InfraCo Africa Limited

Company Registration No: 05196897

Annual Report

For the year ended 31 December 2018

INFRACO AFRICA LIMITED

COMPANY INFORMATION

Directors	Mike Chilton Jim Cohen Godfrey Mwindaare Tania Songini Philippe Valahu (Chair)
Company secretary	Jordan Company Secretaries Limited
Registered number	05196897
Registered office	6 Bevis Marks 10th Floor London EC3A 7BA
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditors Times House Throwley Way Sutton Surrey SM1 4JQ

INFRACO AFRICA LIMITED

CONTENTS

INFRACO AFRICA LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their Annual Report together with the financial statements of the InfraCo Africa Group (the "Group") and InfraCo Africa Limited (the "Company") for the year ended 31 December 2018.

Directors

The Directors who served during the year were:

Peter Barlow (Resigned on 31 March 2018)
Mike Chilton (Appointed on 31 March 2018)
Jim Cohen (Appointed on 31 March 2018)
Brian Count (Resigned on 31 March 2018)
Roderick Evison (Resigned on 31 March 2018)
Alexander Katon (Resigned on 30 June 2018)
Maria Msiska (Resigned on 31 March 2018)
Godfrey Mwindaare (Appointed on 31 March 2018)
Katharine Painter (Resigned on 31 March 2018)
Tania Songini (Appointed on 31 March 2018)
Philippe Valahu (Chair) (Appointed on 31 March 2018)

Principal activities

The principal activity of the Company is that of infrastructure project development in Sub-Saharan Africa.

The Company takes on high transaction risks associated with early stages of the project life-cycle with the aim of selling its interests to private investors once the development process has been completed, or at an appropriate time once the project has commenced operations.

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

The results of the Group for the year, set out on page 7, show a loss on ordinary activities before tax of £12,461,740 (2017: loss of £9,698,153). The shareholders' funds of the Group, set out on page 8, total £56,746,253 (2017: £45,559,098).

Dividends

No dividends were declared or paid by the Company during the year (2017: £nil).

Going concern

The Company meets its day to day working capital through the sale of development projects, associated success fees and through grants received and share capital issued. The Directors have considered the Company's cash flow requirements for the 12 months following the approval date of these accounts and on the basis of this the Directors consider that the Company will continue to have sufficient funds for the foreseeable future. The Directors have seen assurances regarding future grants and share capital issued which the Directors feel is sufficient for the financial statements to be prepared on the going concern basis. The financial statements do not include any adjustments that would result were funding to be withdrawn.

The Directors have considered the various political and economic risks and uncertainties and their potential impact on the business. In particular, they have examined the potential risks surrounding the decision of the United Kingdom to leave the European Union in March 2019 ("Brexit"). Given the current status of funding and the geographical location of the main business activities, the Directors consider the likely impact of Brexit on the going concern status of the Company to be low.

Statement of disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors for the year were Mazars LLP.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.

Mike Chilton
Director

Date: 29/3/19

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.infracoafrica.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INFRACO AFRICA LIMITED

Opinion

We have audited the financial statements of InfraCo Africa Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INFRACO AFRICA LIMITED

Auditor's responsibilities for the audit of the financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Mike Bailey

Mike Bailey (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Times House, Throwley Way
Sutton, Surrey
SM1 4JQ

Date 29 MARCH 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Income	1,3	2,207,152	1,330,807
Fair value (losses)/gains through profit or loss	9	(2,065,988)	2,372,723
Project development fees	4	(9,973,934)	(9,565,174)
Administrative expenses	5	(4,408,363)	(4,865,276)
Operating loss	6	**(14,241,133)**	**(10,726,920)**
Interest receivable and similar income	8	1,801,212	1,043,767
Loss on ordinary activities before taxation		**(12,439,921)**	**(9,683,153)**
Tax on loss on ordinary activities	10	(21,819)	(15,000)
Loss for the financial year		**(12,461,740)**	**(9,698,153)**

The parent company has taken advantage of section 408 of Companies Act 2006 and has not included its own profit and loss account in these Financial Statements. The Company's loss of the year was £13,010,851 (2017: loss £9,181,764).

The amounts above all relate to continuing operations.

There were no other items of comprehensive income.

The notes on pages 11 to 35 form part of these financial statements.

INFRACO AFRICA LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018 Company £	2018 Group £	2017 Company £	2017 Group £
Assets					
Non-current assets					
Property, plant and equipment	11	26,164	83,825	28,018	93,156
Investment in subsidiaries	12	5,706,926	5,706,846	7,283,757	7,283,677
Investment in associates	12	14,349,467	14,349,467	9,038,522	9,038,522
Total non-current assets		**20,082,557**	**20,140,138**	**16,350,297**	**16,415,355**
Current assets					
Trade and other receivables	13	1,231,372	1,229,522	2,793,957	2,275,318
Cash at bank and in hand	15	40,543,195	40,543,932	30,047,947	30,048,035
Total current assets		41,774,567	41,773,454	32,841,904	32,323,353
Total assets		**61,857,124**	**61,913,592**	**49,192,201**	**48,738,708**
Equity and liabilities					
Capital and reserves					
Share capital	17	147,536,994	147,536,994	123,888,099	123,888,099
Retained earnings		(90,823,463)	(90,790,741)	(77,812,612)	(78,329,001)
Total Shareholders' Funds - Equity		**56,713,531**	**56,746,253**	**46,075,487**	**45,559,098**
Current liabilities					
Trade and other payables	14	5,143,593	5,167,339	3,116,714	3,179,610
Total equity and liabilities		**61,857,124**	**61,913,592**	**49,192,201**	**48,738,708**

