



## **PETROLEUM FUND**

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# **AUDITED REPORTS AND SEMI- ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2020/2021**

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## Commentary by the Accountant General to the Financial Statements

### Mandate

The Petroleum Fund (Fund) is established by Section 56 of the Public Finance Management Act (PFMA), 2015 as amended. The Fund is a depository for all revenues accruing to Government from petroleum and related activities. Disbursements from the Fund are through appropriation to either the Consolidated Fund or to the Petroleum Revenue Investment Reserve Account.

Below is a summary of the financial operations of the Fund for the period ended 31<sup>st</sup> December 2020;

### Revenues

The Fund received revenue totaling to UGX 134,890,863,948 (One hundred thirty four billion eight hundred ninety million eight hundred sixty three thousand nine hundred forty eight shillings) compared to UGX 23,626,015,012 reported in December 2019. The 347% increase in tax revenue collected during the period is due to the capital gains tax and the corresponding stamp duty on the sale of the Tullow Uganda Ltd shares to Total EP Uganda among others.

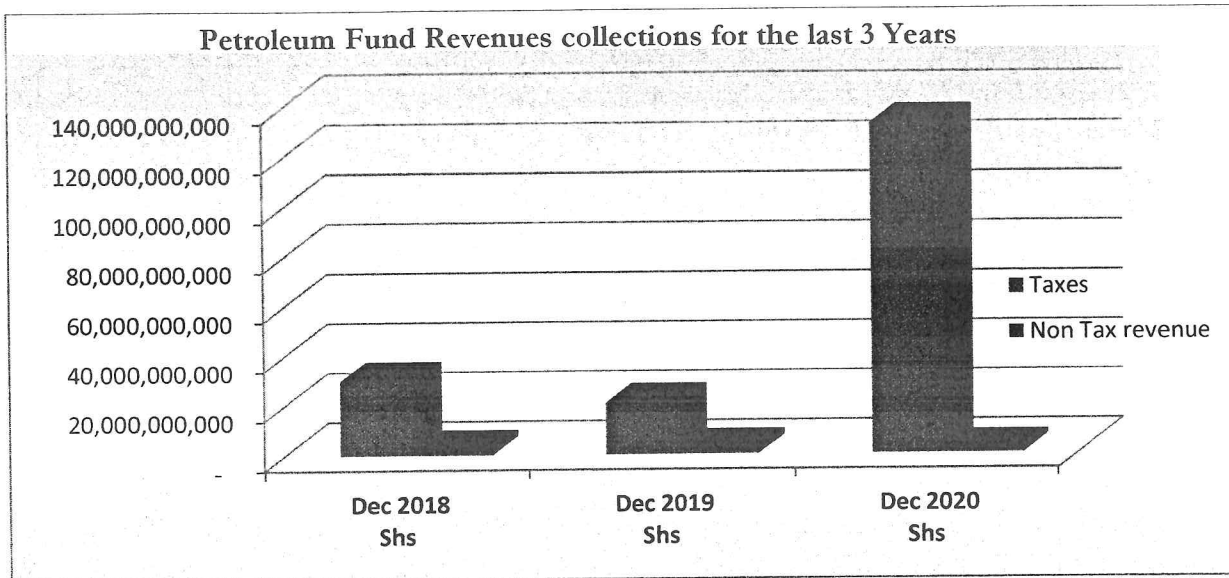
*Table i: Summary of revenues collected for the period ended 31<sup>st</sup> December 2020*

Revenue Source	31 <sup>st</sup> December 2020 Shs	31 <sup>st</sup> December 2019 Shs
Taxes	132,934,910,983	21,075,948,184
Non Tax revenue	1,955,952,965	2,550,066,828
<b>Total</b>	<b>134,890,863,948</b>	<b>23,626,015,012</b>

Petroleum related tax collections by the Uganda Revenue Authority of UGX 132,934,910,983 represent 99% of the total revenues for the period. Other revenue sources (1%) collected during the period relate to surface rentals and training fees from oil companies which include Total EP Uganda and Armour Energy Uganda Ltd.

Below is the analysis of revenues collected for the last 3 financial years.

