InfraCo Africa Limited

Company Registration No: 05196897

Annual Report

For the year ended 31 December 2019

INFRACO AFRICA LIMITED

COMPANY INFORMATION

Directors	Michael Barry Chilton James Lionel Cohen Godfrey Morgin Mwindaare Tania Louise Songini Philippe Valahu (Chair)
Company secretary	Vistra Company Secretaries Limited
Registered number	05196897
Registered office	6 Bevis Marks 10th Floor London EC3A 7BA
Independent auditors	BDO LLP (appointed 24 September 2019) Chartered Accountants & Statutory Auditor 150 Aldergate Street London EC1A 4AB

INFRACO AFRICA LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019.

Directors

The Directors who served during the year were:

Michael Barry Chilton
James Lionel Cohen
Godfrey Morgin Mwindaare
Tania Louise Songini
Philippe Valahu

Principal activities

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

The Company takes on high transaction risks associated with early stages of the project cycle with the aim of selling its interests to private investors once the development process has been completed.

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 after tax of £22,454,975 (2018: loss of £12,461,740). The shareholders’ funds of the Group, set out on page 8, shows a total of £42,765,470 (2018: £56,746,253).

Dividends

No dividends were declared or paid by the Company during the year (2018: £nil).

Going concern

The Company meets its day to day working capital through the sale of development projects and through 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 funding, and share capital to be 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 above assessment is supported by the following:

- The Company has significant liquid cash available at year end and expects further cash from the members (donors) over the next 12-month period;

- Our assessment includes the requirement of the Company’s members to always have contingency cash to cover a specified period of future expected costs. This would cover any potential cash deficit that might arise in the next 12 months. This is implemented and tracked through monthly liquidity reporting to the members; and

- Cashflow is controlled by management with considerable oversight and enforced controls in relation to cash disbursement procedures. If project spend is delayed, drawdown on funds available to the Company, both in the form of cash and promissory notes, will also decelerate. This suggests there is minimal liquidity risk as management are able to respond timely to market changes through adjusting the Company's spend and inflow profile.

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.

Post balance sheet events

The global outbreak of COVID-19 in early 2020 is rapidly emerging and unprecedented. It is causing major disruptions to both social and economic activities. It will likely have a very significant impact on all sectors across the world, including the markets in which we operate. The Directors will continue to work with senior management to closely monitor the situation and assess the impact on operations, projects and funding in the short and long-term. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. This pandemic is likely to cause project delays due to restrictions on travel and additional hurdles to communication, however management do not expect to withdraw from any projects as a result. Management's response to these delays will plan for an increase to the timelines of spend and adapting the approach to planned exits.

The Directors also continue to examine the potential risks related to the United Kingdom's departure from the European Union on 31 January 2020 ("Brexit"). There is now a transition period to the end of 2020 while the UK and EU negotiate additional arrangements. Given the current status of funding and the geographical location of the main business activities in sub-Saharan African, the Directors consider the likely impact of Brexit to be low.

Auditors

During the year, Mazars LLP resigned as auditors and replaced by BDO LLP who were appointed on 24 September 2019.

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.

Michael Barry Chilton
Director

1 April 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

INFRACO AFRICA LIMITED

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 2019, 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 2019 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 Group and Parent 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 Parent 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 Parent 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.

BDO LLP

Peter Smith (Senior Statutory Auditor)
for and on behalf of BDO LLP
Chartered Accountants and Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

Date 1 April 2020

INFRACO AFRICA LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Income	**1,3**	5,584,295	2,207,152
Fair value losses through profit or loss	**9**	(10,615,400)	(305,830)
Project development fees	**4**	(10,312,647)	(9,973,934)
Loss on disposal of investment	**10**	(1,085,056)	-
Administrative expenses	**5**	(6,132,086)	(4,408,363)
Operating loss	**6**	**(22,560,894)**	**(12,480,975)**
Interest receivable	**8**	140,077	41,054
Loss on ordinary activities before taxation		**(22,420,817)**	**(12,439,921)**
Tax on loss on ordinary activities	**11**	(34,158)	(21,819)
Loss for the financial year		**(22,454,975)**	**(12,461,740)**

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 for the year was £22,560,837 (2018: loss £13,010,851).