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mike Chilton
Director

Date 27/3/19

The notes on pages 11 to 35 form part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital - Company	Share Capital - Group	Retained Earnings - Company	Retained Earnings - Group	Attributable to owners of the parent - Company	Attributable to owners of the parent - Group
		£	£	£	£	£	£
Balance at 1 January 2017		110,089,573	110,089,573	(68,630,848)	(68,630,848)	41,458,725	41,458,725
Loss for the year		-	-	(9,181,764)	(9,698,153)	(9,181,764)	(9,698,153)
Total comprehensive income for the year		-	-	(9,181,764)	(9,698,153)	(9,181,764)	(9,698,153)
Issue of shares	17	13,798,526	13,798,526	-	-	13,798,526	13,798,526
Balance at 31 December 2017		**123,888,099**	**123,888,099**	**(77,812,612)**	**(78,329,001)**	**46,075,487**	**45,559,098**
Balance at 1 January 2018		123,888,099	123,888,099	(77,812,612)	(78,329,001)	46,075,487	45,559,098
Loss for the year		-	-	(13,010,851)	(12,461,740)	(13,010,851)	(12,461,740)
Total comprehensive income for the year		-	-	(13,010,851)	(12,461,740)	(13,010,851)	(12,461,740)
Issue of shares	17	23,648,895	23,648,895	-	-	23,648,895	23,648,895
Balance at 31 December 2018		**147,536,994**	**147,536,994**	**(90,823,463)**	**(90,790,741)**	**56,713,531**	**56,746,253**

INFRACO AFRICA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£	£
Cash flows from operating activities		
Loss for the year	(12,461,740)	(9,698,153)
Add/(deduct):		
Depreciation	26,118	24,225
Witholding tax paid	6,349	-
Purchases, disposals and reclassifications of investments	(5,767,375)	(4,568,428)
Decrease in receivables	1,045,796	890,763
Increase/(decrease) in payables	1,987,729	(1,315,611)
Net cash used in operating activities	(15,163,123)	(14,667,202)
Cash flows from investing activities		
Payments for property, plant and equipment	(19,498)	(99,998)
Proceeds from sale of fixed assets	2,710	-
Net cash used in investing activities	(16,788)	(99,998)
Cash flows from financing activities		
Interest received	35,966	-
Proceeds from repayment of working capital loan	309,700	-
Proceeds from repayment of development costs	1,681,247	-
Proceeds from issue of equity instruments in the Group	23,648,895	13,798,526
Net cash generated by financing activities	25,675,808	13,798,526
Net increase/(decrease) in cash and cash equivalents	10,495,897	(968,674)
Cash and cash equivalents at the beginning of the year	30,048,035	31,016,709
Cash and cash equivalents at the end of the year	**40,543,932**	**30,048,035**

1. Accounting Policies

1.1 Basis of preparation of financial statements

InfraCo Africa Limited is a Company limited by shares and registered in England and Wales, registration number 05196897. The registered office is 6 Bevis Marks, 10th Floor, London, England, EC3A 7BA.

The financial statements are presented in Pound Sterling (£), which is also the Company's functional currency.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The financial statements have been prepared on a historical cost basis, except for Financial instruments – fair value through profit or loss.

Basis of consolidation

The Company is considered an investment entity. Consequently, any shareholdings it owns in subsidiary or associate companies which are held for the purpose of investment are held on the Balance Sheet at fair value, with fair value movements being reflected in the Statement of Comprehensive Income. The Company does have a 100% owned subsidiary, InfraCo Africa (East Africa) Limited. This is held for operational rather than investment purposes and is therefore consolidated into the Group accounts.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated in the Group accounts. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Standards, amendments and interpretations

Adopted in the current year

All IFRSs issued with an effective date before the end of the reporting period have been fully adopted. There has been no material impact on the financial statements of the Company as the result of standards adopted during the reporting period.

In issue but not yet effective

The following standards, amendments and interpretations are either not relevant to the Company's operations or are currently under assessment for their applicability to the Company's operations:

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2018

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements.

	EU effective date	**Non-EU effective date**
	Periods beginning on or after	**Periods beginning on or after**
IAS 40 *Investment Property*: Amendment in relation to transfers of investment property	1 January 2018	1 January 2018
IFRS 2 *Share-based Payment*: Amendment in relation to classification and measurement of share-based payment transactions	1 January 2018	1 January 2018
IFRS 4 *Insurance Contracts*: Amendment in relation to applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*	1 January 2018	1 January 2018
IFRS 9 *Financial Instruments*	1 January 2018	1 January 2018
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018	1 January 2018
Annual Improvements to IFRSs (2014 - 2016)	1 January 2018	1 January 2018
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018	1 January 2018

Standards, amendments and interpretations in issue but not yet effective

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

The Company is however continuing to assess the full impact that adopting the standards will have on future financial statements, and therefore the full effect is yet to be determined.

	EU effective date	**Non-EU effective date**
	Periods beginning on or after	**Periods beginning on or after**
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020	1 January 2020
Amendment to IFRS 3 Business Combinations: Definition of a Business	1 January 2020	1 January 2020

Accounting Policies (continued)

Standards, amendments and interpretations in issue but not yet effective (continued)

IAS 19 *Employee Benefits*: Amendment in relation to plan amendment, curtailment or settlement	1 January 2019	1 January 2019
IAS 28 *Investments in Associates and Joint Ventures:* Amendment in relation to Long-term interests in Associates and Joint Ventures	1 January 2019	1 January 2019
IFRS 9 *Financial Instruments*: Amendment in relation to Prepayment features with negative compensation	1 January 2019	1 January 2019
IFRS 16 *Leases*	1 January 2019	1 January 2019
IFRS 17 *Insurance Contracts*		1 January 2021
Annual Improvements to IFRSs (2015 - 2017)	1 January 2019	1 January 2019
Conceptual Framework (Revised) and amendments to related references in IFRS Standards	1 January 2020	1 January 2020
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019	1 January 2019

Standards, amendments and interpretations cannot be adopted in the EU until they have been EU-endorsed.