*Table ii: Petroleum Fund revenue trend analysis over the last 3 periods*



### Expenditures/Outflows

During the period, the only outflows from the Petroleum Fund were bank charges amounting to UGX 335,382 (Three hundred thirty five thousand three hundred eighty two shillings only).

### Statement of Changes in Equity (SCE)

Included in the SCE is unrealised foreign exchange loss worth UGX 1.851 billion due to translation of USD opening balances to Uganda Shillings at the closing rate for reporting purposes.

### Financial Position of the Fund

The value of the Fund stood at UGX 221.38 billion compared to 88.34 billion as at 30 June 2020. The increase in the fund position of UGX133.04billion over the six months period is mainly attributed to the proceeds from capital gains and stamp duty taxes from Tullow Uganda Ltd's sale of its shares to Total EP Uganda among other inflows. There was no withdrawal made from the Fund during the period compared to UGX255billion transferred to the Consolidated Fund during the same period the previous financial year.

The composition of the fund is detailed in the table below:

**Table iii: Financial Position of the Petroleum Fund**

<b>PETROLEUM FUND (UGX)</b>	<b>FY 2020/2021</b>	<b>FY 2019/2020</b>
Opening balance (July 01, 2020)	63,821,170,702	28,216,311,498
Additions for the period	45,027,141,216	35,604,859,204
Less:		
Transfer to the Consolidated Fund	0	0
Bank Charges	(10,000)	0
<b>Closing balance as at 31<sup>st</sup> December 2020</b>	<b>108,848,301,918</b>	<b>63,821,170,702</b>
<b>PETROLEUM FUND (USD)</b>		
Opening Balance (1 <sup>st</sup> July 2020 )	\$6,424,709.86	\$74,815,250.71
Additions for the period	\$23,770,783	\$1,564,642
Less: Bank Charges	(\$88.16)	(\$365.43)
Transfer to the Consolidated UCF	0	(\$69,954,817.42)
<b>Closing balance as at 31<sup>st</sup> December 2020</b>	<b>\$30,195,404.70</b>	<b>\$ 6,424,709.86</b>
<b>RECEIVABLE</b>		
Revenue collections not yet remitted to the Fund (UGX)	2,458,893,866	555,652,562

### Receivables

The receivables are tax collections of UGX 2.459 billion that was collected by the Uganda Revenue Authority (URA) and had not been remitted to the Fund by the reporting date. The opening balance of UGX 556 million reported as a receivable from URA as at 30<sup>th</sup> June 2020 was remitted by URA to the Petroleum Fund on 13<sup>th</sup> August, 2020

### Petroleum Investment Framework

During the period under review, the Ministry undertook capacity building activities for the Investment Advisory Committee (IAC) which involved study visits to the Oil Region and training on Oil and Gas Sector. The capacity building program is aimed at equipping the Committee with the necessary skills and experiences in oil and gas environment required for executing their Petroleum Investment Advisory mandate.

With respect to the Petroleum Revenue Investment Framework, the Operational Agreement was cleared by Solicitor General on 30<sup>th</sup> July 2020 and awaits the signatures of both the Minister of Finance and the Governor, Bank of Uganda, while the Petroleum Revenue Investment Policy was approved by the Top Management of the Ministry of Finance, Planning and Economic Development and now due for submission to Cabinet.

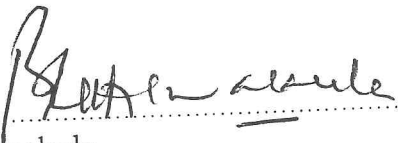
The investment of Petroleum revenues shall commence immediately after the passing of the Petroleum Revenue Investment Policy by Cabinet.

### Recoverable Costs

The Government entered into Production Sharing Agreements (PSAs) with various Oil and Gas companies (licensees) for the exploration of Petroleum in the Albertine Graben. The verified recoverable costs incurred by the Licensees for the period 2001 and 2015 amount to USD 2,373,846,900. Audit of costs for the period 2016 to 2019 is at various stages of completion. These will be recovered as part of cost oil once production commences.

### Petroleum Fund Reports

In line with S61 (1) of the PFMA 2015, both the annual and semiannual report on inflows, outflows, and Assets of the Fund for the FY2019/20 were prepared and submitted to Parliament. All the previous financial statements of the Fund were prepared and audited by the Office of the Auditor General and published on the Ministry website.



