79 investments approved for the three (3) years, only 14 (18%) were completed at the time of the audit and the majority were still under the procurement processes as shown in the table 13 below.

**Table 13: Showing status of ERA Approved Investments for Nalubaale-Kiira**

Year	Under Procurement	Under Implementation	Completed	Total
2023	7	13	11	31
2024	18	16	3	37
2025	11	0	0	11
<b>Total</b>	<b>36</b>	<b>29</b>	<b>14</b>	<b>79</b>

*Source: NKPS O & M Quarterly reports*

Some of the pending investments include; KPS instrumentation upgrade, refurbishment of KPS shaft seal system, excitation spares, NPS control gate rollers, NPS governor oil cooling tubes, mobile oil purification equipment, KPS crane refurbishment intake and tail race.

During inspection, management noted that the implementation of NKPS investments is mainly affected by stringent procurement laws for instance on securing the performance security which is prohibitive to local providers with limited funding. It was also attributed to long lead-time for contracting and delayed implementation by the contractors.

This rate of implementation of approved investment undermines the goal of improving plant availability, performance and enhanced service delivery. In addition, it may also lead to escalation of project costs due to changes in prices.

The Accounting Officer took note of the observation and highlighted that accreditation from PPDA was obtained and there was a significant improvement in the implementation of planned projects. As a result of this enhanced capacity, UEGCL anticipates completing 26 projects by the end of FY 2025/26.

### **Recommendation**

I advised the Accounting Officer to continue leveraging the benefits of PPDA accreditation to strengthen procurement efficiency and project execution. I also advised the Accounting Officer to maintain robust monitoring and tracking mechanisms to ensure timely completion of all planned projects and to sustain the improvements achieved through the accreditation process.

#### **3.3.3 ISIMBA HYDRO POWER PLANT**

##### **(a) Eroded Spillway Structure**

Spillways help to prevent overflow and potential damage to the plant, regulate water flow preventing downstream flooding and damage to the surrounding areas, help to maintain stable water pressure in the reservoir which ensures optimal water generation.

A review of the Isimba HPP spillway inspection report of November 2023 revealed that, an underwater inspection of the stilling basins at Spillways SP1 and SP2 was undertaken in August 2022. The inspection exposed several areas of concrete damage, including erosion of the concrete baffle blocks, cavities in the slab at locations where baffle blocks had been washed away, and cavities in the second-stage concrete of the stoplog gate slots for SP1-1, SP1-2, and SP1-3. In addition, both horizontal and vertical joints were found to have been washed out.

Emergency repair works were carried out between January and March 2023, during which all identified cavities in the slabs and gate slots were temporarily repaired. However, a

subsequent joint (UEGCL, OE, and EPCC) dry inspection and defect mapping exercise of Spillway SP1-2, conducted in November 2023, revealed that the spillways still had defects. Table 14 of pictorials below refers;

**Table 14: Pictorial evidence of spillway defects**

Picture	Comments
	<p><b>Figure 6:</b> Size of concrete baffle block after construction (2m wide x 3m long x 3m high) as per the Isimba HPP spillway inspection report</p>
	<p><b>Figure 7:</b> Remains of Baffle block in November 2023 as per the Isimba HPP spillway inspection report</p>
	<p><b>Figure 8:</b> Severely eroded surface of spillway ogee in November 2023 as per the Isimba HPP spillway inspection report</p>
	<p><b>Figure 9:</b> During inspection I noted that the remedial works on the spill way had stalled due to the high water levels</p>

*Source: OAG inspections and review of UEGCL reports*

The above inspections reveal that the baffle block, designed to control water flow, has eroded significantly, which could affect the spillway's ability to safely discharge water, especially during high-flow events. The stalled remedial works, caused by high water levels, delay necessary repairs and increase the risk of further damage. If not addressed promptly, these issues could lead to reduced safety, operational disruptions, and higher future maintenance costs.

The Accounting Officer explained that following the IGG's visit to Isimba HPP in June 2025, concerns were reported to the President, who instructed the Attorney General to provide guidance. A technical meeting convened by the AG agreed on key actions, including repairing the existing spillway, constructing a third spillway, and expediting a root cause analysis supported by a fast-tracked 3D sonar bathymetry survey. Additional measures included issuing change orders to convert the cooling water system to a closed circuit, repair or replace corroded emergency-gate roller wheels, and complete outstanding SIKA works. The EPCC contractor will also be formally urged to accelerate all ongoing works and outages.

### **Recommendation**

I advised the Accounting Officer to ensure timely implementation of all resolutions arising from the Attorney General's technical meeting, including urgent repairs, construction of the third spillway, execution of the RCA, and completion of the 3D sonar bathymetry survey. Strengthening oversight of the EPCC contractor and closely monitoring progress on all corrective and enhancement works will be essential to address underlying structural and operational risks at Isimba HPP. In addition, management should regularly report to relevant stakeholders to ensure accountability and timely completion of the agreed actions.

### **(b) Corroded equipment/parts at the intake gate**

Several equipment's were severely corroded posing safety concerns for the dam and the personnel as detailed in table 15 below;

**Table 15: Corroded Equipment**

<b>Pictorial Evidence</b>	<b>Audit Comment</b>
	Guide roller and main rollers were corroded and this was attributed use of inappropriate materials. This resulted into galling. Galling damages and breaks down the protective chromium oxide layer that gives metal its corrosion resistance. Therefore, the gates may fail to close or open due to corroded rollers and the reports also indicated that the rollers could not be moved by hand.
	There was also a concern on the number of rollers. Given space as per the photo the space would have accommodated three (3) rollers and this would reduce the load for each roller  The report further highlighted that there was no evidence of greasing facility for bearings and hence there is possibility that bearings are greaseless.

**Figure 10: Corroded Roller**

Pictorial Evidence	Audit Comment
	<p>There was Unacceptable site modifications, the 25mm carbon steel pipes were welded onto the body of the gate to achieve a water tight seal. The welding of the pipe onto the body was of poor quality and to corrosion protection the internals of a 25mm pipe is not possible</p> <p>Furthermore, the proximity of carbon steel pipe to the stainless steel retaining plates should have compromised the corrosion protection in this area as there is evidence of corrosion.</p>
<p><b>Figure 11:</b> Gate Segment-Seal: Evidence of site modifications and corrosion</p> 	<p>Pins for lifting the gate and coupling gate segments together were eroded. The pins were made of carbon with light coating which seems to be chromium instead of stainless steel. The corrosion has made removal and jacking of pins difficult. This might result into delayed maintenance since the intake gates must be closed to dewater the system for inspection or repair. It may also result into difficulty in responding to emergency when there is difficulty jacking and pinning the gates.</p>
<p><b>Figure 12:</b> Gate Lifting Pin</p> 	<p>The Intake filling valves had severe corrosion to the extent of material loss. As per the photos the corroded valve was severely damaged when compared to the new value. This was attributed to the quality of the material and alternative is to install stainless steels values</p>
<p><b>Figure 13:</b> Corroded Intake Gate filling values</p> 	<p>The section of ladder normally immersed in water indicates severe corrosion. This is a safety issue as with time the corrosion will continue and could fail under load. Further from a distance it appeared the ladder was painted with grey paint rather than being a galvanised structure.</p>
<p><b>Figure 14:</b> Access ladder - Unit 4 Intake</p> 	<p>The section of guide rails, normally under water, are severely corroded and failure over time can be expected. These rails will require replacement in future and should have been stainless steel from the start</p>
<p><b>Figure 15:</b> Trash Rack Cleaning Machine Guide Rails</p>	

The corrosion of equipment reduces the lifespan of the plant equipment. It compromises the equipment integrity posing safety risks to the personal and the plant.

The Accounting Officer explained that guidance was sought from the Ministry of Energy and Mineral development on the most appropriate contractual and technical course of action considering that these issues may necessitate decisions that vary the contract cost. The Attorney General chaired a stakeholder's meeting on 11<sup>th</sup> November 2025 and it was resolved Government proceeds, without prejudice, to have the corrosion defects rectified by the Contractor, through issuance of a Change Order. The OE and Contractor agreed to implement appropriate corrosion treatment measures, including sand blasting of the equipment and modifications to facilitate self-lubrication/greasing, to allow reinstallation of the intake gates with acceptable operable status.

### **Recommendation**

I advised the Accounting Officer to ensure that the contractor rectifies the corrosion defects and also ensure that the equipment installed are of appropriate material and quality.

### **(c) Open Intake pits**

The pits were not covered posing safety risk to personal and public in terms of injury or drowning. Additionally, there is risk of accidental dropping of tools, equipment or materials into the intake system, which would damage machinery, such as the turbines as well as cause blockages, which will reduce energy generation due to reduced flow of water. Figure 1 below refers. This could be attributed to inappropriate design which did not take into account the need for covering.

**Figure 16: Open pits at Isimba**



**Figure 17: Pictorial evidence of open pits**

The Accounting Officer acknowledged the observation and explained that internal discussions were initiated to install grill covers on all the open trash rack pits, which enhances safety and is in line with the Company's standard practice at all other power plants.

### **Recommendation**

I advised the Accounting Officer to ensure that all open pits are covered with grill covers in a timely manner.

**(d) Limited Operation and Maintenance access**

- **Generator Operation and Maintenance access**

I noted that access to the generator is limited to a single hatch on the top cover plates, which complicates maintenance and indicates that maintenance access was not adequately considered in the design. A more effective design would include two large doors providing access to the lower end of the stator, facilitating safer and easier maintenance activities.

- **Combined Guide and Thrust Bearing**

Access to the combined guide and thrust bearing is restricted to the stator access hatch. Another design concern is the placement of the bearing oil coolers in a confined space between the generator rotor and the thrust bearing, also accessible only through the generator floor hatch. This configuration poses a risk of water or oil spillage into the turbine pit during maintenance. The current design makes it difficult and risky for workers to carry out repairs or routine maintenance safely and efficiently.

The Accounting Officer explained that the design reviews, aimed at improving access would be considered during the long unit outages, which are planned to facilitate other rectification works.

**Recommendation**

I advised the Accounting Officer to conduct a design review and assess the possibility of installing additional access that is safe and promotes efficiency during maintenance works.

**3.3.4 Absence of Floating Boom lines**

Boom lines are designed to deflect or retain the floating waterweed and vegetation to prevent debris from blocking power plant intakes, in order to achieve/maintain generation efficiency, and to improve dam safety by preventing plugging of spillways or spill gates.

During inspection of Karuma, Isimba and Nalubaale HPPs, I noted that all the three plants did not have a floating boom, and yet the plant intake points had significant accumulation of water weed. The boom line for Karuma HPP and NKPS got damaged and Isimba the contract is yet to install one. Refer to table 16 for pictorial evidence.

**Table 16: showing Hydro Power Plants without Boom line**

SN	Dam	Status of boom line	Photograph
1	Kira and Nalubaale	<b>Figure 17:</b> Damaged and pieces of the damaged log boom stored at Kira power plant	
2	Isimba HPP	<b>Figure 18:</b> No boom line, Evidence of water weed accumulation at Isimba	

SN	Dam	Status of boom line	Photograph
3	Karuma HPP	<b>Figure 19:</b> Damaged during the 3 <sup>rd</sup> stage river diversion. The Pictorial of the trash rack machine removing the weed and loading to the Bins	

There is need for concerted effort to manage the influx of the waterweeds so as minimize the dam safety challenges such as equipment damage.

This may consequently increase cost of maintenance due to regular breakdowns, which shut downs disrupt availability of electricity to the citizens. So far, for Isimba and NKPS the company has spent UGX 386,354,718 on weed control and harvesting.

The Accounting Officer explained that, for Nalubaale–Kiira Power Station (NKPS), UEGCL had written to ERA requesting funding support for installation of a floating boom, which also forms part of the broader rehabilitation scope and response from ERA was still awaited.

For Karuma HPP, the Ministry of Energy and Mineral Development requested a technical mitigation proposal from the contractor to address the persistent water-weed challenge. The contractor submitted the proposal, which is under review by MEMD. In addition, UEGCL was engaging the Volta River Authority of Ghana—an entity with proven experience in managing heavy water-weed influx—to develop a comprehensive mitigation plan.

### **Recommendation**

I advised the Accounting Officer to continue following up with ERA to secure timely funding for the NKPS floating boom intervention and ensure alignment with ongoing rehabilitation works. For Karuma, UEGCL should fast-track the review and implementation of the contractor's proposal and closely coordinate with the Volta River Authority to operationalize the recommended long-term water-weed control measures. For Isimba, timely submission and execution of the CPO's response will be essential to ensure consistent mitigation across all affected plants.