The adoption of the above - mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

The Company is however continuing to assess the full impact that adopting IFRS 16 will have on future financial statements, and therefore the full effect has yet to be determined.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

1.2 Going concern

The Company meets its day to day working capital through the sale of development projects, associated success fees and through grants received and share capital issued. The Directors have considered the Company's cash flow requirements for the 12 months following the approval date of these accounts and on the basis of this the Directors consider that the Company will continue to have sufficient funds for the foreseeable future. The financial statements do not include any adjustments that would result were funding to be withdrawn. The balance of undrawn Promissory Notes available to InfraCo Africa Limited drawn on the Bank of England at 31 December 2018 was £51,352,000 (2017: £27,652,000).

1.3 Joint development agreements

In accordance with its principal activity, the Company enters into joint development agreements, in which the Company takes on early stage development costs and risks of project development. The Company is compensated for its costs by a number of means. Development fees and reimbursement of costs incurred are receivable should funds be available from the disposal of such ventures to third parties during or after the initial development phase, or by securing third party debt finance.

Revenues and amounts recoverable under joint development agreements are only recognised on a fair value basis. By their nature the outcome of such projects and ventures is subject to a high degree of uncertainty, including the ultimate commercial viability and whether the early stage development costs will be exceeded by the future proceeds of sale or other revenues.

Where the Company receives revenue in the form of shares or options or other rights to equity, these are recognised as revenue in the profit and loss account based on their fair value. Factors may include that the shares or options are readily marketable and could be disposed of without restriction at the point of receipt.

Where development costs can be linked directly to the receipt of equity, the development costs are included in the carrying value of the investment to the extent such costs are covered by the value of the equity. Otherwise, development costs are expensed in the period in which they are incurred.

1.4 Revenue

Revenue from the sales of projects is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the agreed upon payments.

Provided the amount of revenue can be measured reliably and it is probable that the Company will receive any consideration, revenue is recognised in the period in which they are rendered.

1.5 Grant income

The Company receives income from various entities in the form of grants to cover certain expenditure relating to its projects. Such grants are treated as deferred revenue on receipt and credited to the statement of comprehensive income as the related expenditure is incurred. Grant receipts not yet utilised are included in creditors as at the Balance Sheet date.

1.6 Property, plant and equipment and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements - 16.67% straight line
Computer equipment - 25% straight line

1.7 *Financial instruments*

Management determines the classification of its financial instruments at initial recognition.

Financial assets can be classified in the following categories:

- loans and receivables;
- financial assets at fair value through profit or loss

The Company measures all of its financial liabilities at the carrying value. Due to their short-term nature, the carrying value of trade and other payables approximates their fair value, all other financial liabilities are measured at amortised cost.

Loans and receivables and financial liabilities at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, whose recoverability is based solely on the credit risk of the customer and where the

Company has no intention of trading the loan.

Both loans and receivables and financial liabilities are initially recognised at fair value including direct and incremental transaction costs.

Financial assets at fair value through profit or loss

This category consists of investments (equity and loans) in subsidiaries and investments (equity and loans) in associates. Assets in this category are carried at fair value. The Company establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and offer price.

With regards the treatment of loan receivables, an Expected Credit Loss (ECL) approach has been adopted in compliance with the requirements of IFRS9. The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by a review of reasonable and supportable information related to each project that is available without undue cost or effort.

The Company measures loss allowances at an amount equal to 12- month ECLs, except for financial assets which the credit risk has increased significantly since initial recognition, which are measured at lifetime ECLs. The Company considers a financial asset to have deteriorated when there is failure to meet interest and capital repayments or where there is lack of visibility on future cashflows.

1.8 Subsidiaries

Subsidiaries are investees controlled by the Company. The Company controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company is an investment entity and measures investments (equity and loans) in its subsidiaries at fair value through profit or loss (Note 12). In determining whether the Company meets the definition of an investment entity, management considered the Company's structure as a whole.

1.9 Associates

Associates are investees which the Company has significant influence. The existence of significant influence by the

Company is usually evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee; or
- provision of essential technical information.

The Company is an investment entity and measures investments (equity and loans) in its associates at fair value through profit or loss (see Note 12).

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the statement of comprehensive income.

1.12 Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

1.13 Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate.

1.14 Dividends

Dividends are recognised when they become legally payable.

1.15 Cash and cash equivalents

Cash and cash equivalents include deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

2. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Fair value measurement
A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of, fair value.

During the Development Phase of the project lifecycle there is usually no identifiable market price for the investments. A Market Participant is driven by the prospects of the project and would pay a multiple of costs incurred to date by InfraCo Africa. The Company's valuation policy is to write off the costs incurred prior to JDA (Joint Development Agreement) stage. Projects prior to JDA are classified as Business Opportunities and fully expensed through Profit and Loss.

At the signing of a JDA and/or other key documents e.g. Implementation Agreement (IA), Power Purchase Agreement (PPA) a value based on an appropriate valuation methodology will be attributed to the project.
In the absence of third party offer the Board needs to assess the multiple of costs that would be recoverable from a Market Participant.

During Post-Development Phase a value based on an appropriate valuation methodology in accordance with Private Equity and Venture Capital ("IPEV") valuation guidelines will be attributed to the project.

For investments that have been partially sold or where there has been a recent offer to purchase, then these investments have been valued accordingly.

The fair value measurement of the financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)
Level 2: Observable direct or indirect inputs other than Level 1 inputs
Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Each investment has unique risk factors associated with it. These could range from different geographical, sector, complexity and socio-political risks and thus the fair value is assessed on an investment by investment basis. Additionally, each investment carries a higher risk during development phase and thus attracts a higher discount factor in its discounted cash flow model. However, once the investment becomes operational the risk reduces and subsequently the discount factor also reduces. Sensitivity analysis based on changes in market price are detailed in note 15.

The following table sets out the techniques used to measure each of the Group's investments:

Investment Class	**Valuation technique used**	**Fair value 2018 £**	**Fair Value 2017 £**
Post JDA (or equivalent)	% of external costs incurred to date	11,165,943	7,674,252
Post Financial Close	Discounted cash flow and effective interest rate for loans or % of external costs incurred to date	8,890,370	8,647,947
Total		**20,056,313**	**16,322,199**

3. Income

	2018 Group £	2017 Group £
Grant income	2,124,291	1,132,961
Recharged costs	82,861	197,846
Total	**2,207,152**	**1,330,807**

In 2018, 33.0% of income relates to non-UK income (2017: 35.0%).