.....  
L. Semakula  
Accountant General

## Commentary on the Financial Statements by the Head of Finance

These financial statements are prepared in compliance with S60 (b) of the PFMA 2015 and in accordance with Generally Accepted Accounting Principles. They are based on accounting policies, which have been consistently applied. Where necessary, prior period figures in the financial statements have been reclassified to ensure consistency.

The main source of revenue for the Fund is taxes from the companies dealing exclusively in petroleum activities and non-tax revenues resulting mainly from surface rentals and training fees. Oil production has not commenced and it is difficult to project and plan for the expected petroleum revenue. The total revenue received during the period was UGX 134.89billion compared to UGX 23.63billion reported in December 2019 This is however expected to significantly increase on commencement of oil production.

The details of the Fund Financial Performance, Financial Position, and Cash Flows are enumerated below. During the period, there were no transfers to the Consolidated Fund since Parliament did not appropriate any funds out of the Petroleum Fund for this financial year.

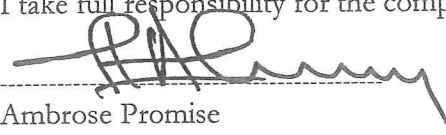
### Petroleum Fund Bank Accounts

The Petroleum Fund currently maintains three bank Accounts two of which are in Bank of Uganda. The third one was opened on 23<sup>rd</sup> June 2017 in the Federal Reserve Bank of New York to facilitate investment under the Petroleum Revenue Investment Reserve. The two accounts in Bank of Uganda are denominated in UGX for the local currency deposits and USD for the United States Dollar denominated transactions respectively. Below are the Petroleum Fund bank accounts

*Table iv: Petroleum Fund bank Accounts*

Account Name	Currency	Location	A/C NO.
Petroleum Fund	USD	BoU, Kampala Road	003300328400010
BoU Petroleum Fund	USD	Federal Reserve Bank, New York, USA	021086676
Petroleum Fund	UGX	BoU, Kampala Road	003300328000026

I take full responsibility for the completeness and integrity of the Financial Statements herein below.

  
Ambrose Promise

**Commissioner Public Sector Accounts Department / Head of Finance  
Petroleum Fund**

**REPORT OF THE AUDITOR GENERAL**  
**ON THE FINANCIAL STATEMENTS OF UGANDA PETROLEUM FUND FOR THE**  
**SIX-MONTH PERIOD ENDED 31<sup>st</sup> DECEMBER 2020**

**THE RT. HON. SPEAKER OF PARLIAMENT**

**Opinion**

I have audited the accompanying financial statements of Uganda Petroleum Fund which comprise the statement of Financial Position as at 31<sup>st</sup> December 2020, the Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows together with other accompanying statements for the Six- month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of Uganda Petroleum Fund for the six-month period ended 31<sup>st</sup> December, 2020 are prepared, in all material respects, in accordance with Section 51 of the Public Finance Management Act (PFMA), 2015 (as amended) and in accordance with the Financial Reporting Guide, 2018.

**Basis of Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Uganda Petroleum Fund in accordance with the Constitution of the Republic of Uganda, 1995 (as amended), the National Audit Act, 2008, the International Ethics Standards Board of Accountants (IESBA) Code of Ethics for Professional Accountants (Parts A and B), and other independence requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing audits in Uganda. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

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

**Emphasis of Matter**

Without qualifying my opinion, I draw your attention to the following matter;

- **Unutilized funds in the Petroleum Fund : UGX.218,923,536,074**

Section 62(1) of the Public Finance Management Act, 2015 states that Parliament shall for every financial year, appropriate money to be paid from the Petroleum Fund to the Petroleum Revenue Investment Reserve (PRIR) and the amount of money transferred in a financial year shall not exceed the amount authorized by



Parliament, except that any balance of money in the Petroleum Fund after appropriation to the Consolidated Fund shall be transferred to the PRIR.

Section 63(1) states that the money in the Petroleum Revenue Investment Reserve shall be invested in accordance with the Petroleum Revenue Investment Policy (PRIP) issued by the Minister in consultation with the Secretary to the Treasury and on the advice of the Investment Advisory Committee (IAC).