### **3.3.5 NONCOMPLIANCE WITH NEMA ENVIRONMENTAL IMPACT ASSESSMENT (EIA) CONDITIONS**

#### **Non-compliance with Statutory and Environmental Requirements**

Under Section 3.8 of the Environmental and Social Impact Assessment (ESIA) report dated December 2017, the project is required to secure several permits and licenses to comply with statutory and environmental regulations. Specifically, the National Environment (Audit) Regulations, S.I. 47 2020, mandate that environmental audits be conducted for key facilities, including Isimba HPP, Karuma HPP, NKPS, and Namanve TPP, to ensure compliance with environmental management standards.

However, upon reviewing the minutes of the 30th and 32nd Ordinary meetings (MIN/10/32/2025 (1.2) (c) and MIN/11/302024), it was noted that key permits and documentation, including river banks user permits for the Isimba HPP, Karuma HPP, and NKPS and water discharge permit for Karuma HPP were not acquired. Furthermore, there is no evidence of environmental audits having been conducted for the aforementioned facilities,

contrary to the requirements under the National Environment (Audit) Regulations, S.I. 47 2020.

The failure to obtain the necessary permits and conduct the required environmental audits may result in serious legal and operational consequences. Non-compliance with these statutory requirements exposes the company to the risk of regulatory enforcement, including potential shutdowns, fines, and penalties imposed by the relevant authorities. Moreover, without these audits, effective monitoring of key environmental impacts, such as flood control and water quality cannot be adequately conducted.

The Accounting Officer explained that the process of securing riverbank protection permits from NEMA for Isimba, Karuma and Nalubaale–Kiira Power Stations were at advanced stages. Water discharge permits for Isimba HPP and NKPS had already been obtained, and the Company continually ensures compliance with all permit conditions. For Karuma HPP, the water discharge permit was still pending transfer from the contractor to UEGCL, although all required documentation had been submitted to facilitate the process.

Environmental audits had also progressed: the audit for Isimba HPP was completed and submitted to NEMA, while the audit for NKPS was completed pending submission, at Karuma HPP, procurement of a consultant to undertake the environmental audit was at an advanced evaluation stage.

Although management indicated that the water discharge permit for Isimba and NKPS were acquired and the environmental audit for Isimba and NKPS was complete. I was not availed with the water discharge permit and the environmental audit report for Isimba and NKPS for verification.

### **Recommendation**

I advised the Accounting Officer to continue liaising with NEMA to expedite the remaining permit approvals and ensure timely undertaking and submission of all outstanding environmental audit reports.

#### **3.3.6 Delayed Implementation of Strategic Energy Projects**

A review of the company's strategic plan for 2025-2030 highlights a strategic objective to increase energy capacity through the expansion of its existing power plant portfolio, which includes; Nalubaale/Kiira HPP (380MW), Isimba HPP (183.2MW), Karuma HPP (600MW), Namanve TPP (950MW), Nyagak SHPP (6.6MW), Maziba SHPP (1MW), and Muzizi SHPP (48MW).

However, the rehabilitation of Maziba SHPP and the construction of Muzizi SHPP, key to meeting this objective, have been hindered by a lack of funding.

The delay in implementing these critical projects limits the company's ability to expand its energy generation capacity. The failure to rehabilitate or construct these plants could lead to missed opportunities for increasing revenue from additional capacity.

The Accounting Officer acknowledged the observation and confirmed that the required funding had been incorporated into UEGCL's five-year plan. With regard to the Muzizi SHPP, UEGCL had sought clarification from the Ministry of Energy and Mineral Development (MEMD) on the Company's role and expected responsibilities in the development of the project, as this guidance is necessary for proper planning and implementation.

## **Recommendation**

I advised the Accounting Officer to continue engaging MEMD to obtain timely and clear guidance on UEGCL's mandate in relation to the Muzizi SHPP. Once clarity is secured, UEGCL should align its financial and operational planning to ensure adequate resourcing and effective execution of its responsibilities. Regular follow-up and documentation of decisions will support informed planning within the five-year framework.

### **3.4 ASSESSMENT OF THE COMPANY'S FINANCIAL PERFORMANCE**

Section 50(1) of the Public Finance Management Act, Cap 171, requires an Accounting Officer of a public corporation to independently manage the enterprise, operate efficiently, make profits and pay dividends to the shareholders. Their financial performance is therefore of interest to the stakeholders.

Accordingly, I used financial ratios to analyse and assess the company's profitability, liquidity, efficiency and solvency. Below are my findings:

#### **3.4.1 Operating Margin**

The operating margin is a key financial ratio that measures the profitability of a company's core business operations relative to its total revenues. It is calculated by dividing operating income (Earnings Before Interest and Taxes) by total revenue. It measures the extent to which the company can pay for its operating costs, while remaining profitable. Generally, an operating margin higher than 15% is considered good. A higher operating margin means that the enterprise has less financial risk.

The company reported an operating margin of 27.0%, surpassing the 15% threshold, which reflects a solid profitability level from core operations. However, there was a 1.5% decline in the operating margin from the 28.5% recorded in the prior year (2023/24).

This reduction in operating margin, despite a 40% increase in revenue, can be primarily attributed to a rise in operating expenditures. Key cost drivers included higher staff-related expenses (such as salaries, NSSF contributions, staff benefits, and allowances), increased administrative costs, and depreciation expenses linked to the Karuma HPP project.

The Accounting Officer took note of the observation and explained that UEGCL had initiated a cost-optimisation strategy to promote value-driven use of resources in delivering its mandate. He noted that although the high operating margin appears favourable, over 80% of the Company's revenue is ring-fenced for loan repayments.

Management further highlighted that this structure may present a distorted view of business performance, as the Company continues to face significant liquidity pressures and underfunding challenges in executing its core operational activities despite the reported margin.

## **Recommendation**

I advised the Accounting Officer to continue implementing its cost-optimisation strategy while enhancing financial planning and cash flow management to mitigate liquidity constraints. It is further recommended that UEGCL improves disclosures around the impact of ring-fenced loan obligations on operational performance to provide a clearer picture of financial

sustainability. Strengthening engagement with key stakeholders to address persistent underfunding risks will also support the effective execution of the Company's mandate.

### **3.4.2 Profits After Tax**

Despite the increase in revenue to UGX.492.392Bn from UGX.350Bn in the prior year, the company's profit declined significantly from UGX.54.282Bn to UGX.25.018Bn in 2024/2025, reflecting a 37% decrease in profitability.

This decline was primarily driven by increased operating expenses, including higher staff costs, depreciation and amortization charges related to Karuma HPP, and the rising interest expenses on the Karuma HPP loan.

The Accounting Officer explained that the decline in profit was attributed mainly to the underutilisation of the Karuma Hydropower Plant due to low national demand, which significantly reduced revenue. As a result, the plant generated insufficient income to match its depreciation expense or meet its loan obligations under the Exim Bank on-lent loan arrangement, leading to accumulated interest and further dampening overall UEGCL performance.

The Accounting Officer further explained that ERA did not consider the Company request for increasing Karuma dispatch however, the Company was pursuing alternative measures under the amended Electricity Act, including seeking amendments to the PPA with UETCL to permit direct energy sales, which are expected to improve revenue in the medium to long term.

They further highlighted that the initial loan agreements were based on a capacity tariff, which was intended to mitigate such revenue-utilisation mismatches. However, the current energy-based billing model does not fully address these challenges, necessitating stakeholder engagement to ensure better optimisation and cost-reflective operations.

### **Recommendation**

I advised the Accounting Officer to continue engaging ERA, UETCL, and other stakeholders to address the structural limitations posed by the energy-based billing model and pursue amendments that support full optimisation of Karma's capacity.

### **3.4.3 Return on Assets (ROA)**

Return on Assets (ROA) shows the percentage of how profitable a Company's assets are generating revenue. It measures management's efficiency in using the Company's assets to generate earnings. Although companies that require large initial investments will generally have lower return on assets, ROAs below 5% are generally considered inadequate.

While the company's ROA improved by 0.42 percentage points, increasing from 1.25% in the prior year to 1.67%, this remains significantly below the desired benchmark of 5%.

This low ROA indicates suboptimal utilization of the company's assets to generate income. The primary cause of this inefficiency has been attributed to reduced electricity sales, driven by low dispatch levels.

This is a consequence of the prioritization of capacity-based plants over energy-based plants in the national grid dispatch, limiting the operational capacity of the company's plants and, by extension, its ability to generate revenue from available assets.

The Accounting Officer highlighted that although UEGCL engaged key stakeholders extensively, it was resolved that the Company should continue billing energy and remit the collected revenue to the Treasury and any shortfalls in meeting loan obligations for both Karuma and Isimba would be covered by Government, rather than applying the capacity-based billing prescribed in the PPAs.

Despite Karuma being operational, electricity sales remain low due to limited dispatch and priority being given to plants with capacity-based contracts.

To address this, UEGCL has formally engaged ERA and UETCL most recently through a letter dated October 31<sup>st</sup>, 2024—to seek increased dispatch for Karuma. Management added that asset efficiency could be enhanced if ERA reviewed generation licences to introduce cost-reflective tariffs aligned to the average tariff. They cited Nalubaale-Kiira HPP as an example, where the tariff of US cents 1.8/kWh leads to cross-subsidisation and depresses revenue and return on assets. UEGCL also recommends that Government allow it to earn a reasonable return on investment similar to private sector operators.

Furthermore, the Accounting Officer explained that UEGCL operates in a competitive market where it has limited influence over market share and dispatch levels, which in turn affects its revenue potential and asset utilisation. However, demand-stimulation measures across the sector have led to a peak demand increase from 1,000 MW in July 2024 to 1,203 MW in June 2025 representing 20% growth. This has enabled Karma's dispatch to improve from 95.75 MW to 145.01 MW over the same period, a 52% increase, and further growth is anticipated to enhance profitability and ROA.

Additionally, UEGCL and the sector are exploring opportunities created by the Electricity (Amendment) Act, Cap. 157, including the removal of the single-buyer model and the possibility for UEGCL to sell power directly to end-users such as data centres and the East African Power Pool.

### **Recommendation**

I advised the Accounting Officer to continue its structured engagement with ERA, UETCL, and MoFPED to secure increased dispatch for Karuma and ensure tariffs reflect the true cost of service to improve asset utilisation and returns.

#### **3.4.4 Liquidity Assessment**

The liquidity ratio measures a company's ability to meet short-term financial obligations using its current assets. A quick ratio between 1 and 1.5 is generally considered healthy.

As of 30<sup>th</sup> June, 2025, UEGCL's quick ratio improved to 0.686, up from 0.3 in the previous financial year, reflecting an increase of 0.386. However, this remains below the desired threshold of 1, indicating that the company's current assets are still insufficient to cover its short-term liabilities.

The increase in current assets from UGX.239.746Bn to UGX.352.709Bn and a decrease in current liabilities from UGX.675.479Bn to UGX.474.594Bn suggest some improvement. However, the rise in short-term obligations, particularly related to interest payments on the Karuma HPP loan, has not been offset by a proportional increase in current assets. Additionally, some cash balances are earmarked for specific future investments and loan repayments, further constraining liquidity.

This may pose risks to financial stability and operational flexibility, particularly in managing unforeseen expenses.

The Accounting Officer acknowledged that the challenge of long-outstanding receivables from UETCL persists and confirmed that UEGCL continues to actively pursue recovery. They highlighted the Minister's letter to the President dated 29<sup>th</sup> July 2024 as evidence of high-level engagement aimed at resolving the matter and supporting a broader sector agenda for financial sustainability and a cost-reflective tariff.

The Accounting Officer further explained that, during the 84<sup>th</sup> AGM, UEGCL obtained shareholder approval to convert UGX 566 billion of long-outstanding interest arrears into equity. This conversion, given the age of the arrears, significantly improved liquidity in the period. UEGCL is continuing to explore and implement additional strategies to strengthen its long-term financial sustainability.

### **Recommendation**

I advised the Accounting Officer to continue intensifying engagement with UETCL, MEMD, and MoFPED to ensure timely recovery of outstanding receivables and strengthen sector-wide efforts toward cost-reflective tariff structures.