4. Project development fees

	2018 Group £	2017 Group £
Project development fees	9,973,934	9,565,174
	9,973,934	**9,565,174**

5. Administrative expenses

	2018 Group £	2017 Group £
Other administrative expenses	4,668,566	3,486,128
(Gain)/loss on foreign exchange	(260,203)	1,379,148
	4,408,363	**4,865,276**

6. Operating loss

The operating loss is stated after charging/(crediting):

	2018 Group £	2017 Group £
Depreciation of property, plant and equipment	26,118	24,225
Auditors' remuneration	29,000	31,000
(Gain)/loss on foreign exchange	(260,203)	1,379,148
Operating leases	124,146	111,376

7. Employee benefit expenses

	2018 Group £	2017 Group £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	2,487,418	1,778,131
Defined contribution pension cost	94,380	78,940
Social security contributions and similar taxes	162,018	163,193
	2,743,816	**2,020,264**

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. These include the directors of the Company listed on page 1.

	2018 Group £	2017 Group £
Salary	471,306	433,516
Defined contribution pension cost	20,316	19,536
Social security contributions and similar taxes	42,325	46,286
	533,946	**499,338**

Directors' remuneration

	2018 Group and Company £	2017 Group and Company £
Salary	317,026	433,516
Defined contribution pension cost	12,325	19,536
Social security contributions and similar taxes	20,679	46,286
	350,030	**499,338**

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

The average monthly number of employees, including the directors, during the year was as follows:

	2018 Group No.	2017 Group No.
Employees	19	16

8. Interest receivable and similar income

	2018 Group £	2017 Group £
Interest receivable from subsidiary and associated Undertakings (see Note 12)	1,801,212	1,043,767

9. Fair value (losses)/gains through profit or loss

	2018 Group £	2017 Group £
Subsidiaries	415,376	1,527,445
Associates	(2,481,364)	845,278
Total	**(2,065,988)**	**2,372,723**

10. Taxation

	2018 Group £	2017 Group £
UK Tax charge		
Current tax expense	-	-
Current tax charge		
Deferred tax asset charge	-	-
Total tax charge	-	-

Factors affecting the tax charge for the year:

	2018 £	2017 £
Loss before tax	(12,439,921)	(9,698,153)
Tax at the standard UK rate of tax of 19.00% (2017: 19.25%)	(2,363,585)	(1,866,894)
Effect of:		
Non-deductible expenses	(78,419)	(196,533)
Temporary differences not recognised in the computation	(861,329)	-
Adjust closing deferred tax to average of 19.00% (2017: 19.25%	1,763,745	1,578,235
Adjust opening deferred tax to average of 19.00% (2017: 19.25%)	(1,404,607)	(1,349,019)
Trade losses not utilised	2,944,195	1,834,211
	-	-
Overseas tax charge	21,819	15,000

On the basis of the results of the Company for the year, there is no charge for corporation tax.

The Company has estimated losses of £83,627,906 (2017: £68,824,779) available to carry forward against future trading profits and carried forward capital losses of £nil (2017: £nil). A deferred tax asset has not been provided as there is no certainty to its recoverability.

11. Property, plant and equipment

	Company			Group		
	Computer Equipment	Leasehold Improvements	Total	Computer Equipment	Leasehold Improvements	Total
	£	£	£	£	£	£
Cost						
At 1 January 2017	41,981	-	41,981	41,981	-	41,981
Additions	21,434	-	21,434	40,844	59,154	99,998
At 31 December 2017	63,415	-	63,415	82,825	59,154	141,979
At 1 January 2018	63,415	-	63,415	82,825	59,154	141,979
Additions	11,207	-	11,207	11,207	8,291	19,498
Write down assets	(30,672)	-	(30,672)	(30,672)	-	(30,672)
At 31 December 2018	43,950	-	43,950	63,360	67,445	130,805
Depreciation						
At 1 January 2017	24,598	-	24,598	24,598	-	24,598
Charge for the year	10,800	-	10,800	14,367	9,858	24,225
At 31 December 2017	35,398	-	35,398	38,965	9,858	48,823
At 1 January 2018	35,398	-	35,398	38,965	9,858	48,823
Charge for the year	10,351	-	10,351	15,203	10,915	26,118
Write down assets	(27,963)	-	(27,963)	(27,961)	-	(27,961)
At 31 December 2018	17,786	-	17,786	26,207	20,773	46,980
Net Book Value						
At 31 December 2018	**26,164**	**-**	**26,164**	**37,153**	**46,672**	**83,825**
At 31 December 2017	**28,018**	**-**	**28,018**	**43,860**	**49,295**	**93,156**