The amounts above all relate to continuing operations.

There were no other items of comprehensive income.

The notes on pages 15 to 48 form part of these financial statements.

INFRACO AFRICA LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 Group £	2019 Company £	2018 Group £	2018 Company £
Assets					
Non-current assets					
Property, plant and equipment	**12**	117,203	33,163	83,825	26,164
Right-of Use Asset	**20**	146,917	-	-	-
Investments	**13**	18,061,187	18,061,266	16,176,717	16,176,797
Other loan receivables	**14**	4,542,148	4,542,148	3,879,596	3,879,596
Total non-current assets		**22,867,455**	**22,636,578**	**20,140,138**	**20,082,557**
Current assets					
Trade and other receivables	**14**	1,884,596	1,742,225	1,229,522	1,231,372
Cash at bank and in hand	**16**	22,750,483	22,749,873	40,543,932	40,543,195
Total current assets		**24,635,079**	**24,492,098**	**41,773,454**	**41,774,567**
Total assets		**47,502,534**	**47,128,677**	**61,913,592**	**61,857,124**
Equity and liabilities					
Capital and reserves					
Share capital	**18**	156,011,190	156,011,190	147,536,994	147,536,994
Retained earnings		(113,245,720)	(113,384,300)	(90,790,741)	(90,823,463)
Total Shareholders' Funds - Equity		**42,765,470**	**42,626,889**	**56,746,253**	**56,713,531**
Current liabilities					
Trade and other payables	**15**	4,585,149	4,501,788	5,167,339	5,143,593
Non-current liabilities					
Lease liability	**20**	151,915	-	-	-
Total equity and liabilities		**47,502,534**	**47,128,677**	**61,913,592**	**61,857,124**

Company Number 05196897

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

Michael Barry Chilton
Director
1 April 2020

The notes on pages 15 to 48 form part of these financial statements.

INFRACO AFRICA LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share Capital - Group	Retained Earnings - Group	Attributable to owners of the parent - Group
		£	£	£
Balance at 1 January 2018		123,888,099	(78,329,001)	45,559,098
Loss for the year		-	(12,461,740)	(12,461,740)
Total comprehensive income for the year		-	(12,461,740)	(12,461,740)
Issue of shares	**18**	23,648,895	-	23,648,895
Balance at 31 December 2018		**147,536,994**	**(90,790,741)**	**56,746,253**
Balance at 1 January 2019		147,536,994	(90,790,741)	56,746,253
Loss for the year		-	(22,454,975)	(22,454,975)
Total comprehensive income for the year		-	(22,454,975)	(22,454,975)
Issue of shares	**18**	8,474,196	-	8,474,196
Balance at 31 December 2019		**156,011,190**	**(113,245,716)**	**42,765,474**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share Capital - Company	Retained Earnings - Company	Attributable to owners of the parent - Company
		£	£	£
Balance at 1 January 2018		123,888,099	(77,812,612)	46,075,487
Loss for the year		-	(13,010,851)	(13,010,851)
Total comprehensive income for the year		-	(13,010,851)	(13,010,851)
Issue of shares	**18**	23,648,895	-	23,648,895
Balance at 31 December 2018		**147,536,994**	**(90,823,463)**	**56,713,531**
Balance at 1 January 2019		147,536,994	(90,823,463)	56,713,531
Loss for the year		-	(22,560,837)	(22,560,837)
Total comprehensive income for the year		-	(22,560,837)	(22,560,837)
Issue of shares	**18**	8,474,196	-	8,474,196
Balance at 31 December 2019		**156,011,190**	**(113,384,300)**	**42,626,890**