I noted that for the period under review, the financial year end balance in the Petroleum Fund increased from UGX.87,787,458,634 as at 30<sup>th</sup> June 2020 to UGX.218,923,536,074 as at 31<sup>st</sup> December 2020. I further noted that there was no appropriation by Parliament of the Petroleum Funds during the Financial Year 2020/21 to the Consolidated Fund and/or the Petroleum Revenue Investment Reserve for budget support and investment activities, respectively. As a result, UGX.218.9 billion remained on the UPF Account as at 31<sup>st</sup> December 2020.

I also noted that the Investment Advisory Committee (IAC) under Min IAC 4/4/20 of its meeting held on 17<sup>th</sup> September 2020, expressed concern over the delayed investment of the funds in the Petroleum Fund. This is despite the fact that the Fund had been in existence since 2015 with the Investment Advisory Committee appointed and inaugurated in 2018 and 2019, respectively.

The above was attributed to the delayed approval of the Petroleum Revenue Investment Policy meant to guide investments under the Petroleum Fund, and the lack of Parliamentary appropriation as alluded to in my previous paragraph.

Consequently, there is a risk that government will not undertake investments for future generations as envisaged under Section 63(1) of the Public Finance Management Act, 2015.

Management indicated that at the time of budget preparation, the UPF had no sufficient funds to be appropriated, however, the subsequent budget for the financial year 2021/22 had taken this into consideration. The Operational Agreement with Bank of Uganda had been finalized and the Petroleum Revenue Investment Policy was being fast tracked and awaiting Cabinet approval to commence investments under the Fund.

I advised Management to fast-track the approval of the Petroleum Revenue Investment Policy and the signing-off of the Operational Agreement with Bank of Uganda to ensure investments in the Petroleum Revenue Investment Reserves are undertaken as envisaged under Section 63(1) of the Public Finance Management Act, 2015.

#### **Other Information**

The Accounting officer is responsible for the other information. The other information comprises the statement of responsibilities of the Accounting Officer 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 consider 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.

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

Under Article 164 of the Constitution of the Republic of Uganda, 1995 (as amended) and section 60 of the Public Finance Management Act (PFMA), 2015, the Accountant General is responsible for maintenance of proper books of account and proper records of the Petroleum Fund; preparation and submission of semi-annual and annual financial statements that are free from material misstatement whether due to error or fraud.

In preparing the financial statements, the Accountant General is responsible for assessing the Fund's ability to continue delivering its mandate, disclosing, as applicable, matters related to the delivery of the mandate of Uganda Petroleum Fund, unless the Fund's management has a realistic alternative to the contrary.

The Accountant General is responsible for overseeing the Fund's financial reporting process.

### **Auditor General'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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

the Fund'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 Petroleum Fund to fail to deliver its mandate.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide the Accounting Officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with him/her all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

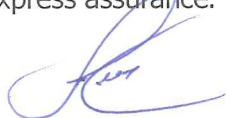
From the matters communicated with the Accounting Officer, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes 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 19 (1) of the National Audit Act, 2008, I report to you, based on my work described on the audit of Financial Statements, that 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.

### **Report on the Audit of Compliance with Legislation**

In accordance with Sections 13 of the National Audit Act, 2008, I have a responsibility to report material findings on the compliance of the Fund with specific matters in key legislations. I performed procedures to identify findings but not to gather evidence to express assurance. There were no reportable issues.



John F.S. Muwanga  
**AUDITOR GENERAL**  
**KAMPALA**

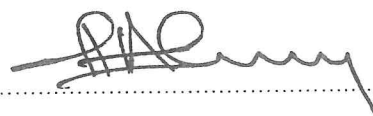
30<sup>th</sup> June, 2021

Statement of Financial Performance for the period ended 31<sup>st</sup> December 2020