12. Investment in subsidiaries and associates

Group	Shares in subsidiary companies £	Loans to subsidiary companies £	Shares in associated companies £	Loans to associated companies £	Total £
Cost/valuation					
At 1 January 2017	6,038,529	2,788,407	-	9,244,472	18,071,408
Additions	-	133,452	-	3,343,952	3,477,404
Repayments	-	(350,573)	-	-	(350,573)
Fair value movement	653,447	-	890,552	927,052	2,471,051
Foreign exchange movement	-	(246,641)	-	(684,485)	(931,126)
At 31 December 2017	6,691,976	2,324,645	890,552	12,830,991	22,738,164
At 1 January 2018	6,691,976	2,324,645	890,552	12,830,991	22,738,164
Reclassification *	495,597	(159,214)	208,443	2,356,166	2,900,992
Additions	-	-	-	7,813,408	7,813,408
Interest Provided in Full	-	116,243	-	1,684,965	1,801,208
Repayments	(1,681,247)	(352,012)	-	(1,853,060)	(3,886,319)
Fair value movement	994,484	287,440	-	199,275	1,481,199
Foreign exchange movement	-	523,492	25,497	297,265	846,254
At 31 December 2018	**6,500,810**	**2,740,594**	**1,124,492**	**23,329,010**	**33,694,906**
Impairment					
At 1 January 2017	304,808	1,812,924	-	4,199,903	6,317,635
Charge for the year	(303,530)	(81,258)	-	483,118	98,330
At 31 December 2017	1,278	1,731,666	-	4,683,021	6,415,965
At 1 January 2018	1,278	1,731,666	-	4,683,021	6,415,965
Reclassification *	495,597	(159,214)	208,443	2,356,166	2,900,992
Expensed Interest	-	75,190	-	1,684,965	1,760,155
Charge for the year	609,518	780,523	(208,443)	1,379,883	2,561,481
At 31 December 2018	**1,106,393**	**2,428,165**	**-**	**10,104,035**	**13,638,593**
Net book value					
At 31 December 2018	**5,394,417**	**312,429**	**1,124,492**	**13,224,975**	**20,056,313**
At 31 December 2017	**6,690,698**	**592,979**	**890,552**	**8,147,970**	**16,322,199**

12. Investment in subsidiaries and associates (continued)

Company	Shares in subsidiary companies £	Loans to subsidiary companies £	Shares in associated companies £	Loans to associated companies £	Total £
Cost/valuation					
At 1 January 2017	6,038,529	2,788,407	-	9,244,472	18,071,408
Additions	80	133,452	-	3,343,952	3,477,484
Repayments	-	(350,573)	-	-	(350,573)
Fair value movement	653,447	-	890,552	927,052	2,471,051
Foreign exchange movement	-	(246,641)	-	(684,485)	(931,126)
At 31 December 2017 and 1 January 2018	6,692,056	2,324,645	890,552	12,830,991	22,738,244
At 1 January 2018	6,692,056	2,324,645	890,552	12,830,991	22,738,244
Reclassification *	495,597	(159,214)	208,443	2,356,166	2,900,992
Additions	-	-	-	7,813,408	7,813,408
Interest provided in full	-	116,243	-	1,684,965	1,801,208
Repayments	(1,681,247)	(352,012)	-	(1,853,060)	(3,886,319)
Fair value movement	994,484	287,440	-	199,275	1,481,199
Foreign exchange movement	-	523,492	25,497	297,265	846,254
At 31 December 2018	**6,500,890**	**2,740,594**	**1,124,492**	**23,329,010**	**33,694,986**
Impairment					
At 1 January 2017	304,808	1,812,924	-	4,199,903	6,317,635
Charge for the year	(303,530)	(81,258)	-	483,118	98,330
At 31 December 2017 and 1 January 2018	**1,278**	**1,731,666**	**-**	**4,683,021**	**6,415,965**
At 1 January 2018	1,278	1,731,666	-	4,683,021	6,415,965
Reclassification *	495,597	(159,214)	208,443	2,356,166	2,900,992
Expensed Interest	-	75,190	-	1,684,965	1,760,155
Charge for the year	609,518	780,523	(208,443)	1,379,883	2,561,481
At 31 December 2018	**1,106,393**	**2,428,165**	**-**	**10,104,035**	**13,638,593**
Net book value					
At 31 December 2018	**5,394,497**	**312,429**	**1,124,492**	**13,224,975**	**20,056,393**
At 31 December 2017	**6,690,778**	**592,979**	**890,552**	**8,147,970**	**16,322,279**

* It was noted upon review that prior year investments had been disclosed as net amounts in some cases. An adjustment was therefore made, increasing the cost/ valuation and the impairment to reflect the correct grossed up amounts. Overall impact on the fair value of investments is zero.

Subsidiary and associated undertakings

The following were subsidiary and associated undertakings of the Company:

Name and principal place of business	Subsidiary/Associate	Class of Shares	Holding
InfraCo Africa (East Africa) Limited – Kenya	Subsidiary	Ordinary Shares	100%
Kalangala Infrastructure Services Limited - Uganda	Subsidiary	Ordinary and preference shares	54.3%
Chanyanya Infrastructure Company Limited - Republic of Zambia	Subsidiary	Ordinary Shares	80%
Chiansi Irrigation Infrastructure Company Limited - Republic of Zambia	Subsidiary	Ordinary shares	99.4%
Lake Albert Infrastructure Services Limited - Uganda	Subsidiary	Ordinary shares	99.9%
Leonawind SARL - Senegal	Subsidiary	Ordinary Shares	100%
Western Power Company Limited - Republic of Zambia	Subsidiary	Ordinary Shares	51.9%
JCM Matswani Solar Corp Limited - Malawi	Subsidiary	Ordinary Shares	39%
Djermaya Holdings Limited	Associate	Ordinary Shares	33%
East Africa Marine Transport Company Limited	Subsidiary	Ordinary Shares	99%

The aggregate of the share capital and reserves as at 31 December 2018, or the latest available date and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Assets £'000 £	Liabilities £'000 £	Profit/(Loss) £'000 £
1 - InfraCo Africa (East Africa) Limited	189	156	17
2 - Kalangala Infrastructure Services Limited	18,740	14,795	785
3 - Chanyanya Infrastructure Company Limited	501	2,908	(68)
4 - Chiansi Irrigation Infrastructure Company Limited	921	921	-
5 - Lake Albert Infrastructure Services Limited	-	-	-
6 - Leonawind SUARL	-	-	-
7 - Western Power Company Limited	6,998	6,994	-
8 - JCM Matswani Solar Corp Limited	900	1,249	(90)
9 - Djermaya Holdings Limited	-	-	-
10 - East Africa Marine Transport Company Limited	-	-	-

1 - Draft Financial Statements 31 December 2018
2 - Draft Financial Statements 31 December 2018
3 - Draft Financial Statements 31 December 2017
4 - Management accounts 31 December 2018
7 - 2018 Year End Finance Report to Shareholders
8 - Audited Financial Statements 31 December 2017

1. InfraCo Africa (East Africa) Limited is the 100% owned subsidiary of InfraCo Africa Limited, covering the group's business development activities in East Africa.