#### **3.4.5 Debt Ratio Analysis**

The debt ratio measures the proportion of a company's total assets that are financed by debt (Total liabilities). While acceptable levels can vary across industries, a debt ratio exceeding 50% is generally considered an unacceptable threshold due to the heightened financial risk it presents.

As of 30<sup>th</sup> June, 2025, UEGCL's debt ratio was 81.6%, reflecting a 7.1% decrease from 88.7% in the previous year. However, despite this reduction, the ratio remains above the 50% threshold, indicating continued heavy reliance on debt to finance its operations.

The high debt ratio is primarily driven by substantial on-lent loans and associated interest payments for the Karuma and Isimba HPP projects.

This reliance on debt financing increases the company's financial risk and could limit its access to future credit, thereby constraining its financial flexibility and ability to secure favourable financing terms.

The Accounting Officer explained that actions were already underway in collaboration with the MoFPED to pursue debt-restructuring options.

The Accounting Officer further explained that UEGCL was committed to revenue-optimisation initiatives through improved plant availability, addressing inherent operational challenges, enhancing efficiency, and capitalising on demand-growth opportunities.

Additionally, Management highlighted that Government could recognise amounts settled on behalf of UEGCL as grants which treatment would strengthen UEGCL's financial position by improving the debt ratio.

## **Recommendation**

I advised the Accounting Officer to continue working closely with MoFPED to advance structured debt-restructuring initiatives, including additional loan-to-equity conversions where appropriate. UEGCL should further strengthen its revenue-optimisation plan by prioritising plant reliability improvements and operational efficiencies. It is also recommended that discussions with Government on recognising payments made on UEGCL's behalf as grants be formalised, as this would enhance the entity's leverage position and long-term financial sustainability.

### **3.4.6 Interest Cover**

The Interest Cover Ratio (ICR) measures a company's ability to meet its interest obligations on outstanding debt. A ratio above 2 is generally considered acceptable, indicating sufficient earnings to cover interest expenses comfortably.

As of June 30<sup>th</sup>, 2025, the company's ICR decreased to 1.3, down from 4.1 in the previous year, reflecting a decline of 2.8. This ratio falls below the desired threshold of 2, indicating that the company may struggle to meet its interest payments without putting significant strain on its financial resources.

The decrease in the ICR is primarily attributed to a substantial increase in interest expenses, which rose from UGX.24,522,688,000 to UGX.101,676,894,000. This increase is largely due to the recognition of the interest expense related to the Karuma HPP, amounting to UGX.79,153,339,000 (see Note 12b).

The current ICR of 1.3 signals potential liquidity and solvency issues, as the company is now less capable of covering its interest obligations from operational earnings. A continued decline in ICR could lead to increased financial strain, potentially affecting the company's creditworthiness.

The Accounting Officer explained that Karuma Hydropower Plant achieved Commercial Operation Date (COD) only at the end of FY 2023/24, and revenues in FY 2024/25 were significantly lower than anticipated due to limited dispatch thus insufficient to support the loan repayment obligations.

In addition, the Accounting Officer explained that the existing loan arrangements were premised on a capacity-based tariff, as provided for in the PPA. However, the shift to an energy-based tariff, combined with low dispatch, has created a structural mismatch that makes it difficult for Karuma to consistently meet its loan obligations over the 20-year repayment period. Hence, shareholders should consider permitting UEGCL to recognise loan repayments made by Government on its behalf as grants, thereby strengthening UEGCL's financial position.

In the short term, UEGCL is pursuing opportunities for direct energy sales, especially to data centres that have expressed interest in utilising Karma's excess energy to improve revenue generation.

## **Recommendation**

I advised the Accounting Officer to continue engaging shareholders and MoFPED to formalise the treatment of Government-settled loan obligations as grants, ensuring accurate financial

reporting and improved balance-sheet resilience. In addition, strengthening long-term tariff discussions with stakeholders will be critical to align the PPA framework with loan-servicing requirements.

## **SECTION 4: SUMMARY OF AUDIT FINDINGS FROM OTHER AUDIT ENGAGEMENTS**

In accordance with the requirements of the National Audit Act, Cap 170, I carried out other audits in the UEGCL as highlighted below

- i) Report on funds allocated to Uganda Electricity Generation Company Limited for revamping Maziba Gorge Power Station in the financial Year 2022/2023.
- ii) Audit of the Treasury Memorandum on the report of the Namanve Thermal Power plant the Auditor General for FY 2020/21

I issued separate reports containing the details of the methodologies utilized and the audit results for each of the audits.

The sections below provide the summaries of the key findings from the audit;

### **4.1 Special Audit**

#### **4.1.1 Special audit report on funds allocated to Uganda Electricity Generation Company Limited for revamping Maziba Gorge Power Station**

I undertook a special audit to establish whether the funds allocated for revamping Maziba Power Station were appropriately utilized and below is a summary of the major findings;

- i) In the financial year 2022/2023, the Parliament approved a budget of UGX.5Bn under MEMD, for onward transfer to UEGCL to undertake the rehabilitation of Maziba Gorge Hydropower station.
- ii) Funds amounting to UGX.5Bn were released and transferred to UEGCL by MEMD in quarter four (4), however, no rehabilitation works were implemented on Maziba SHPP during the financial year 2022/2023.
- iii) Following management's request and the approval of the Board of Directors of UEGCL, the funds were diverted to support outstanding obligations under Karuma and Isimba HPP projects, and Isimba Staff Houses. The diversion of UGX.5Bn contravened Section 21 of the PFMA Cap. 171, which requires reallocation of funds within an entity to be approved by the Minister.
- iv) I noted that whereas the accounting system at UEGCL allows for choice of the project for which a particular payment is made, there are no separate project ledgers maintained, and no reconciliation mechanism to track total available cash and project balances for each project.
- v) UEGCL does not prepare and submit periodic reports on the utilization of funds and implementation of project activities to the Accounting Officer of MEMD, who is charged with the responsibility of managing resources received, held or disposed by or on account of the vote. This affects timely detection of diversion of funds, as is the case for Maziba SHPP.

## 4.2 Audit of the Treasury Memorandum

In accordance with Section 12(f) of the National Audit Act, Cap 170, I conducted an audit of the Treasury Memorandum on the report of Parliament on the Report of the Auditor General for the financial year ended 30<sup>th</sup> June 2021. I issued a separate report as a result of this audit. The summary of the extent of implementation of the Parliamentary recommendations by the Ministry is summarized in table 17 below;

**Table 17: Implementation of parliamentary recommendations**

Detail of the Treasury Memoranda	Number of Parliamentary Recommendations in the Treasury Memorandum (A)	Number of recommendations			Percentage not implemented (E=100%*D/A)
		Fully Implemented (B)	Partially Implemented (C)	Not implemented (D)	
Treasury memorandum on the Parliamentary resolutions on the report of the Namanve Thermal Power plant the Auditor General for FY 2020/21	8	1	5	2	12.5%

## **SECTION 5: DONOR-FUNDED PROJECTS AUDITED UNDER THE COMPANY**

The Company is implementing one (1) Donor-Funded projects and in the year under review, all the projects were audited by my office. Separate reports were issued for all the projects and below is a listing of the projects and the status of audit: Table 18 below refers.

**Table 18: Donor funded projects audited under the Company**

<b>SN</b>	<b>Project</b>	<b>Status of audit</b>
<b>1</b>	Hydropower Operations and Maintenance Excellence project for year ended 31 <sup>st</sup> December 2024	Completed

  
 Edward Akol  
**AUDITOR GENERAL**  
 KAMPALA

1<sup>st</sup> December, 2025



The UEGCL Chief Human Resources Officer, Ms. Joyce NAKALEMA, is joined by staff to celebrate UEGCL's recognition for its commitment to empowering women and fostering an environment for talent and ambition during the Empower Her Forum Dinner in March 2025.

# UEGCL IN PRESS







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**UGANDA ELECTRICITY  
GENERATION COMPANY  
LIMITED ANNUAL FINANCIAL  
STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2025**

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**UEGCL**  
*Generating for Generations*

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UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
COMPANY INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2025

### **DIRECTORS**

The Directors who held office during the period and to the date of this report were:

#### **NAME**

Eng. Proscovia Margaret Njuki	Chairperson
Eng. Wamala Julius Namusanga	Member
Prof. Nixon Kamukama	Member
Eng. Gilbert John Kimanzi	Member
Mr. Dravu Ronald	Member
Mr. Paul Patrick Mwanja	Member
Mrs. Hope Bizimana	Member

#### **DESIGNATION**

### **CHIEF EXECUTIVE OFFICER**

Dr. Eng. Harrison E. Mutikanga

### **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

#### **Head Office**

Block C Victoria Office Park  
Plot 6-9, Okot Close -Bukoto  
P. O. Box 75831  
Kampala Uganda

### **COMPANY SECRETARY**

#### **Mr. Martin Mark Obia**

Block C Victoria Office Park  
Plot 6-9, Okot Close - Bukoto  
P.O. Box 75831  
Kampala – Uganda

### **BANKERS**

#### **Stanbic Bank Uganda Limited**

17 Hannington Road  
Crested Towers  
P. O. Box 7131  
Kampla - Uganda

#### **ABSA Bank Uganda Limited**

Plot 2, Hannington Road  
P.O. Box 7101  
Kampala - Uganda

#### **Ecobank Uganda Limited**

Plot 8A, Kafu Road - Nakasero  
P. O. Box 7368  
Kampala - Uganda

#### **Housing Finance Bank Uganda Limited**

Investment House  
Plot 4, Wampewo Avenue - Kololo  
P. O. Box 1539  
Kampala - Uganda

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 2025

The Directors submit their report together with the audited financial statements for the financial year ended 30<sup>th</sup> June 2025 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. 78 and the Electricity Act, Cap. 157 under the Companies Act, Cap. 106 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. Effective 1<sup>st</sup> April 2023, UEGCL took over the operations and maintenance of the two power plants of Nalubaale-Kiira, including the electricity sale to UETCL, after the natural expiry of the 20-year Eskom Uganda concession.

In line with the principal business of electricity generation. UEGCL has also been involved in the supervision of GOU flagship projects of Karuma and Isimba Hydro Power Projects. Isimba HPP was completed and successfully commissioned on 31<sup>st</sup> March 2019, while Karuma HPP attained commercial operations on 12<sup>th</sup> June 2024. The Isimba and Karuma Plants are being operated and maintained by UEGCL as stipulated in the Generation and sale license issued by the Electricity Regulatory Authority (ERA). In addition, UEGCL took over the operations of the 50MW Namanve Thermal Power Plant (TPP) from Jacobsen in February 2022 on behalf of the Government of Uganda.

## 2. RESULTS

The results for the year are set out on page 6. The profit for the period of UGX 25.019billion (2024: Profit of UGX 54.28billion).

## 3. DIVIDEND

The Directors do not recommend payment of a dividend for the period (2024: 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 78 and Sections 13 (1) (a), 17 and 23 of the National Audit Act, Cap. 170, provide that the financial statements of the company shall be audited once every year by the Auditor General.

## 5. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 27<sup>th</sup> November 2025.

By order of the Board,



Mark Martin OBIA  
COMPANY SECRETARY  
27<sup>th</sup> November 2025

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 2025

The Companies Act, Cap. 106 and the Electricity Act, Cap. 157 of Uganda requires 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.

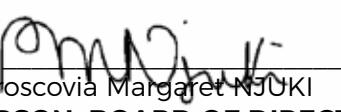
The directors are ultimately responsible for the internal control of the company. The directors delegate responsibility for internal control to management. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability 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, Cap. 106. 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 the 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 sales revenue from Isimba HPP, Karuma HPP, Nalubaale-Kiira power plants and Namanve TPP, which is meant to cover operations and maintenance of the plants. The revenue from Isimba and Karuma equally covers loan repayment from Exim Bank that financed the construction of the plants. In addition, funding for the supervision of Karuma and Isimba Plant (during defects liability period) for the next financial year 2025/26 has been approved by the Government.