	Notes	Actual 31 <sup>st</sup> December 2020 Shs	Actual 30 Jun 2020 Shs
<b>Operating revenue</b>			
Sale of Petroleum	3	0	0
Tax Revenue	4	132,934,910,983	29,708,547,606
Non Tax Revenue	5	1,955,952,965	5,771,292,314
<b>Total revenue</b>		<b>134,890,863,948</b>	<b>35,479,839,920</b>
<b>Expenses/Outflows</b>			
Transfers to the Consolidated Fund	6	0	255,000,000,000
Transfers to Petroleum Revenue Investment reserve	7	0	0
Bank Charges	8	335,382	1,350,121
Foreign exchange losses (gains)	9	0	0
<b>Total Expenses/Outflows</b>		<b>335,382</b>	<b>255,001,350,121</b>
<b>Excess of revenue over expenditure from operating activities</b>		<b>134,890,528,567</b>	<b>(219,521,510,201)</b>



L. Semakula  
Accountant General



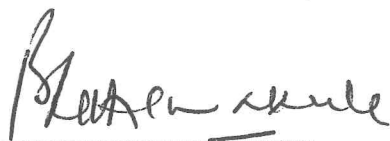
Ambrose Promise  
Commissioner/Public  
Sector Accounts Department

Statement of Financial Position as at 31<sup>st</sup> December 2020

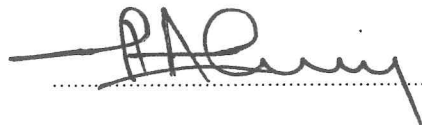
	Notes	31st December 2020 Shs	30 Jun 2020 Shs
<b>ASSETS</b>			
Cash and Cash equivalents	10	218,923,536,074	87,787,458,634
Receivables <sup>1</sup>	11	2,458,893,866	555,652,562
Investments	12	0	0
<b>Total Assets</b>		<b>221,382,429,940</b>	<b>88,343,111,196</b>
<b>Liabilities</b>			
Borrowings		0	0
<b>Total Liabilities</b>		<b>0</b>	<b>0</b>
<b>Net Assets</b>		<b>221,382,429,940</b>	<b>88,343,111,196</b>
<b>REPRESENTED BY;</b>			
<b>Net Worth</b>		<b>221,382,429,940</b>	<b>88,343,111,196</b>

Statement of Changes in Equity (Net Worth) as at 31<sup>st</sup> December 2020

		31st December 2020 Shs	30 Jun 2020 Shs
Net worth Last Year (B/F)		88,343,111,196	311,132,323,454
Revaluation Reserve (Unrealised gains/losses) <sup>2</sup>		(1,851,209,823)	(3,267,702,057)
Adjustment for understated cash balances		0	0
Add: Excess of revenue over expenditure for the Year (See Statement of Financial Performance)		134,890,528,567	(219,521,510,201)
<b>Closing Net Financial Worth</b>		<b>221,382,429,940</b>	<b>88,343,111,196</b>



L. Semakula  
Accountant General



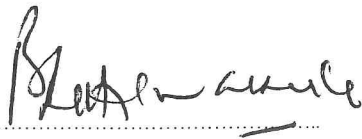
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<sup>1</sup> The Receivable represents Petroleum Taxes collected during the period and not remitted to the Petroleum Fund as at 31<sup>st</sup> December 2020 by URA.

<sup>2</sup> Unrealised losses arise from translation of USD opening balances to UGX for reporting purposes.

Cash Flow Statement for the period ended 31<sup>st</sup> December 2020 [Direct Method]

	31st December 2020 Shs	30 Jun 2020 Shs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Operating Revenue</b>		
Sale of Petroleum	0	0
Taxes	130,476,017,117	29,152,895,044
Non Tax Revenue	1,955,952,965	5,771,292,314
Transfers from Other Funds – UCF	0	0
Other inflows(Receivables)	555,652,562	6,451,964,160
<b>Total receipts from operating activities</b>	<b>132,987,622,644</b>	<b>41,376,151,518</b>
<b>Payments For Operating Expenses:</b>		
Transfers to the Consolidated Fund	0	255,000,000,000
Transfers to Petroleum Revenue Investment reserve	0	0
Bank Charges	335,382	1,350,121
Foreign exchange losses /gains	0	0
<b>Total payments for operating activities</b>	<b>335,382</b>	<b>255,001,350,121</b>
Net cash inflows/(outflows) from operating activities	132,987,287,263	(213,625,198,603)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>132,987,287,263</b>	<b>(213,625,198,603)</b>