2. Kalangala Infrastructure Services Limited is the owner and operator offering – ferry services, power generation and distribution system, water distribution and a toll road on the island of Bugala in Uganda. The Company is financed by a combination of equity and debt.

3. Chanyanya Infrastructure Company Limited is a pilot farming project implemented in the village community of Chanyanya in Zambia. The Company is financed by a combination of equity and debt.

4. The Chiansi Irrigation Infrastructure Company will build upon the Chanyanya pilot project. The activities of the company comprise external development costs relating to the construction of capital equipment financed by two grant sources (ORIO and VGF).

5. Lake Albert Infrastructure Services is a Ugandan entity created for the development of the LAIP project. Due to lack of progress on this project, the company has limited activity.

6. Leonawind SARL is a dormant company.

7. Western Power Company Limited is a hydro project in Zambia.

8. JCM Matswani Solar Corp Limited is a 39% owned entity created to develop, construct and operate a solar plant in the Salima region of Malawi.

9. Djermaya Holdings Limited is not trading and therefore does not yet produce audited financial statements.

10. East Africa Marine Transport Company Limited is a marine transport project in Kenya, Tanzania and Uganda. The company is not trading and therefore does not yet produce audited financial statements.

13. Trade and other receivables

	2018 Company £	2018 Group £	2017 Company £	2017 Group £
Trade receivables	-	-	13,180	13,180
Amounts owed by subsidiary and associated undertakings	132,081	-	596,521	-
Prepayments & accrued income	177,441	247,669	1,249,649	1,293,278
Other receivables	921,850	981,853	934,607	968,860
	1,231,372	**1,229,522**	**2,793,957**	**2,275,318**

As at 31 December 2018 there were £nil of trade receivables past 3 months due (2017 - £13,180).

The following table sets out the ageing analysis of these receivables:

	Up to 3 months - Company £	Up to 3 months - Group £	Between 3 to 6 months - Company £	Between 3 to 6 months - Group £	Between 6 and 12 months - Company £	Between 6 and 12 months - Group £	Over 12 months - Company £	Over 12 months - Group £
At 31 Dec 2018								
Other receivables	764,049	708,178	26,575	50,247	437,455	442,490	3,293	28,607
Total	**764,049**	**708,178**	**26,575**	**50,247**	**437,455**	**442,490**	**3,293**	**28,607**

	Up to 3 months - Company	Up to 3 months - Group	Between 3 to 6 months - Company	Between 3 to 6 months - Group	Between 6 and 12 months - Company	Between 6 and 12 months - Group	Over 12 months - Company	Over 12 months - Group
	£	£	£	£	£	£	£	£
At 31 Dec 2017								
Trade receivables	-	-	-	-	-	-	13,180	13,180
Other receivables	2,281,395	1,712,545	36,616	47,745	20,311	56,970	442,455	444,878
Total	**2,281,395**	**1,712,545**	**36,616**	**47,745**	**20,311**	**56,970**	**455,635**	**458,058**

14. Trade and other payables

	2018 Company	**2018 Group**	**2017 Company**	**2017 Group**
	£	£	£	£
Trade payables	640,415	643,396	891,809	917,298
Grants not yet utilised (note 16)	3,442,424	3,442,424	1,812,342	1,812,342
Other taxation and social security	47,259	47,259	52,573	52,573
Accruals	1,013,495	1,034,260	359,990	397,397
	5,143,593	**5,167,339**	**3,116,714**	**3,179,610**

The carrying value of trade and other payables classified as financial liabilities approximates fair value.

15. Financial instruments - Risk Management

The Company is exposed through its operations to the following financial risks:
- Credit risk
- Interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:
- Trade and other receivables
- Cash and cash equivalents
- Investments in unquoted equity securities and loans, and
- Trade and other payables

Financial instruments by category

	Financial assets at fair value through profit or loss		Loans and receivables	
	2018 Group	2017 Group and Company	2018 Group	2017 Group and Company
	£	£	£	£
Financial assets				
Cash and cash equivalents	-	-	40,543,932	30,048,035
Trade and other receivables	-	-	1,229,522	2,275,318
Investments in unquoted equity securities and loans	20,056,313	16,322,199	-	-
Total financial assets	**20,056,313**	**16,322,199**	**41,773,454**	**32,323,353**

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2018	2017	2018	2017
	£	£	£	£
Financial liabilities				
Trade and other payables	-	-	5,167,339	3,179,610
Total financial liabilities	**-**	**-**	**5,167,339**	**3,179,610**

(i) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

(ii) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below.

	Level 1	Level 2	Level 3
	£	£	£
31 December 2018			
Financial assets			
Investments in unquoted equity securities and loans	-	-	20,056,313
	-	**-**	**20,056,313**
31 December 2017			
Financial assets			
Investments in unquoted equity securities and loans	-	-	16,322,199
	-	**-**	**16,322,199**

There were no transfers between levels during the period.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the interrelationship between key unobservable inputs and fair value, are set out in the investment valuation policy as adopted by the Company.

The valuation techniques used for all investments under level 3 were one of the following:

- Discounted cash flows (DCF) analysis uses future free cash flow projections and discounts them (most often using the weighted average cost of capital) to arrive at a present value, which is used to evaluate the potential for investment.
- Percentage of external costs that would likely be recoverable from a Market Participant, based on historic experience.
- Recent sales price or offer received from an independent third party for the Company's investment.
- Net asset value (NAV) is the Company's share of the value of an investment's assets minus the value of its liabilities

The reconciliation of the opening and closing fair value balance of level 3 financial instruments is provided below:

	Investments £
At 1 January 2017	11,753,773
Purchases, disposals and reclassifications	4,568,426
At 31 December 2017	**16,322,199**
At 1 January 2018	16,322,199
Purchases, disposals and reclassifications	3,734,114
At 31 December 2018	**20,056,313**

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from sales of projects. Management conduct an internal "know your customer" check on all potential purchasers prior to entering into sales agreements.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only credit rated parties with minimum rating "A" are accepted.