There is an arrangement to merge some government business entities; even when this happens, UEGCL will be a division within the new entity. 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 27<sup>th</sup> November 2025 and signed on its behalf by:

  
Eng. Proscovia Margaret NJUKI  
**CHAIRPERSON, BOARD OF DIRECTORS**

  
Prof. Nixon KAMUKAMA  
**DIRECTOR**

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2025

	Note	30/06/2025	30/06/2024
		UGX '000	UGX '000
Nalubaale-Kiira Income	3	47,784,301	41,878,021
Isimba Income	4	167,716,424	184,760,435
Karuma Income	5	148,922,786	11,750,444
Namanve Income	6	48,203,995	55,227,610
Other operating income	7	79,717,484	56,982,009
<b>Total income</b>		<b>492,344,990</b>	<b>350,598,518</b>
Cost of sales (Namanve TPP)	8	(44,047,906)	(50,281,830)
Staff costs and employee benefits	9	(68,414,711)	(40,714,412)
Administration expenses	10	(85,867,253)	(79,950,003)
Depreciation and amortization charge	11	(159,787,592)	(79,106,057)
<b>Total operating expenses</b>		<b>(358,117,463)</b>	<b>(250,052,302)</b>
<b>Operating profit/(loss)</b>		<b>134,227,528</b>	<b>100,546,216</b>
Interest income	12(a)	5,007,263	2,189,626
Interest Expense	12(b)	(101,676,893)	(24,522,688)
Foreign exchange gain/(loss)	13	(4,488,522)	(667,504)
<b>Profit/(loss )before tax</b>		<b>33,069,376</b>	<b>77,545,651</b>
Deferred tax expense	14(a)	(8,137,753)	(24,076,532)
<b>Profit/(loss) for the year</b>		<b>24,931,622</b>	<b>53,469,119</b>
Other comprehensive income	15	87,049	813,550
<b>Total comprehensive income for the period</b>		<b>25,018,672</b>	<b>54,282,669</b>



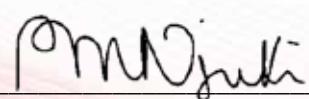
Eng. Proscovia Margaret Njuki  
**CHAIRPERSON, BOARD OF DIRECTORS**



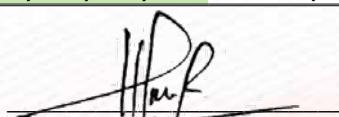
Prof. Nixon Kamukama  
**DIRECTOR**

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	30/06/2025 UGX' 000	30/06/2024 UGX' 000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	7,990,267,153	8,146,768,259
Prepaid operating lease rentals	17(a)	357,485	364,672
Right of Use Asset	17(b)	2,328,788	-
Land	18	4,882,117	4,882,117
WIP	19	14,004,190	11,155,693
Equity Investment in Nyagak III	20	4,129,129	4,129,129
		<b>8,015,968,862</b>	<b>8,167,299,870</b>
<b>Current assets</b>			
Trade and other receivables	21	156,911,005	118,660,533
Cash and bank balances	22	168,561,612	99,770,348
Inventory	23	27,237,371	21,315,835
		<b>352,709,988</b>	<b>239,746,716</b>
<b>TOTAL ASSETS</b>		<b>8,368,678,850</b>	<b>8,407,046,586</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	24(a)	671,563,554	105,208,169
Capital contributions	24(b)	554,861,676	554,861,676
Accumulated profits		42,198,815	17,180,144
Revaluation		271,636,098	271,636,098
		<b>1,540,260,143</b>	<b>948,886,087</b>
<b>Non-current liabilities</b>			
Deferred Income	25	1,322,503,479	1,391,134,120
Karuma on lent Loan	26(a)	3,896,487,716	3,954,058,996
Isimba on lent loan	26(b)	953,652,725	1,061,105,382
Deferred Tax Liability	14	179,426,319	171,288,566
Retention	27	37,759	205,094,424
Lease Liability	17(a)	1,715,889	-
		<b>6,353,823,887</b>	<b>6,782,681,488</b>
<b>Current liabilities</b>			
Trade and other payables	28	41,881,171	38,161,702
Lease Liability	17(a)	817,100	-
Interest payable Karuma	26(a)	39,466,428	526,596,316
Interest payable Isimba	26(b)	2,474,378	3,268,337
Karuma onlet loan	26(a)	282,503,086	-
Isimba onlet loan	26(b)	107,452,657	107,452,657
		<b>474,594,820</b>	<b>675,479,012</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>8,368,678,850</b>	<b>8,407,046,586</b>



Eng. Proscovia Margaret Njuki  
CHAIRPERSON, BOARD OF DIRECTORS



Prof. Nixon Kamukama  
DIRECTOR

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2025

	<b>Issued</b>	<b>Capital</b>
	<b>Capital</b>	<b>Contributions</b>
	<b>UGX '000</b>	<b>UGX '000</b>
	<b>(Note 24a)</b>	<b>(Note 24b)</b>
At 1 July 2023	105,208,169	554,861,676
Profit for the year	-	-
<b>At 30 June 2024</b>	<b>105,208,169</b>	<b>554,861,676</b>
At 1 July 2024	105,208,169	554,861,676
Loan Interest Conversion to Equity	566,355,384	-
Profit for the year	-	-
<b>At 30 June 2025</b>	<b>671,563,554</b>	<b>554,861,676</b>

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2025

Revaluation	Accumulated	Total
Profit/(loss)		
UGX '000	UGX '000	UGX '000
271,636,098	(37,102,525)	894,603,418
-	54,282,669	54,282,669
<b>271,636,098</b>	<b>17,180,144</b>	<b>948,886,087</b>
271,636,098	17,180,144	948,886,087
-	-	566,355,384
-	25,018,672	25,018,672
<b>271,636,098</b>	<b>42,198,815</b>	<b>1,540,260,143</b>

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30 JUNE 2025

	<b>30/06/2025</b>	<b>30/06/2024</b>
	<b>UGX' 000</b>	<b>UGX' 000</b>
<b>Operating activities</b>		
(Profit)/Loss before tax	33,069,376	77,545,651
<b>Adjustments for:</b>		
Interest income	(5,007,263)	(2,189,626)
Interest expense	101,676,894	24,522,688
Depreciation	159,283,795	79,094,394
Amortization of Prepaid lease	7,187	11,663
Right of Use Amortisation	496,609	-
Non Cash Revenue	(79,657,133)	
Foreign exchange gain/(loss)	4,488,522	667,504
Other Income	87,049	813,550
	<b>214,445,036</b>	<b>180,465,823</b>
Decrease/(increase) in trade and other receivables	(38,250,471)	(42,632,705)
(Increase)/decrease in trade and other payables	3,719,470	(10,324,155)
Decrease/(Increase) in stock	(5,921,536)	(2,760,010)
<b>Net cash flows from operating activities</b>	<b>173,992,498</b>	<b>124,748,952</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(2,753,065)	(517,364,012)
Expenditure on WIP Projects	(5,095,922)	(185,459,702)
Depreciation on projects Assets		113,473
Interest Income	8,850,535	2,189,626
Equity (Nyagak III)	(26,724)	(36,432)
<b>Net cash flows used in investing activities</b>	<b>974,824</b>	<b>(700,557,046)</b>
<b>Financing activities</b>		
On lent Payments	(107,452,658)	(175,476,473)
Deferred income	28,441,811	741,153,257
Interest paid - Isimba	(23,155,512)	57,501,014
Lease Liability Payment	(454,409)	
Foreign exchange gain/(loss)	(3,555,290)	(667,504)
<b>Net cash flows used in financing activities</b>	<b>(106,176,058)</b>	<b>622,510,294</b>
Increase /Decrease in cash and cash equivalents	68,791,265	46,702,201
Opening cash and cash equivalents	99,770,348	53,068,147
<b>At the end of the period</b>	<b>168,561,612</b>	<b>99,770,348</b>

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**1. REPORTING ENTITY AND GOING CONCERN****1.1. Reporting entity**

Uganda Electricity Generation Company Limited (UEGCL) was established by the Public Enterprises Reform and Divestiture Act, Cap. 78 and the Electricity Act, Cap. 157 under the Companies Act, Cap. 106 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.

In line with the principal business of electricity generation, UEGCL has been involved in the supervision of GOU's flagship projects of Karuma and Isimba Hydro Power Projects. Isimba HPP was completed and successfully commissioned on 31<sup>st</sup> March 2019. The Isimba Plant is being operated and maintained by UEGCL as stipulated in the Generation and sale license issued by the Electricity Regulatory Authority (ERA). In addition, following the end of the Eskom concession on March 31 2023, UEGCL took over the operation and maintenance of Nalubaale-Kiira plants effective April 1 2024, including the sale of electricity to UETCL in accordance with the generation license issued by ERA and the power purchase agreement with UETCL. Karuma HPP was also completed and successfully commissioned on 12<sup>th</sup> June 2024. The Karuma Plant is also being operated and maintained by UEGCL as stipulated in the Generation and sale license issued by the Electricity Regulatory Authority (ERA).

**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 the 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 electricity billing for energy dispatched and capacity sales to UETCL, which is expected to cover the company's operating costs at a minimum. Despite the arrangement to merge some government entities, ongoing plans by the Ministry of Energy and Mineral Development and the Ministry of Public Service indicate UEGCL operations will be a division within a new entity to be created. Borrowings for the development of Isimba and Karuma HPPs have all been guaranteed by the Government; 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 the 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 (UGX '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, Cap. 106 of Uganda.

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025

**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.

- (i) **Electricity sales Revenue** is based on the monthly energy and capacity billings to UETCL in relation to the generation and sales license issued by the Electricity Regulatory Authority and are stated net of VAT and discounts.
- (ii) Grant Income is recognised when there is entitlement to the grant, certainty that it will be recovered and the amounts are measurable. Unspent grants are shown on the balance sheet as deferred grants.
- (iii) Government assistance (grants) for the construction of long-lived assets are recognised as deferred grant income. The deferred grant income is recognised in the income statement on a systematic basis over the life of the plants.

**c) Interest income**

Interest income is recognised using the effective interest rate method. The interest accumulated on funds related to NKPS investments has been deferred, and the portion of completed investments has been earned and therefore recognised in the income statement.

**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 and on concession loans for construction projects during the construction period.

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.

**f) Property, plant and equipment**

All categories of property, plant and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Plant assets and Head Office Land and Building are subsequently carried at a revalued amount, based on regular valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus.

Decreases that offset previous increases of the same asset are recognized in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

**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 of, 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:**

<b>Nalubaale &amp; Kiira</b>	
Power Station - Civil	1.25%
Power Station (Turbines & Generators)	2.50%
Power Station (Transformers)	3.30%
Power Station (Others)	4%
Power Station (Oil tanks, forklift,w/kshp content)	10%

<b>Isimba HPP</b>	
Civil (buildings & structures)	1.25%
Water turbine sets	2.5%
Generator sets	2.5%
Transformers & other	3.3%
Cranes & hoists	2%
Other Equipment	3.3%
Firefighting equipment	4%

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025

<b>Karuma HPP</b>	
Civil (buildings & structures)	1.25%
Water turbine sets	2.5%
Generator sets	2.5%
Transformers & other	3.3%
Cranes & hoists	2%
Other Equipment	3.3%
Firefighting equipment	4%

<b>Other office PPE</b>	
Furniture and fittings	12.5%
Office machinery and equipment	20%
Computers	20%
Buildings	2.5%
Motor vehicles	20%
Tools and equipment	12.5%

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) Investments in Associates**

When a company (Investor) holds 20% to 50% of the voting rights of an associate (investee), directly or indirectly (through subsidiaries), it's presumed that the company has or can exercise significant influence, but not control, over the investee's business activities. Significant influence may be evidenced by:

- Representation on the board of directors
- Participation in the policy-making process
- Material transactions between the investor and the investee
- Interchange of managerial personnel or technological dependency

The ability to exert significant influence means the financial and operating performance of the investee is partly influenced by management decisions and operational skills of the investor. IAS 28 requires the Equity method of accounting to be applied for this kind of investment.

**Recognition.** The 30% Equity investment in Genmax, the SPV Company for the implementation of Nyagak III, falls within the scope of IAS 28, Investments in Associates and Joint Ventures. Under the Equity method of accounting, the Equity investment is initially recorded in the investor's books of accounts at cost. In subsequent periods, the carrying amount of investment is adjusted to recognise the investor's proportionate share of the investee's earnings or losses in the statement of profit or loss.

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**h) Leases****• 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.

**• Vehicle leases**

UEGCL applies IFRS 16, Leases, for all long-term vehicle lease contracts. At the commencement date of a lease, the company recognises a right-of-use asset and a corresponding lease liability.

**Right-of-use assets** are initially measured at cost, comprising the amount of the initial lease liability, plus any lease payments made at or before commencement, and any directly attributable costs. ROU assets are subsequently depreciated on a straight-line basis over the shorter of the lease term and the useful life of the vehicles.