L. Semakula  
Accountant General



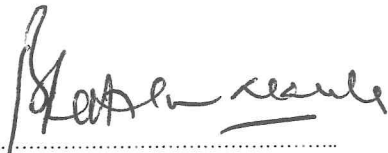
Ambrose Promise  
Commissioner/Public  
Sector Accounts Department

**Reconciliation of movement of cash during the year**

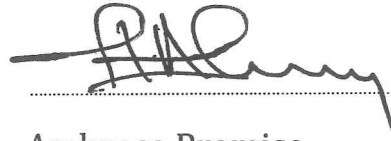
	31st December 2020 Shs	30 Jun 2020 Shs
At the beginning of the year	87,787,458,634	304,680,359,294
Revaluation Reserve (Un Realised gains/ (losses))	(1,851,209,823)	(3,267,702,057)
Adjustment of understated cash balances **	0	
Net increase (decrease) of cash from the <i>Cash flow Statement</i>	132,987,287,263	(213,625,198,603)
<b>At the end of the year</b>	<b>218,923,536,074</b>	<b>87,787,458,634</b>

For purposes of the cash flow statement, cash and cash equivalents comprise

	31st December 2020 Shs	30 Jun 2020 Shs
Cash and bank balances	218,923,536,074	87,787,458,634
Less bank overdrafts	0	-
<b>Net cash and bank balances</b>	<b>218,923,536,074</b>	<b>87,787,458,634</b>



L. Semakula  
Accountant General



Ambrose Promise  
Commissioner/Public  
Sector Accounts Department

## Notes to the Financial Statements

### Accounting Policies

The Treasury is the reporting entity of the Government of the Republic of Uganda for purposes of preparing financial statements of the Petroleum Fund. The Principal address of the Treasury is set out below:

The Ministry of Finance, Planning and Economic Development,  
Plot 2/12 Apollo Kaggwa Road,  
P.o. Box 8147,  
Kampala – UGANDA  
Tel: +256 (0) 41 707900;  
Fax: +256 (0) 41 250005  
Website: [www.finance.go.ug](http://www.finance.go.ug)

### Bankers

- (i) Bank of Uganda  
P.O Box 7120  
Plot 37/45 Kampala Road  
Kampala  
Uganda
- (ii) The Federal Reserve Bank  
New York  
United States

#### 1.1 The Petroleum Fund

The Petroleum Fund is established by Section 56 of the PFMA as a depository into which petroleum oil revenues that accrue to the Government shall be paid.

#### 1.2 Governance of the Fund

In accordance with Section 56(3) of the PFMA, the Minister of Finance is responsible for the overall management of the fund and oversees all transfers into and withdrawals from the fund. Any withdrawals from the Fund shall be made under authority granted by an appropriation Act and a warrant of the Auditor General. On the other hand, the Bank of Uganda is responsible for the operational management of the Petroleum Revenue Investment Reserve.

The Accountant General is responsible for the maintenance of proper books of accounts of the fund, and submission of semi-annual and annual financial statements to the Minister, Secretary to the Treasury and to the Auditor General.

#### 1.3 Purpose of the Fund

Withdrawals from the Fund shall only be made to the Consolidated Fund to support the annual budget and to the Petroleum Revenue Investment Reserve for investments. In support of the annual budget, Petroleum revenue as per Section 59(4) shall be used for the financing of infrastructure and development projects of Government and not the recurrent expenditure.

#### 1.4 Accounting policies

These are the specific principles, bases, conventions, rules and practices adopted by the Government of the Republic of Uganda in preparing and presenting the financial statements. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

##### a) Basis of preparation of financial statements

The financial statements have been prepared in compliance with generally accepted accounting principles and the legal and regulatory framework for management of public finances of the Government of Uganda.



The measurement basis applied is the historical cost basis, except where otherwise stated. Under the accrual basis of accounting, revenue is recognized generally in the period in which it is earned, while expenditure is recognized in the period in which it is incurred and not when paid.

**b) Going concern consideration**

The financial statements have been prepared on a going concern basis, and this policy has been applied consistently throughout the reporting period.