Cash in bank and short-term deposits

A significant amount of cash is held with the following institutions:

	31 December 2018			31 December 2017		
	Rating	**Cash at bank Company £**	**Cash at bank Group £**	**Rating**	**Cash at bank Company £**	**Cash at bank Group £**
Barclays Bank plc	A	40,543,195	40,543,195	A	30,047,947	30,047,947
Barclays Kenya		-	737		-	88
		40,543,195	**40,543,932**		**30,047,947**	**30,048,035**

Management monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties.

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

The Company is not susceptible to interest rate risk as it does not have any borrowings. However, the Company has issued loans to projects and these loans attract a rate of interest that is reflective of the market rate in which the project is operating.

Foreign exchange risk

Foreign exchange risk arises when the Company enter into transactions denominated in a currency other than their functional currency. Where possible, the Company will settle the liabilities in the foreign currency.

The Group also holds foreign denominated currency, Euro (€), United States Dollar ($) and Kenyan Shiling (KES) in its bank accounts. At 31 December 2018, the Company held €3,268,686 and $17,127,086 (2017: €1,056,392 and $9,633,427) as well as KES99,932 (2017: KES12,167).

The effect of a 20% strengthening of the € against £ at the reporting date on the € denominated cash balance at that date would, all other variables held constant, have resulted in an increase in post-tax loss for the year and decrease of net assets of £491,236 (2017: £156,343). A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax loss and increased net assets by £736,854 (2017: £234,514).

The effect of a 20% strengthening of the $ against £ at the reporting date on the $ denominated cash balance at that date would, all other variables held constant, have resulted in an increase in post-tax loss for the year and decrease of net assets of £2,249,385 (2017: £1,190,088). A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax loss and increased net assets by £3,374,077 (2017: £1,785,132).

The effect of a 20% strengthening of the KES against £ at the reporting date on the KES denominated cash balance at that date would, all other variables held constant, have resulted in an increase in post-tax loss for the year and decrease of net assets of £130 (2017: £15). A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax loss and increased net assets by £194 (2017: £22).

Other market price risk

The effect of a 5% increase in discount factor in the valuation of assets would result in £1,016,855 (2017: £816,110) decrease in the fair value. A 5% decrease in the discount factor would, on the same basis, increase the net assets by the same amount (2017: same amount).

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 180 days.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£	£	£	£	£
At 31 December 2018					
Trade and other payables	643,396	-	-	-	-
Total	**643,396**	-	-	-	-
At 31 December 2017					
Trade and other payables	917,298	-	-	-	-
Total	**917,298**	-	-	-	-

Capital Disclosures

The Company's objectives when managing capital are:

To safeguard the Company's ability to continue as a going concern and safeguard the interest of shareholders.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust its returns to shareholders or new share issues. The Company monitors its capital and assets requirements for activities on a monthly basis and manages its financing and capital accordingly.

The capital relates to equity which is wholly contained on the face of the Statement of Financial Position.

16. Reconciliation of movement in grants during the year

	2018 Group and Company	2017 Group and Company
	£	£
Beginning of the year	1,812,342	1,679,890
Received during the year	3,320,117	1,269,373
Released to profit and loss account	(1,671,170)	(1,050,721)
Foreign exchange translation	(12,693)	(172,426)
(Reversed)/accrued grant income	(6,172)	86,226
End of the year	**3,442,424**	**1,812,342**

The above end of year balances have been included in Trade and other payables per note 14.

17. Share capital

	2018 Group and Company £	2017 Group and Company £
Allotted, called up and fully paid		
£147,536,994 (2017 - £123,888,099)	147,536,994	123,888,099

During the year £23,648,895 Ordinary £1 shares were issued at par to the Company (2017: £13,798,526).

18. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £94,380 (Group) and £73,281 (Company) (2017 - Group £78,940 and Company £67,267). Contributions totalling £nil (2017 - £nil) were payable to the fund at the balance sheet date.

19. Operating lease commitments

At 31 December 2018 the Company had total commitments under non-cancellable operating leases as follows:

	Land and buildings				Other	
	2018 Company £	2018 Group £	2017 Company £	2017 Group £	2018 Group and Company £	2017 Group and Company £
Expiry date:						
Less than 1 year	147,841	173,681	66,337	89,486	-	1,406
Between 2 and 5 years	687,979	773,513	-	104,761	-	3,004
	835,820	947,194	66,337	194,247	-	4,410

20. Other financial commitments

On 10th May 2013, the Company entered into a new service provision agreement with eleQtra Limited for the provision of development services over the next 8 years. The Company has committed to provide £37,000,000 of funding plus a percentage of proceeds from sale of projects, back dated to 1 April 2012, to enable eleQtra Limited to fulfil this service.

On 17 June 2014, the Company entered into a new developer service agreement with Aldwych Africa Developments Limited for the provision of development services over the next 3 years. The Company has committed to provide up to $15,000,000 of funding to enable Aldwych Africa Developments Limited to fulfil this service.

On 2 November 2017, the Company entered into a new developer service agreement with CPCS Transcom for the provision of development services over the next 3 years. The Company has committed to provide up to $15,000,000 of funding to enable CPCS Transcom to fulfil this service.

On 2 November 2017, the Company entered into a new developer service agreement with Access Power Limited for the provision of development services over the next 3 years. The Company has committed to provide up to

$15,000,000 of funding to enable Access Power Limited to fulfil this service.

On 14 February 2017, the Company entered into a Convertible Loan Agreement with Access Quaint Solar Nigeria Limited committing $1.65m of funding to the Abiba Solar project in Nigeria. Funding is subject to conditions being met.