**Lease liabilities** are initially measured at the present value of lease payments due over the lease term, discounted using the interest rate implicit in the lease (or, if not readily determinable, the Group's incremental borrowing rate). Lease liabilities are subsequently measured at amortised cost, with interest recognised in finance costs.

**Lease payments** generally include fixed payments and exclude non-lease components, for example, service and maintenance. Variable lease payments linked to usage or performance are expensed as incurred.

**i) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first in first-out principle, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

**j) Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all the amounts.

**k) Cash and Cash Equivalents**

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 Months, and investments in money market instruments, net of bank overdrafts, if any.

**l) Provision**

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.

**m) 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.

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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## **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. 338 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.

### ***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.

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025

**n) 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 marketplace (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.

**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.

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025

**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.

**o) 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.

**p) Employee benefits**

**Retirement Benefit 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% (changed to 30% from 1<sup>st</sup> July 2022) of the gross monthly salary for each month worked for the contract staff. The company contribution was increased to 30%. 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.

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025

	30/06/2025	30/06/2024
	UGX '000	UGX '000
Investment Component	16,038,076	48,253,484
Operation & Maintenance (OM)	32,334,529	31,267,976
Generation License Fees	3,439,276	3,435,927
Royalties	456,259	459,835
Karuma License Fees	2,642,044	6,193,096
Namanve Refurbishment	7,903,735	-
Recovery on Buy Out	2,288,074	1,193,609
Return on Buy Out	1,694,285	907,143
Graduate Trainees	447,170	221,205
Completed Investment Income Recognised	4,482,664	-
	<b>71,726,111</b>	<b>91,932,275</b>
Deferred Investment Income (Apr23 to Jun 23)	-	(1,800,770)
Deferred Investment Income (Jul to Jun 24)	(16,038,076)	(48,253,484)
Deferred Namanve Refurbishment Income (Apr to Jun)	(7,903,735)	-
	<b>47,784,301</b>	<b>41,878,021</b>

The income relates to the sale of electricity to UETCL based on capacity, generated from the two Hydro power plants of Nalubaale-Kiira for the year ended 30th June 2025. The investment income deferred is detailed and explained in note (3b) below:

### 3. (B) NALUBAALE-KIIRA INVESTMENT FUND

	30/06/2025	30/06/2024
	UGX '000	UGX '000
July 1 Balance	45,586,356	1,800,770
Billed for the year	16,038,076	48,253,484
Interest on daily balances	3,843,272	-
WHT on Interest	(576,491)	-
Payments	(15,902,736)	(200,985)
	<b>48,988,477</b>	<b>49,853,269</b>
60 Days receivable (UETCL)	(1,257,423)	(4,266,913)
As at 30 June	<b>47,731,054</b>	<b>45,586,356</b>

At the year end the status of implementation of the investments was as follows:

Performance obligation	30/06/2025	30/06/2024
Satisfied	13	3
Partially satisfied	31	1
Unsatisfied	35	53

The investment component of UGX 16billion (2024: UGX 48billion) is part of the overall tariff revenue

UGANDA ELECTRICITY GENERATION COMPANY LIMITED  
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that UEGCL earned. However, since it is earmarked for future capital expenditure, this portion of revenue cannot be immediately recognized in the statement of comprehensive income as revenue. This component has been recognized as deferred income (a liability) on the statement of financial position until the performance obligation takes place (capital expenditure). However, from the amounts deferred in prior periods, an amount of UGX 4.5Billion has been recognised for completed projects on account of performance of the obligation. In the same spirit, UGX 3.8billion interest earned on the Nalubaale-Kiira investment funds has been deferred and ERA will authorise its allocation on whose completion the amount shall be recognised.

The rationale for the accounting treatment is that the UEGCL has received funds in advance for specific future obligations (capital investments). IFRS 15.22 states that "An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer." Since the investment component is received in advance, but the performance obligation (capital expenditure for future infrastructure) has not yet been satisfied, the revenue is deferred and disclosed as a liability on the statement of financial position until the performance obligation takes place (capital expenditure).

UEGCL has an obligation to carry out these investments as approved by the ERA. If this obligation is not met, there are two risks highlighted below:

- i. Nalubaale plant would face forced outages which will directly impact the sales and electricity supply to UETCL and ultimately to end users.
- ii. ERA will cause a refund.

Section 6, (1) (Regulation of Costs and Investments) of the Electricity Tariff Code Regulations 2003. "The licensee is responsible for justifying that any costs or investments included in the formulation of tariffs are reasonable in the circumstances, and the Authority may challenge such costs or investments and where necessary reject them if the Authority considers them to be unreasonable or imprudent."

#### 4. ISIMBA REVENUE

	30/06/2025	30/06/2024
	UGX '000	UGX '000
Sales revenue	167,716,424	184,760,435
	<b>167,716,424</b>	<b>184,760,435</b>

UEGCL billed UETCL based on energy generated and dispatched to the grid from Isimba power plant (July 2024 to June 2025). The power purchase agreement between UEGCL and UETCL for Isimba HPP provides that UEGCL bills power sales based on capacity. However, the generation and sales license issued by ERA stipulates that UEGCL bills on energy sold and not capacity. The drop in sales was due to maintenance work on one of the Bujagali-Kawanda transmission lines. During this time, Isimba HPP's dispatch was restricted to 50MW.

##### a) Isimba HPP plant shut down due to flooding and the estimated insurance claim.

UEGCL submitted a claim and supporting documentation to the tune of UGX 1,847,024,429 to the Lead Insurer. The claim was reviewed by a Loss Adjuster who advised the insurer that the claim was outside the risks insured because the proximate cause of flooding related to a defect in the cranes that were used to lift the downstream gates. UEGCL disagreed with the assessment and in a meeting with the Insurer and the Loss Adjuster. UEGCL will have one more engagement with the insurer and if there is no agreement, we shall refer the issue to the Insurance Regulatory Authority Complaints Bureau by the end of October 2025.

#### 5. KARUMA INCOME

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	30/06/2025	30/06/2024
	UGX '000	UGX '000
Interim Energy sales		3,326,901
Commercial sales revenue	148,922,786	8,423,543
	<b>148,922,786</b>	<b>11,750,444</b>

Having commenced commercial operations on 12<sup>th</sup> June 2024, UEGCL started billing at the commercial rate realising UGX 148.9billion. The unit price for the commercial rate stands at USD 0.04984/KWH (2024: USD 0.0497/KWH) as per the PPA with UETCL.

## 6. NAMANVE TPP INCOME

	30/06/2025	30/06/2024
	UGX '000	UGX '000
Energy Tariff Revenue (HFO)	36,859,215	42,616,805
Capacity Revenue	9,642,558	11,386,796
Energy Tariff Revenue (O&M)	1,702,222	1,224,009
	<b>48,203,995</b>	<b>55,227,610</b>

UEGCL took over the operations of Namanve Thermal Power Plant (TPP) from Jacobsen in February 2022 on behalf of the Government. The sales revenue relates to the electricity sales to UETCL. The drop in sales was majorly attributed to the reduction of prices in fuel in the fixed component of the HFO (ie IOF and FLOC) from USD 382.3 TO 246.6. HFO is a pass-through cost.

## 7. OTHER OPERATING INCOME

	30/06/2025	30/06/2024
	UGX '000	UGX '000
Sundry Income	49,757	145,191
Advertising Fees	10,593	
Grant Income Nyagak (GOU)	3,334,257	17,278,744
Norwegian Grant Income	5,255,822	6,593,063
Grant Income Isimba (GOU)	12,801,986	16,632,742
Grant Income Karuma (GOU)	43,013,665	3,545,951
Grant Income Nalubaale-Kiira (Asset additions)	5,588,143	6,597,135
Grant Income Namanve TPP (GOU)	9,663,261	6,189,183
	<b>79,717,484</b>	<b>56,982,009</b>

The GOU grants represent government's contribution towards the supervision of various projects. The UGX 12.8Billion (2024:UGX 16.6billion) Isimba HPP grant income is the current year amortisation of grants deferred during the Defects Liability Period. The UGX 3.3Billion (2024:UGX 17.3billion) for Nyagak III relates majorly to the GOU contribution towards the construction of the project made to

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GENMAX for which no return is expected (Government grant). The UGX 9.7Billion (2024:UGX6.2billion) grant income for Namanve is the current year's amortisation of grants deferred (Fixed assets, stock, and GOU contribution) during the year.

The UGX5.3Billion (2024:UGX 6.6billion) Norwegian grant income relates to amortisation of the five-year Norwegian grant extended to UEGCL by the Norwegian Ministry of Foreign Affairs towards the operations and maintenance support for Isimba Plant and Karuma HPP upon commissioning. Ugx 43 billion (2024: Ugx 3.5billion) Karuma HPP grant income is the current year amortisation of grants deferred during the Defects Liability Period

## 8. COST OF SALES

	30/06/2025	30/06/2024
	UGX '000	UGX '000
Heavy fuel oil	39,039,594	45,087,532
Oil and lubricants	1,317,666	1,208,634
Inventory	3,690,646	3,985,665
	<b>44,047,906</b>	<b>50,281,830</b>

The cost of sales majorly relates to heavy fuel oil (HFO) and lubricants incurred to generate electricity at Namanve thermal power plant. The drop was majorly attributed to the reduction of prices in fuel in the fixed component of the HFO (ie IOF and FLOC) from USD 382.3 TO 246.6. HFO is a pass-through cost.

## 9. STAFF COSTS AND RELATED BENEFITS

	30/06/2025	30/06/2024
	UGX '000	UGX '000
Salaries	36,041,140	22,034,423
Company contributions to NSSF and other funds	14,596,016	8,660,151
Other staff benefits and allowances	16,728,709	9,450,073
Nyagak Project Staff related Costs	155,980	569,765
Norwegian Grant Staff related Costs	892,866	
	<b>68,414,711</b>	<b>40,714,412</b>

The staff costs is attributed to operations and maintenance staff costs for Isimba, Nalubaale-Kiira, Karuma, Namanve and Nyagak Plants. Also included is contribution from the Norwegian Grant. The average number of persons employed by the company during the period ended 30<sup>th</sup> June 2025 was 419 (2024: 399). The company workforce welcomed 32 new hires majorly attributed to operations staff hired for Karuma HPP and other plants, while 12 exits were registered during the year.

## 10. ADMINISTRATION EXPENSES

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	<b>30/06/2025</b>	<b>30/06/2024</b>
	<b>UGX '000</b>	<b>UGX '000</b>
Transport expenses	2,521,112	1,429,061
Project administration (Nyagak III)	3,142,646	16,673,347
Operational expenses	19,863,573	12,163,651
Directors' expenses	1,753,672	785457
Consultancy fees	15,978,468	12,118,150
Legal fees	406,481	67,418
Norwegian Grant Expense	4,362,956	6,523,883
Karuma expense	-	3,511,447
Muzizi Expense	27,169	
Community Development Action Plant (CDAP)	1,430,307	2,172,397
Insurance	24,321,949	12,987,831
Licenses and permits	12,058,920	11,517,361
	<b>85,867,253</b>	<b>79,950,003</b>

The UGX 3.142billion Nyagak III expense relates to GOU grant support towards the project construction, land is capitalised towards the construction of Nyagak III. The project is being implemented as a Public Private Partnership. Operational expenses of UGX 19.8billion relate to various administrative costs (security, utilities, publicity, advertising, catering services, Protective gears among others for both concession and O&M Isimba and Namanve), consultancy of UGX 15.9billion relates majorly to payment for supervising owners' engineers for Isimba HPP and experts for Namanve TPP.

In addition, UGX 24.3billion was incurred on insurance for Isimba HPP, Namanve TPP , Nalubaale-Kiira HPP and Karuma HPP and license fees of UGX 12.1billlion paid majorly to the regulator (ERA) during the year ended 30<sup>th</sup> June 2025. UGX 4.3billion was spent from the Norwegian grant support for capacity building of staff in operations and maintenance of Isimba and Karuma Plants. UEGCL equally spent UGX 1.4billion in community development action plans in an effort to restore livelihoods in both Karuma and Isimba plants through infrastructure support in education and health sectors among others.