**c) Presentation currency**

Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates. The reporting and presentation currency is the Uganda Shilling, which is the legal tender of the Republic of Uganda

**d) Reporting Period**

The reporting period for these financial statements is the financial year of the Government of Uganda that runs from 1 July to the next 30 June. Prior period comparative information has been presented in the current year's financial statements. Where necessary, figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format in the current year's financial statements.

**e) Revenue**

For the purpose of preparing the Statement of Financial Performance, petroleum revenue represents cash received or earned by the Petroleum Fund during the financial year. Petroleum revenue as defined by the Act includes tax paid under the Income Tax Act on income derived from petroleum operations, Government share of production, signature bonus, surface rentals, royalties, proceeds from the sale of Government share of production, any dividends due to Government, proceeds from sale of Government's commercial interests and any other duties or fees payable to Government from contract revenues under a petroleum agreement.

**f) Transfers from the Fund**

**(i) Transfers to the Consolidated Fund**

Transfers to the Consolidated Fund are recognized when disbursement is made from the Petroleum Fund for amount appropriated in accordance with Sections 58 & 59 of the Act.

**(ii) Transfers to the Petroleum Revenue Investment Reserve**

Transfers to the Petroleum Revenue Investment Reserve are recognized when disbursement is made from the Petroleum Fund for amount appropriated in accordance with Sections 58 & 59 of the Act.

**g) Translation of transactions in foreign currency**

Foreign currency transactions are translated into Uganda Shillings using the exchange rates prevailing at the dates of the transactions (spot rates). These result into realized gains/losses which are recognized in the Statement of Financial Performance. Foreign currency assets and liabilities of the fund are translated into Uganda Shillings using the period closing rate for reporting purposes resulting into unrealized gains/losses. The unrealized gains/losses are recognized in the statement of changes in Equity through the revaluation reserve.

**h) Expenses**

The Petroleum Fund does not own any property, plant and equipment in its books of accounts. There are also no expenses on the Fund except bank charges. In general, charges to the Fund are withdrawals into the Consolidated Fund or the Petroleum Revenue Investment Reserve and these are recognized at the time of disbursement.

**i) Receivables**

Receivables are carried at original historical cost.

**j) Inventories**

The Petroleum Fund does not own any inventories in its books of accounts. Any inventories are held through the National Oil Company (NOC) and the Petroleum Revenue Investment Reserve for which separate financial statements are prepared by the NOC and Bank of Uganda respectively.

**k) Investments**

Transfers to Bank of Uganda for Petroleum Revenue Investment Reserve are treated as Investments (Non-current assets) in the Statement of Financial Position of the Petroleum Fund. Any incomes from these investments are shown as increases in the Investments in the books of Petroleum Fund.

**l) Investment properties**

The Petroleum Fund does not own any investment properties in its books of accounts.

**m) Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and bank overdrafts. In the statement of financial position bank overdrafts are included in borrowings.

**n) Contingent liabilities**

Contingent liabilities are disclosed in a memorandum statement (Statement of Contingent liabilities) of the Fund when it's probable that an outflow of economic benefits or service potential will flow from the fund or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

## Other Notes to the Financial Statements

### Note 2: Exchange rates

The Exchange rates as per Bank of Uganda as at 31<sup>st</sup> December 2020 for the Uganda Shilling against the major currencies were as in the table below:-

	Actual 31st December 2020 Shs	Actual 30 Jun 2020 Shs
United States Dollar	3,645.43	3,730.33

### Note 3: Sale of Petroleum

	Actual 31st December 2020 Shs	Actual 31st December 2020 USD	Actual 30 Jun 2020 Shs
Sale of Crude oil	0	0	0
Sale of Gas	0	0	0
<b>Total Revenue</b>	0	0	0

### Note 4: Tax Revenues

	Actual 31st December 2020 Shs	Actual 31st December 2020 USD	Actual 30 Jun 2020 Shs
Income tax levied on Petroleum Companies	200,000	-	734,652,357
Withholding Tax	37,363,492,745	-	25,569,088,797
Capital Gains Tax on transfer of Shares	54,085,300,963	14,614,568	0
Stamp Duty	31,919,227,500	8,625,000	
Other Taxes	9,566,689,775	-	3,404,806,452
<b>Total Revenue</b>	<b>132,934,910,983</b>	-	<b>29,708,547,606</b>