On 17 November 2016, the Company entered into a Share Sale and Investment Agreement with Chiansi Farming Company Limited committing $12.5m of funding to the Chiansi project in Zambia. Funding is subject to conditions being met.

On 22 December 2017, the Company entered into a Shareholders' Agreement with Rift Valley Geothermal Holdco Limited committing $30m of funding to the Corbetti project in Ethiopia. Funding is subject to conditions being met.

On 26 November 2018, the Company entered into a Convertible Loan Agreement with Project Elan 1 SAS committing $1.7m of funding to the Elan Solar project in Cameroon. Funding is subject to conditions being met.

On 14 November 2017, the Company entered into a Shareholders' Agreement with Golomoti JCM Solar Corporation Limited committing $2.3m of funding to the Golomoti project in Malawi. Funding is subject to conditions being met.

On 21 December 2016, the Company entered into a Shareholders' Agreement with JCM Matswani Solar Corp Limited committing $2.6m of funding to the Salima Solar project in Malawi. Funding is subject to conditions being met.

On 2 January 2017, the Company entered into a Convertible Loan Agreement with Lilondi Hydropower Limited committing $0.4m of funding to the Lilondi Hydro project in Tanzania. Funding is subject to conditions being met.

On 23 December 2015, the Company entered into a Convertible Loan Agreement with Redavia Tanzania Asset Limited committing $5m of funding to the Redavia project in Tanzania. Funding is subject to conditions being met.

On 11 December 2017, the Company entered into a Convertible Loan Agreement with Standard Microgrid Initiatives Limited committing $3.5m of funding to the Standard Microgrid project in Zambia. Funding is subject to conditions being met.

On 3 December 2015, the Company entered into a Shareholders' Agreement with Western Power Company Limited committing $5.4m of funding to the Western Power project in Zambia. Funding is subject to conditions being met.

Funding provided under Convertible Loan Agreements or Shareholders Agreements will be subject to a number of conditions surrounding both partner compliance and the meeting of funding obligations by other parties.

21. Related party transactions

Kalangala Infrastructure Services Limited

Kalangala Infrastructure Services Limited is a 54.3% owned subsidiary company.

	2018 Group £	2017 Group and Company £
Balance at beginning of year before provision	592,979	975,483
Interest at 7.827%	41,053	66,539
Repaid in the year	(352,013)	(350,573)
Adjustment for foreign exchange translation	30,409	(98,470)
Year end loan balance	312,428	592,979

Chanyanya Infrastructure Company Limited

Chanyanya Infrastructure Company Limited is an 80% owned subsidiary.

	2018 Group £	2017 Group and Company £
Balance at beginning of year before provision	1,572,454	1,653,711
Advances during the year	287,440	4,633
Interest at 5%	75,190	62,281
Adjustment for foreign exchange translation	205,641	(148,171)
Year-end loan balance	2,140,725	1,572,454
Provision b/f	1,572,454	1,653,711
Provision in the year	568,271	(81,257)
Year-end provision	2,140,725	1,572,454

Western Power Company Limited

Western Power Company Limited is an associated company.

	2018 Group £	2017 Group and Company £
Balance at beginning of year before provision	1,877,012	1,074,883
Opening Balance Adjustment	95,102	-
Advances during the year	1,777,840	800,179
Interest at 12.5%	278,787	150,212
Adjustment for foreign exchange translation	157,900	(148,262)
Year-end loan balance	4,186,641	1,877,012
Provision b/f	554,043	283,765
Opening Balance Adjustment	95,102	-
Provision in the year	665,934	270,278
Year-end provision	1,315,079	554,043

JCM Matswani Solar Corp Limited

JCM Matswani Solar Corp Limited is an associated company

	2018 Group £	2017 Group and Company £
Balance at beginning of year before provision	622,486	422,438
Advances during the year	1,192,798	186,755
Interest at 12%	117,877	53,882
Adjustment for foreign exchange translation	68,383	(40,589)
Year-end loan balance	2,001,544	622,486
	177,753	422,438
Provision b/f		
Provision in the year	6,692	(244,685)
Year-end provision	184,445	177,753

Transactions totalling £864,976 (2017: £55,643) took place with Chiansi Irrigation Infrastructure Company Limited. Under the grant agreements, InfraCo Africa Limited was appointed as grant administrator and manages the disbursements of funds to contractors relating to the construction of capital equipment on behalf of the Competent Authority.

No transactions took place either in the year or the preceding year with the following related parties:

Lake Albert Infrastructure Services Limited
Leonawind SARL
Djermaya Holdings Limited
East Africa Marine Transport Company Limited

PIDG Trust

The Technical Assistance Facility (TAF), is a grant facility managed and funded by the Private Infrastructure Development Group Trust (PIDG Trust), the parent entity of InfraCo Africa Limited.

Included within turnover is £938,390 (2017 - £666,612) of grant income received from the TAF. £1,044,204 (2017 - £1,072,599) of grants not yet utilised within creditors relates to grants from the TAF. These funds will be utilised on projects as agreed in the terms of those grants, within time periods specified in grant documents.

PIDG Limited

The Company paid £526,350 of service level charges and other recharges to PIDG Limited, which is also a 100% owned subsidiary of the PIDG Trust. The Company received £453,111 of grant income from the PIDG Trust in respect of this.

InfraCo Africa (East Africa) Limited

The Company was recharged £859,880 of costs by InfraCo Africa (East Africa) Limited during the year.

22. Contingent liability and charges

A charge is being held over the Company's shares in Kalangala Infrastructure Services Limited. This charge was created to secure the senior debt funding for Kalangala Infrastructure Services Limited.

23. Events after the reporting date

There were no material events that occurred since the report date.

24. Ultimate parent undertaking and controlling party

The Company's parent undertaking is the Private Infrastructure Development Group Trust (the "PIDG Trust"). The Private Infrastructure Development Group Trust does not prepare consolidated accounts. The PIDG Trust has delegated the authority to manage the Company to PIDG Limited, which is also a 100% owned subsidiary of the PIDG Trust.