#### DEPRECIATION AND AMORTISATION CHARGE

	<b>30/06/2025</b>	<b>30/06/2024</b>
	<b>UGX '000</b>	<b>UGX '000</b>
Depreciation Nalubaale-Kiira Plant assets	16,434,935	16,352,257
Depreciation (Isimba HPP Assets)	49,003,543	48,378,101
Depreciation (Namanve TPP)	4,633,284	4,537,759
Depreciation (Karuma HPP)	83,824,695	4,442,532
Amortization (Nalubaale & Kiira)	5,358,894	5,359,775
Leasing - Depreciation expense	496,609	-
Depreciation Nyagak III	35,632	35,632
	<b>159,787,592</b>	<b>79,106,057</b>

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	30/06/2025	30/06/2024
	UGX '000	UGX '000
UEGCL/Eskom Escrow A/C	4,778	7,521
Stanbic Isimba Projects	2,268,044	2,129,117
Stanbic Karuma Collections	1,001,255	52,989
Ecobank Overhaul Funds	712,657	-
Absa Karuma O&M Delegated	204,442	-
Absa Karuma O&M	682,849	-
Stanbic Isimba O&M	133,238	-
Housing Finance Nkps Investments	3,843,272	-
NKPS Investments Interest Deferred	(3,843,272)	-
	<b>5,007,263</b>	<b>2,189,626</b>

Interest income for the period relates majorly to the income received from the Housing Finance Bank, Isimba projects and Karuma sales collection accounts. The bank accounts opened during the year also registered interest on daily balances, the highest contributor being Housing Finance Bank where NKPS investment funds are ringfenced. However, the UGX 3.8Billion interest earned on the Housing Finance Bank NKPS investment account was deferred since it is related to deferred investment income.

**(b) INTEREST EXPENSE**

	30/06/2025	30/06/2024
	UGX '000	UGX '000
Interest on Isimba loan	22,361,554	24,522,688
Interest on Karuma loan	79,153,339	-
Interest Expense – Leases	162,000	-
	<b>101,676,893</b>	<b>24,522,688</b>

This relates to

- Isimba HPP Loan interest incurred during the financial year ended 30<sup>th</sup> June 2025.
- Karuma HPP Loan interest incurred during the financial year ended 30<sup>th</sup> June 2025 is now being expensed since commissioning in June 2024, which was being capitalised before commissioning.
- IFRS 16 interest relating to the unwinding of lease liability on vehicles recorded at present value at initial recognition.

**12. NET FOREIGN EXCHANGE GAIN/LOSS**

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	30/06/2025	30/06/2024
	UGX '000	UGX '000
Unrealised foreign exchange gain/(loss)	(933,232)	3,031,180
Realised foreign exchange gain/(loss)	(3,555,290)	(3,698,684)
Net foreign exchange gain/(loss)	<b>(4,488,522)</b>	<b>(667,504)</b>

The net foreign exchange loss for the period of UGX 4.49billion (2024: loss of UGX 0.67billion), resulted from revaluation of other monetary items especially the outstanding receivable from UETCL denominated in USD at the year-end using the closing exchange rate as at 30<sup>th</sup> June 2025.

### 13. 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. 338 of Uganda).

No current income tax has been recognised in the financial statements because the company had accumulated tax losses of UGX 520 billion as at 30<sup>th</sup> June 2025 (2024: 347 billion) an increase of UGX 173 billion mainly attributed to industrial building allowance on Karuma. The tax losses will be carried forward and utilised against future taxable profits in accordance with the Income Tax Act of Uganda.

#### a) Reconciliation between the income tax expense and the product of accounting profit and the tax rate

	30/06/2025	30/06/2024
	UGX '000	UGX '000
Profit before tax	<b>33,069,376</b>	<b>77,545,651</b>
Tax at 30% (2024: 30%)	9,920,813	23,263,695
Tax effect of expenses not deductible	(1,783,059)	812,837
Deferred income tax charge	-	-
<b>Deferred tax expense</b>	<b>8,137,753</b>	<b>24,076,532</b>

#### a) Current Income tax Provision

At 1 July 2023	-	-
Provision for the year	-	-
<b>At 30 June 2025</b>	<b>-</b>	<b>-</b>

#### b) 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 30<sup>th</sup> June 2025, the company had a deferred tax liability of UGX 179.4billion (2024: UGX 171.3billion). The deferred tax liability is attributable to the following:

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	At 1 July 2024	Movement for the year	At 30 June 2025
	UGX' 000	UGX' 000	UGX' 000
<b>Deferred income tax Asset/(Liability)</b>			
Accelerated tax depreciation	160,055,274	61,433,547	221,488,821
Net realized foreign exchange (losses)/gains	(1,014,985)	(1,346,556)	(2,361,541)
Tax losses carried forward	(104,167,195)	(51,949,237)	(156,116,432)
<b>Deferred tax Asset/(Liability) expensed</b>	<b>54,873,095</b>	<b>8,137,754</b>	<b>63,010,848</b>
<b>Deferred income tax Liability</b>			
Revaluation Surplus	116,415,471		116,415,471
<b>Total Deferred tax Liability</b>	<b>171,288,566</b>		<b>179,426,319</b>

	At 1 July 2023	Movement for the year	At 30 June 2024
	UGX' 000	UGX' 000	UGX' 000
<b>Deferred income tax Asset/(Liability)</b>			
Accelerated tax depreciation	148,357,849	11,697,425	160,055,274
Net realized foreign exchange (losses)/gains	814,734	(1,829,719)	(1,014,985)
Tax losses carried forward	(118,376,020)	14,208,825	(104,167,195)
<b>Deferred tax Asset/(Liability) expensed</b>	<b>30,796,563</b>	<b>24,076,532</b>	<b>54,873,095</b>
<b>Deferred income tax Liability</b>			
Revaluation Surplus	116,415,471	-	116,415,471
<b>Total Deferred tax Liability</b>	<b>147,212,034</b>	<b>24,076,532</b>	<b>171,288,566</b>

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	<b>30/06/2025</b>	<b>30/06/2024</b>
	<b>UGX '000</b>	<b>UGX '000</b>
WHT Interest write off	-	813,550
Manpower cost for UEGCL Staff on Eskom duties	66,752	-
Insurance claim on Karuma pylon glass	20,297	-
	<b>87,049</b>	<b>813,550</b>

Eskom Uganda was invoiced for UEGCL staff who worked on an Eskom Uganda Limited project at Nalubaale-Kiira power plants.

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**15. FIXED ASSET MOVEMENTS**

	<b>Plant &amp; Machinery</b>	<b>Buildings</b>	<b>Furniture &amp; fittings</b>	
<b>Cost</b>	<b>UGX' 000</b>	<b>UGX' 000</b>	<b>UGX' 000</b>	
At 30 June 2024	8,300,466,096	177,047,358	1,136,298	
Additions	1,093,662	528,389	514,607	
Disposal				
<b>At 30 June 2025</b>	<b>8,301,559,758</b>	<b>177,575,747</b>	<b>1,650,905</b>	
Depreciation & Amortisation				
At 30 June 2024	342,153,139	3,134,333	749,470	
Charge for the year	150,667,806	4,497,917	146,153	
<b>At 30 June 2025</b>	<b>492,820,945</b>	<b>7,632,250</b>	<b>895,623</b>	
NET CARRYING VALUE				
<b>At 30 June 2025</b>	<b>7,808,738,813</b>	<b>169,943,497</b>	<b>755,282</b>	
<b>At 30 June 2024</b>	<b>7,958,312,957</b>	<b>173,913,026</b>	<b>386,828</b>	

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Computers & software	Tools & Equipment	Motor Vehicles	Office Machinery	Total
UGX' 000	UGX' 000	UGX' 000	UGX' 000	UGX' 000
11,748,431	875,345	10,101,655	6,233,389	8,507,608,574
359,096			286,936	2,782,690
<b>12,107,527</b>	<b>875,345</b>	<b>10,101,655</b>	<b>6,520,325</b>	<b>8,510,391,263</b>
4,557,877	818,612	7,106,696	2,320,187	360,840,314
2,157,329	9,987	912,038	892,565	159,283,795
<b>6,715,206</b>	<b>828,599</b>	<b>8,018,733</b>	<b>3,212,753</b>	<b>520,124,110</b>
<b>5,392,321</b>	<b>46,746</b>	<b>2,082,922</b>	<b>3,307,572</b>	<b>7,990,267,153</b>
<b>7,190,554</b>	<b>56,733</b>	<b>2,994,960</b>	<b>3,913,202</b>	<b>8,146,768,259</b>

## 16. LEASES

### (a) Prepaid Operating Lease Rentals

		30/06/2025	30/06/2024
		UGX '000	UGX '000
<b>Cost</b>			
At 1 July 2024		2,023,114	2,023,114
Additions		-	-
<b>At 30 June 2025</b>		<b>2,023,114</b>	<b>2,023,114</b>
<b>Amortization</b>			
At 1 July 2024		1,658,442	1,646,779
Charge for the year		7,187	11,663
At 30 June 2025		1,665,629	1,658,442
<b>Net carrying amount</b>		<b>357,485</b>	<b>364,672</b>

	Nalubaale	Kiira	Total
	UGX' 000	UGX' 000	UGX' 000
<b>Cost</b>			
At 1 July 2024	1,581,924	441,190	2,023,114
Additions	-	-	-
<b>At 30 June 2025</b>	<b>1,581,924</b>	<b>441,190</b>	<b>2,023,114</b>
<b>Amortization</b>			
At 1 July 2024	1,293,585	364,857	1,658,442
Charge for the period	4,646	2,541	7,187
<b>At 30 June 2025</b>	<b>1,298,231</b>	<b>367,398</b>	<b>1,665,629</b>
<b>Net carrying amount</b>			
At 30 June 2024	288,339	76,333	364,672
<b>At 30 June 2025</b>	<b>283,693</b>	<b>73,792</b>	<b>357,485</b>

At inception, 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.

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**(b) Vehicle leases**

**Right of Use Asset**

		30/06/2025	30/06/2024
		UGX '000	UGX '000
<b>Cost</b>			
At 1 July		-	-
Additions		2,825,397	-
Write off		-	-
At 30 June		<b>2,825,397</b>	-
<b>Depreciation</b>			
At 1 July		-	-
Charge for the year		496,609	-
Write off		-	-
At 30 June		<b>496,609</b>	-
<b>Net Book Value</b>			
At 30 June		<b>2,328,788</b>	-

**Lease Liabilities**

		30/06/2025	30/06/2024
		UGX '000	UGX '000
At 1 July		0	-
Additions		2,825,397	-
Interest Charge		162,000	-
Payments		(454,409)	-
At 30 June		<b>2,532,989</b>	-

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**Maturity Analysis**

		30/06/2025	30/06/2024
		UGX '000	UGX '000
Current		817,100	-
Non Current		1,715,889	-

The future minimum lease payments due on leases are as follows

		Gross amount	Interest	Net amount
		UGX '000	UGX '000	UGX '000
Year ended 30 June 2025				
Within 1 year		1,017,465	200,365	817,100
More than 1 year		1,857,900	142,011	1,715,889
		2,875,365	342,376	2,532,989

Total Expenses recognised for the year in respect of leases are summarised below:

Description				30/06/2025	30/06/2024
				UGX '000	UGX '000
Depreciation on right of use asset				496,609	-
Interest expense on the unwinding of the lease liability				162,000	-
				658,610	-

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**17. LAND**

	Head Office	Nyagak III	Muzizi	Isimba Sign Post	Total
	UGX '000	UGX '000		UGX '000	UGX '000
At 30 June 2024	1,549,900	647,920	2,681,297	3,000	4,882,117
Additions	-	-	-	-	-
<b>At 30 June 2025</b>	<b>1,549,900</b>	<b>647,920</b>	<b>2,681,297</b>	<b>3,000</b>	<b>4,882,117</b>

**18. WORK IN PROGRESS**

	Karuma	Muzizi	Nalubaale-Kiira	Others	Total
	UGX '000	UGX '000	UGX '000	UGX '000	UGX '000
At 1 July 2024	-	9,321,800	-	1,833,893	11,155,693
Additions	-	-	4,259,237	836,684	12,212,517
Reclassified to Expense	-	-	(29,625)	-	(29,625)
Reclassified to PPE	-	-	(1,758,582)	-	(1,758,582)
Reclassified to Inventory	-	-	(459,220)	-	(459,220)
<b>At 30 June 2025</b>	<b>-</b>	<b>9,321,800</b>	<b>2,011,811</b>	<b>2,670,577</b>	<b>14,004,189</b>
	Karuma	Muzizi	Nalubaale-Kiira	Others	Total
	UGX '000	UGX '000	UGX '000	UGX '000	UGX '000
At 1 July 2023	4,744,679,131	9,321,000		18,440,602	4,772,440,733
Additions	184,179,257	800		1,280,444	185,460,501
Reclassified to PPE	(4,928,858,388)	-		(17,887,153)	(4,946,745,541)
<b>At 30 June 2024</b>	<b>-</b>	<b>9,321,800</b>		<b>1,833,893</b>	<b>11,155,693</b>

The WIP amount increased from UGX11billion to UGX14.biillion due to Nalubaale-Kiira investment projects which are under implementation. The other outstanding WIP at the reporting period relates to amounts capitalised under Muzizi project worth UGX9.3billion. However, the procurement for the construction contractor for Muzizi project was cancelled due to inadequate finance coupled with delays in project implementation, the financiers (KFW & AFD) cancelled the financing to the project. Currently the project is off the Public Investment Plan (PIP). During the year ended 30<sup>th</sup> June 2025, UEGCL through MEMD and MoFPED were still in the process of re-scoping the Muzizi project.