### Note 5: Non Tax Revenues

	Actual 31st December 2020 Shs	Actual 31st December 2020 USD	Actual 30 Jun 2020 Shs
Sale of feasibility data	-	-	-
Production License	-	-	-
Training fees & Surface Rentals	1,955,952,965	531,215	5,771,292,314
Signature Bonus	-	-	-
Investment Income	-	-	-
Other revenue	-	-	-
<b>Total other revenue</b>	<b>1,955,952,965</b>	-	<b>5,771,292,314</b>

## Note 6 : Transfers to the Consolidated Fund

	Actual 31st December 2020 Shs	Actual 31st December 2020 USD	Actual 30 Jun 2020 Shs
Transfer to UCF	-	-	255,000,000,000
<b>Total transfer to UCF</b>	-	-	255,000,000,000

## Note 7 : Transfers to Petroleum Revenue Investment Reserve

	Actual 31st December 2020 Shs	Actual 31st December 2020 USD	Actual 30 Jun 2020 Shs
Transfer to Petroleum Revenue Investment Reserve	-	-	-
<b>Total Transfers</b>	-	-	-

## Note 8: Bank Charges

	Actual 31st December 2020 Shs	Actual 31st December 2020 USD	Actual 30 Jun 2020 Shs
Bank Charges	335,382	0	1,350,121
<b>Total</b>	335,382	0	1,350,121

## Note 9 : Foreign Exchange losses/gains

	Actual 31st December 2020 Shs	Actual 30 Jun 2020 Shs
Realised Foreign exchange losses/gains(SFP)	0	0
Un-realised Foreign exchange losses/gains(Revaluation Reserve)	1,851,209,823	3,267,702,058
<b>Total</b>	1,851,209,823	3,267,702,058

## Note 10 : Cash and Cash Equivalents

	Actual 31st December 2020 Shs	Actual 31st December 2020 USD	Actual 30 Jun 2020 Shs
Petroleum Fund Account (USD)- BoU, Uganda	110,075,234,156	30,195,404.70	23,966,287,932
Petroleum Fund Account (UGX)- BoU, Uganda	108,848,301,918	-	63,821,170,702
Petroleum Fund Account (USD)- NY, USA	0	-	-
<b>Total</b>	218,923,536,074	30,195,404.70	87,787,458,634

**Note 11 : Receivables**

	Actual 31st December 2020 Shs	Actual 31st December 2020 USD	Actual 30 Jun 2020 Shs
Crude oil and gas in kind	-	-	-
Investment income	-	-	-
Due from UCF	-	-	-
Due from URA	2,458,893,866	-	555,652,562
Due from PAU	-	-	-
Others	-	-	-
<b>Total</b>	<b>2,458,893,866</b>	<b>-</b>	<b>555,652,562</b>

**Note 12 : Investments**

	Actual 31st December 2020 Shs	Actual 31st December 2020 USD	Actual 30 Jun 2020 Shs
Petroleum Revenue Investment Reserve	-	-	-
Other	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Trial Balance**

**PETROLEUM FUND**  
**TRIAL BALANCE**  
**AS AT 31<sup>ST</sup> DECEMBER 2020**

<b>Code</b>	<b>Details</b>	<b>DR</b>	<b>CR</b>
111201	Income Tax		200,000
111202	With Holding tax		37,363,492,745
111203	Capital Gains Tax		54,085,300,963
114106	Value Added Tax		9,566,689,775
114509	Stamp Duty		31,919,227,500
141501	Surface Rentals		1,216,482,965
142209	Educational/Instruction related levies		739,470,000
221014	Bank charges	335,382	
221018	Foreign exchange loss (unrealised)	1,851,209,823	
263110	Transfers to the Consolidated Fund	-	
321110	Petroleum Fund (UGX)	108,848,301,918	
321110	Petroleum Fund (USD)	110,075,234,156	
321504	Other Receivables	-	
321604	URA Revenue Collection	2,458,893,866	
511201	Reserves		88,343,111,196
	<b>Total</b>	<b>223,233,975,144</b>	<b>223,233,975,144</b>