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**19. EQUITY INVESTMENTS IN NYAGAK III**

	30/06/2025	30/06/2024
	UGX'000	UGX'000
Equity Investment	4,129,129	4,129,129
	<b>4,129,129</b>	<b>4,129,129</b>

As per the shareholders' agreement, UEGCL was obliged to pay USD 8.1million to GENMAX, towards the construction of Nyagak III of which USD 1.2million is the equity investment, representing 30% of the equity holding in GENMAX and the balance of USD 7million is the GOU grant contribution.

AS at 30<sup>th</sup> June 2025, the equity portion amounting to UGX 4.1billion has been fully paid, being the GOU contribution to equity in line with the shareholders' agreement (USD 1.2million being the 30% Equity investment in Nyagak SHPP). The amount has been recognised at cost using the equity method of accounting per IAS 28, Investment in Associates and Joint ventures.

Nyagak III is being implemented as a Public Private Partnership (PPP). Accordingly, a special purpose Vehicle, GENMAX Uganda Ltd was formed between UEGCL and the private partner (a consortium of Hydromax and Dot services) to oversee the construction and thereafter the operation and maintenance of the plant for a period of 20 years after which the plant shall revert to UEGCL.

In light of Genmax's status as a Special Purpose Vehicle and the fact that it has not yet commenced operations as at 30<sup>th</sup> June 2025, or earned profits, it is not presently liable to pay cumulative dividends to Class B shareholders for 2015-2025.

Further, upon commencement of operations, any earnings will first be applied to operational and statutory obligations pursuant to Clause 12 of the Amended and Restated Shareholders' Agreement. Only thereafter may the company appropriate profits for cumulative dividends from 2015 onward if the profits are available since the obligation to pay arrears is deferred but not extinguished, and at which point the UEGCL's cumulative arrears would have priority.

**20. TRADE AND OTHER RECEIVABLES**

	30/06/2025	30/06/2024
	UGX '000	UGX '000
Trade receivable-UETCL	108,943,064	87,730,301
Withholding tax recoverable	3,236,303	2,090,234
Staff debtors	68,862	56,153.71
Prepayments	44,573,892	28,783,845
Interest Receivable	88,884	-
<b>Total</b>	<b>156,911,005</b>	<b>118,660,533</b>

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Receivable from UETCL of UGX 109billion are outstanding invoices for sale of electricity to UETCL for May and June 2024 for Isimba HPP, Nalubaale-Kiira, Karuma Plants and Namanve plants.

The prepayments of UGX 44.6billion relate majorly to advance payments for Isimba plant and Karuma plants' insurance of UGX 23billion, license fees to the regulator worth UGX 5.5billion and several Letters of Credit and prepayments worth UGX 16.billion for Nalubaale-Kiira investment projects.

## 21. CASH AND BANK BALANCES

	30/06/2025	30/06/2024
	UGX '000	UGX '000
UEGCL/ESKOM Escrow account	1,805,726	1,858,095
Nalubaale-Kiira Operations account	12,080,051	34,810,760
Norwegian Grant support account	4,726,083	11,016,062
Projects account	3,446,831	7,750,589
Cash at hand	55	77
Isimba sales collection account	28,806,742	39,709,925
Prepaid Debit Card Account	12,736	15,097
Isimba O&M Operations Ac UGX	89,916	85,018
Stanbic Namanve TPP UGX Account	1,355,588	234,615
Namanve TPP-Delegated operations account	61,713	79,813
Nalubaale-Kiira-Delegated operations account	46,239	368,082
Karuma sales collection account	52,211,909	3,842,215
HFB Nalubaale-Kiira Investment Fund Account	42,790,421	-
Absa Bank Karuma O&M	8,734,557	-
Ecobank Overhaul funds	12,391,751	-
Absa Bank Karuma O&M - Delegated	1,294	-
	<b>168,561,612</b>	<b>99,770,348</b>

### UEGCL/ESKOM Escrow Account

In accordance to section 5.1 of the Concession and Assignment Agreement, the company was required to open and maintain an escrow account. The significant amount has been withdrawn following the natural end of the concession in March 2023, leaving a balance of only UGX 1.8billion to be released to UEGCL upon approval from Eskom.

### Isimba sales collection account

The account receives revenue from UETCL for invoices billed based on energy dispatched to the grid. The revenue from the account is for ring fenced for loan repayments and, operations and maintenance (O&M) of the plant. The account is denominated in Uganda Shillings.

**Namanve TPP account sales collection account.**

The account is for revenue from UETCL for invoices billed based on electricity generated and dispatched to the grid as well as the capacity tariff to support operations and maintenance of the plant. The account is denominated in Uganda shillings.

**Norwegian grant account**

The account is for the five-year Norwegian grant funding to support the operations and maintenance of Isimba and Karuma Plants. The account is denominated in US dollars.

**Nalubaale-Kiira sales collection account.**

The account is for revenue from UETCL for invoices billed based on electricity generated and dispatched to the grid based on capacity tariff to support operations and maintenance of the plant. The account is denominated in Uganda shillings.

**Karuma sales collection account**

The account receives revenue from UETCL for invoices billed based on energy dispatched to the grid. The revenue from the account is ring fenced for loan repayments and, operations and maintenance (O&M) of the plant. The account is denominated in Uganda Shillings.

**Nalubaale-Kiira investments**

The account receives money from the Nalubaale-Kiira sales collections account received in the tariff earmarked for investment projects approved by the regulator. The account is denominated in Uganda Shillings.

**Karuma O&M**

The account receives money from Karuma sales collections for the day to day operations and maintenance (O&M) of the plant.

**Delegated accounts (Isimba, Nalubaale-Kiira, Namanve and Karuma)**

These accounts receive funds from the operational accounts for the various plants to support the delegated operations of the plants. The accounts are operated and managed by the respective business units and operated in Uganda shillings

**Overhaul funds Account**

This account receives funds set aside for Karuma and Isimba overhaul projects. The account is denominated in Uganda Shillings.

**22. INVENTORY**

	30/06/2025	30/06/2024
	UGX '000	UGX '000
Inventory	27,237,371	21,315,835
	<b>27,237,371</b>	<b>21,315,835</b>

The inventory includes tools and spares, purchased by UEGCL or received as non-cash items from GOU to support plant operations.

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**23. ISSUED CAPITAL AND CAPITAL CONTRIBUTIONS**

<b>a) Share capital</b>	<b>Number of</b>	<b>Amount</b>
	<b>Shares</b>	<b>UGX '000</b>
Authorized, issued and fully paid ordinary shares of UGX 500 each:		
At 1 July 2023	2	1
Conversion of Government of Uganda loans to equity	210,416,340	105,208,168
At 30 June 2024	<b>210,416,340</b>	<b>105,208,169</b>
Conversion of Karuma Debt (interest) to Equity up to 31st December 24		566,355,385
At 30 June 2025		<b>671,563,554</b>

In the year ended 30<sup>th</sup> June 2025, the outstanding debt arrears (interest and principal) of UGX 566,355,385,455 accumulated by the Company during the construction of the Karuma Hydro Power Project and up to 31 December 2024 due and owing to the subsidiary loan on lent to the Company by the Government of Uganda was converted into Equity following resolution at the 14th Annual General Meeting of the Company held on 29th January 2025.

**b) Capital contributions**

	<b>30/06/2025</b>	<b>30/06/2024</b>
	<b>UGX '000</b>	<b>UGX '000</b>
Government of Uganda	554,861,676	554,861,676

This balance relates to the Government of Uganda's consideration in respect to the net assets and liabilities taken over by the company from Uganda Electricity Board.

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**24. DEFERRED INCOME**

	Karuma	Isimba	Nyagak & Muzizi	Norwegian grant	Namanve	Nalubaale-Kiira	Total
	UGX '000	UGX '000	UGX '000	UGX '000	UGX '000	UGX '000	UGX '000
1 July 2024	734,476,669	325,105,377	26,551,859	8,245,568	119,399,817	177,354,827	1,391,134,120
Additions	152,450,868				7,903,735	15,398,684	175,753,289
Amortization	(208,740,459)	(11,801,986)	(3,334,257)	(5,255,822)	(9,663,261)	(5,588,143)	(244,383,928)
30 June 2025	<b>678,187,078</b>	<b>313,303,391</b>	<b>23,217,602</b>	<b>2,989,747</b>	<b>117,640,293</b>	<b>187,165,369</b>	<b>1,322,503,479</b>
01 July 2023	167,057,776	192,792,265	19,330,603	11,313,508	125,589,000	133,897,709	649,980,863
Additions	567,418,893	132,472,168	7,221,256	-	-	50,054,254	757,166,571
Amortization	-	(159,056)	-	(3,067,939)	(6,189,183)	(6,597,135)	(16,013,314)
30 June 2024	<b>734,476,669</b>	<b>325,105,377</b>	<b>26,551,859</b>	<b>8,245,568</b>	<b>119,399,817</b>	<b>177,354,827</b>	<b>1,391,134,120</b>

Relates to amortisations of cash received for projects supervision and fixed assets and inventories/spares for Namanve and Nalubaale-Kiira upon take over in relations to asset additions. The Nalubaale-Kiira deferred income addition of UGX 15.4 billion relates to the investment income as detailed in Note **(3b)**

**25. KARUMA AND ISIMBA ON LENT LOANS**

The loans which were denominated in US dollars have been converted to Uganda shillings following UEGCL request to have the loans in the functional currency to hedge against currency risk due to the volatility of Uganda shillings against the US \$. The conversion took effect 1<sup>st</sup> July 2021 as per the approval by both Exim bank of China and MoFPED.

**a) Karuma on lent Loan**

		30/06/2025	30/06/2024
		UGX' 000	UGX' 000
<b>Karuma on lent Loan</b>			
Non-Current Liability		3,896,487,715	3,954,058,996
Current liability		282,503,086	-
<b>Total</b>		<b>4,178,990,801</b>	<b>3,954,058,996</b>
Interest Payable Karuma		39,466,428	526,596,316

The amounts represent outstanding loan disbursements by the Export – Import Bank of China to the Government of Uganda; which in turn the Government has on lent to UEGCL. The outstanding loan balance as at 30 June 2025 was **UGX; 3,896,487,715,155** (2024: **UGX 3,954,058,996,448**) while the outstanding interest amount was **UGX 39,466,428,084** (2024: **UGX 526,596,316,251**). At The 14th Annual General Meeting of the Company held on 29th January 2025, the shareholders resolved and agreed that the outstanding debt arrears (interest and principal) of UGX 566,355,385,455 accumulated by the Company during the construction of the Karuma Hydro Power Project and up to 31 December 2024 due and owing to the subsidiary loan on lent to the Company by the Government of Uganda be converted into Equity. The amount of principal payable within the next 12 months is **UGX; 282,503,085,517**

By the Preferential Buyer Credit (PBC)Agreement dated the 24<sup>th</sup> Day of November 2014 and the Buyer Credit Loan (BCL) Agreement dated February 20, 2015 ; the Export – Import Bank of China lent to the Government an amount of United States Dollars Seven Hundred and Eighty Nine Million Three and Thirty Seven Thousand Two Hundred and Seventy Five and Thirty Six Cents (US \$ 789,337,275.36) from the PBC Financing Agreement plus another United States Dollars Six Hundred and Forty Five Million Eight Hundred and Twenty One Thousand and Four Hundred and Seven and Twelve cents two (US \$ 645,821,407.12) from the BCLA Financing Agreement respectively.

Under the provisions of Article 6 Section 6.12 (1) of the PBC Financing Agreement, and Article 16 Section 16.1 (3) of the BCLA Financing Agreement, the Government is required to enter into On - Lending Agreements with UEGCL and UETCL (as borrowers') for the purpose of on lending the full amount of the Credit to UEGCL and UETCL respectively upon the terms and conditions therein stated and for the purposes of implementing the 600 MW Karuma Hydropower Dam and Associated Transmission Works and Sub Stations Project.

The Government agreed to on lend to UEGCL as Borrower, and to the extent that such amount have been made available to the Government by the BANK, an amount not exceeding United States Dollars Six Hundred and Fifty Three Million Eight Hundred and Six Thousand and Five Hundred and Eighty Four and Eighty Three Cents (US \$ 653,806,584.83) from the PBC Financing Agreement plus another United States Dollars Five Hundred and Thirty Four Million Nine Hundred Thirty Two Thousand Six Hundred and Sixty and Thirty Two Cents (US \$ 534,932,660.32) from the BCLA Financing Agreement respectively and all totalling United States Dollars One Billion One Hundred and Eighty-Eight Million Seven Hundred Thirty-Two Thousand Two hundred and Forty-Five and Fifteen Cents (US \$ 1,118,739,245.13) as a **“Subsidiary Loan”**.

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Subsidiary Loan bears the following terms

- a. Loan Amount - Uganda shillings 4,237,546,336,756.01
- b. Maturity Period- 20 years including 5 years of grace
- c. Interest rate- 2 % p.a on disbursed and outstanding amounts

**b) Isimba on lent loan**

		<b>30/06/2025</b>	<b>30/06/2024</b>
		<b>UGX' 000</b>	<b>UGX' 000</b>
<b>Isimba on lent Loan</b>			
Non-current liability		953,652,725	1,061,105,382
Current liability		107,452,657	107,452,657
<b>Total</b>		<b>1,061,105,382</b>	<b>1,168,558,040</b>
Interest Payable Isimba		2,474,378	3,268,337

The amounts represent outstanding loan disbursements by the Export – Import Bank of China to the Government of Uganda; which in turn the Government has on lent to UEGCL. The outstanding loan balance as at 30 June 2025 was **UGX 953,652,724,568** (2024: **UGX 1,061,105,381,651**), while the outstanding interest amounted to **UGX; 2,474,378,492** (2024: **UGX 3,268,336,564**). The amount of principal payable within the next 12 months is **UGX; 107,452,657,083**.

By the Preferential Buyer Credit (PBC) Agreement dated the 24<sup>th</sup> Day of November 2014; the Export – Import Bank of China lent to the Government an amount of United States Dollars Four Hundred and Eighty-Two Million Five Hundred and Seventy-Eight Thousand and Two Hundred (US \$ 482,578,200) from the PBC Financing Agreement.

Under the provisions of Article 6 Section 6.12 (1) of the PBC Financing Agreement, and Article 16 Section 16.1 (3) of the BCLA Financing Agreement, the Government was required to enter into On - Lending Agreements with UEGCL and UETCL (as borrowers') for the purpose of on lending the full amount of the Credit to UEGCL and UETCL respectively upon the terms and conditions therein stated and for the purposes of implementing the 183 MW Isimba Hydropower Dam and the Isimba- Bujagali interconnection Project.

The Government agreed to on lend to UEGCL as Borrower, and to the extent that, such amount have been made available to the Government by the BANK, an amount not exceeding United States Dollars Four Hundred and Fifty Two Million One Hundred and Forty Seven Thousand and Nine Hundred and Forty Six (US \$ 452,147,946) as a **“Subsidiary Loan”**.

Subsidiary Loan bears the following terms:

- a. Loan Amount - Uganda shillings 1,611,789,869,024.04
- b. Maturity Period- 20 years including 5 years of grace
- c. Interest rate - 2 % p.a on disbursed and outstanding amounts

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**26. RETENTION**

			<b>30/06/2025</b>	<b>30/06/2024</b>
			<b>UGX '000</b>	<b>UGX '000</b>
Karuma			-	205,094,424
NKPS			37,759	-
			<b>37,759</b>	<b>205,094,424</b>

The Karuma Retention money was released to the contractor by MOFPED to take advantage of the near expiry of the loan draw down period. The contractor submitted a bank guarantee for half the retention money as cover for the defects liability period. The retention money for Karuma HPP was computed in line with the terms of the loans and recognised to the outstanding Karuma loan amount for the period ended 30 June 2025. The UGX 0.037billion retention relates to 10% retention for Nalubaale-Kiira aggregates for 132kv switchyard investment project

**27. TRADE AND OTHER PAYABLES**

	<b>30/06/2025</b>	<b>30/06/2024</b>
	<b>UGX '000</b>	<b>UGX '000</b>
Trade and other payables	36,588,396	31,968,109
Taxes payable (WHT & VAT)	3,354,370	4,416,133
Payroll deductions (PAYE & NSSF)	1,938,405	1,777,460
	<b>41,881,171</b>	<b>38,161,703</b>

**28. RELATED PARTIES**

Following the restructuring of Uganda Electricity Board (UEB), three Government of Uganda fully owned successor companies were created including UEGCL. 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.

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During the year, the following transactions occurred with related parties:

**i) Transactions with related parties**

Nature of transactions	Related Party	30/06/2025	30/06/2024	Terms
		UGX '000	UGX '000	
Sale of electricity	UETCL	432,086,653	343,670,763	Arms length
Fees for services	Directors	1,753,672	785,457	Retainer & allowances

**ii) Amounts due from related Parties**

UETCL		108,943,064	87,730,301	
		<b>108,943,064</b>	<b>87,730,301</b>	

**29. CONTINGENT LIABILITIES**

**a) Outstanding legal cases**

**i) SAMUEL BAMUSONIGHE V UEGCL**

Samuel Bamusonighe, a former project accountant with UEGCL sued the company alleging unfair termination in 2017. Sam Bamusonighe seeks general and special damages of UGX 425M. The court heard the matter fully and is awaiting judgement on a date yet to be confirmed by the industrial court. UEGCL believes that Sam Bamusonighe is owed much less than his claim. UEGCL awaits the Court ruling at a future date yet to be confirmed by the Court.

**ii) UEGCL V MOSES AGABA HIGH COURT CIVIL SUIT NO 07 OF 2024**

UEGCL filed a case against Mr. Moses Agaba for encroachment on its land at Maziba Hydro power in Kabale High Court. The Judge has been out of station for a long period and no new date has been indicated for the joint scheduling by the parties.

**iii) HELLEN LABEJA & OTHERS V ATTORNEY GENERAL AND UEGCL**

Project Affected Persons (PAPs) for the Karuma project land filed the case claiming inadequate compensation by project owners. The matter was scheduled for mediation on 23rd October 2024, however, the matter did not proceed on the set date as Court had not yet appointed a Mediator. The Plaintiffs' lawyer has not approached court for appointment of a Mediator.

**b) Threatened Litigation**

**AGABA MARTIN M, BUYINZA MICHEAL & 70 ORS Vs UEGCL**

The 72 former employees of UEB, claim they are entitled to pension of Ugx.6,286,913,950/= in accordance with the UEB Act, 1999 and the UEB- Non- Contributory Retirement benefits /Pension Scheme Standing Instructions of 1992.

The parties met on the 6th March, 2018, agreed to substantiate the basis of the former UEB employees. In a letter dated 26th June, 2018, the former UEB employees submitted letters spelling out terms of service under which UEB employees were transferred to UEGCL, the UEB standing Instructions and the decision of court in the case of Mavunwa Edison & Ors vs UEGCL to support their claim for pension.

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UEGCL could not retrieve information regarding the pension entitlements of all former employees of UEB to enable it verify the claim. A letter was written to the Registrar General to provide UEGCL with copies of documents relied on in verification of the staff benefits that were paid out during the liquidation of UEB. UEGCL has also written to the Office of the Auditor General seeking a copy of the Auditor General's Pension Verification Report to inform our findings and way forward. To date, UEGCL has not received sufficient information to substantiate this claim by the former UEB employees.

## 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.

### 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 energy and capacity billings and other amounts due from related parties and other stakeholders. The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as indicated below:

	30/06/2025	30/06/2024
	UGX '000	UGX '000
Trade receivables	108,943,064	87,730,301
Staff advances and loans	68,862	56,154
Bank balances	168,561,612	99,770,348
	<b>277,573,538</b>	<b>187,556,802</b>

Trade receivables relate majorly to billed but unpaid sales revenue due from UETCL and were neither past payment due date nor impaired except the 13 capacity invoices December 2022-December 2023, for Namanve TPP worth UGX 12billion. The capacity component is a government subsidy to support the operations of the plant. UEGCL continues to pursue the outstanding amount with UETCL and other relevant stakeholders.

### 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 has successfully converted the Karuma and Isimba on lent loans in respect of the construction of Isimba and Karuma HPPs to Uganda shillings from USD.

However, the company is still exposed to translation effects of revaluation losses attributed to foreign currency denominated balances creating a net currency loss of Ugx 4.4billion (2024: UGX 0.667billion).

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

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	30/06/2025	30/06/2024
	UGX '000	UGX '000
<b>Financial assets</b>		
Stanbic Bank Uganda Limited Escrow Account	1,805,726	1,858,095
Norwegian grant support account	4,726,083	11,016,062
<b>Net currency exposure</b>	<b>6,531,809</b>	<b>12,874,157</b>

During the year ended 30<sup>th</sup> June 2025, UEGCL did not receive any disbursement from Norwegian grant (2024: UGX 3.5billion).

The following significant exchange rates applied during the year:

	Average Closing rate		Average Annual Rate	
	2025	2024	2025	2024
US\$:UGX	3,594.41	3,706.63	3,672.88	3,786.24

Source: BOU

#### Interest rate risk

As at 30<sup>th</sup> June 2025, the company had exposure to interest rate risk as the company had interest bearing borrowings from China EXIM Bank through GOU for the construction of Karuma and Isimba.

#### 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. The analysis shows a high liquidity risk on account of financial liabilities due not sufficiently covered by the financial assets.

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30-Jun-25	Carrying Amount	< 6 months		6-12 months	Over 1 year
		UGX '000	UGX '000		
<b>Financial assets</b>					
Trade and other receivables	156,911,005	156,911,005		-	-
Cash and bank balances	168,561,612	166,755,886		-	1,805,726
	<b>325,472,617</b>	<b>323,666,891</b>		<b>0</b>	<b>1,805,726</b>
<b>Financial liabilities</b>					
Trade and other payables	41,881,171		-	41,881,171	-
Interest	41,940,807	41,940,807		-	-
Isimba loan payable in 1 year	107,452,657		-	107,452,657	-
Karuma loan payable in 1 year	282,503,086			282,503,086	
	<b>473,777,721</b>	<b>41,940,807</b>		<b>431,836,914</b>	-
<b>Net liquidity gap</b>	<b>(148,305,104)</b>	<b>281,726,084</b>		<b>(431,836,914)</b>	<b>1,805,726</b>

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30-Jun-24	<b>Carrying Amount</b>	< 6 months		<b>6-12 months</b>	<b>Over 1 year</b>
		UGX '000	UGX '000		
<b>Financial assets</b>					
Trade and other receivables	118,660,533	106,296,524		12,364,009	-
Cash and bank balances	99,770,348	97,912,253		-	1,858,095
	<b>218,430,881</b>	<b>204,208,777</b>		<b>12,364,009</b>	<b>1,858,095</b>
<b>Financial liabilities</b>					
Trade and other payables	38,161,702		-	38,161,702	-
Interest	529,864,653	529,864,653		-	-
Isimba loan payable in 1 year	107,452,657		-	107,452,657	-
	<b>675,479,012</b>	<b>529,864,653</b>		<b>145,614,359</b>	-
<b>Net liquidity gap</b>	<b>(457,048,130)</b>	<b>(325,655,876)</b>		<b>(133,250,350)</b>	<b>1,858,095</b>

## 30. 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 within the on-lending agreements with MoFPED for construction of Isimba HPP and Karuma HPP. 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 management is charged with the responsibility of monitoring and ensuring adherence to the concession and the on-lending agreements.

### 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. Corporate risk register has been developed based on departmental risk registers. Actual and potential risks are reviewed regularly and proper systems are put in place to avoid and reduce such uncertainties.





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