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2019

Consolidated:	**2019** **£**	**2018** **£**
Cash flows from operating activities		
Loss for the year	(22,454,975)	(12,461,740)
Add/(deduct):		
Depreciation	32,880	26,118
Withholding tax paid	2,754	6,349
Other foreign exchange gains	(76,646)	(119,203)
Loss on disposal of investments	1,085,057	-
Foreign exchange losses/(gains) on investments	752,894	(267,527)
Change in fair value movement on investments	5,862,340	564,778
Change in fair value movement on other loan receivables	3,998,801	8,579
	(10,796,895)	(12,242,646)
Movement in working capital		
(Increase)/decrease in debtors	(655,074)	1,045,796
(Decrease)/increase in creditors	(430,275)	1,987,729
Changes in movement in working capital	(1,085,349)	3,033,525
Cash generated from / (used in) operations	**(11,882,244)**	**(9,209,121)**
Cash flows from investing activities		
Payments for property, plant and equipment	(66,259)	(19,498)
Payments for investments	(12,519,101)	(4,497,115)
Payments for other loan receivables	(4,907,954)	(3,316,293)
Right of Use Assets	(146,917)	-
Repayments of loans, development fees and interest	2,704,571	3,886,319
Loan interest received	230,230	-
Proceeds from sale of investments	109,006	-
Proceeds from sale of fixed assets	-	2,710
Deposit interest received	211,023	-
Net cash used in investing activities	(14,385,401)	(3,943,877)

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2019

Cash flows from financing activities	**2019** **£**	**2018** **£**
Issue of ordinary shares	8,474,196	23,648,895
	8,474,196	23,648,895
Net (decrease)/increase in cash and cash equivalents	(17,793,449)	10,495,897
Cash and cash equivalents at the beginning of the year	40,543,932	30,048,035
Cash and cash equivalents at the end of the year	**22,750,483**	**40,543,932**

INFRACO AFRICA LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2019

Company:	**2019** **£**	**2018** **£**
Cash flows from operating activities		
Loss for the year	(22,560,837)	(13,010,851)
Add/(deduct):		
Depreciation	12,576	10,351
Withholding tax paid	2,754	6,349
Other foreign exchange gains	(77,381)	(119,292)
Loss on disposal of investments	1,085,057	-
Foreign exchange losses/(gains) on investments	752,894	(267,527)
Change in fair value movement of investments	5,862,340	564,778
Change in fair value movement of other loan receivables	3,998,801	8,579
	(10,923,796)	(12,807,613)
Movement in working capital		
(Increase)/decrease in debtors	(510,853)	1,562,585
(Decrease)/increase in creditors	(641,806)	2,026,879
Changes in movement in working capital	(1,152,659)	3,589,464
Cash generated from / (used in) operations	**(12,076,455)**	**(9,218,149)**
Cash flows from investing activities		
Payments for property, plant and equipment	(19,575)	(11,207)
Payments for investments	(12,519,101)	(4,497,115)
Payments for other loan receivables	(4,907,954)	(3,316,293)
Repayments of loans, development fees and interest	2,704,571	3,886,319
Loan interest received	230,230	-
Proceeds from sale of investments	109,006	-
Proceeds from sale of fixed assets	-	2,710
Deposit interest received	211,023	-
Net cash used in investing activities	(14,191,800)	(3,935,586)

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2019

Cash flows from financing activities	2019 £	2018 £
Issue of ordinary shares	8,474,196	23,648,895
Net cash generated by financing activities	8,474,196	23,648,895
Net (decrease)/increase in cash and cash equivalents	(17,794,059)	10,495,160
Cash and cash equivalents at the beginning of the year	40,543,932	30,048,035
Cash and cash equivalents at the end of the year	**22,749,873**	**40,543,195**

1. Accounting Policies

1.1 Basis of preparation of financial statements

InfraCo Africa Limited is a private 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

In accordance with IFRS 10 "Consolidated Financial Statements" as amended, the Board has determined that the Group meets the definition of an investment entity which is mandatorily exempted from consolidating subsidiaries unless this provides investment-related services and are not themselves investment entities. The services provided by the investment companies are undertaken to maximise the Group's investment returns and do not represent a separate substantial business activity or substantial source of income.

The Group has been deemed to meet the definition of an investment entity per IFRS 10, supported by the existence of the following operational characteristics:

- The Group has more than one investment (see note 13);
- It has more than one investor;
- It has investors who are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests (see note 13).

The Group obtains funding from three external members / donors, to whom it has committed that its business purpose is to invest funds solely for the returns from capital appreciation and investment income.

The Group is exposed to, and has rights to, the returns from the investment companies which are Special Purpose Vehicles (SPVs) incorporated for the sole purpose of managing and operating the Group's development projects. The Group further has the ability to affect the amount of its returns from these SPVs which represents elements of control as prescribed by IFRS 10. The fair value method is used to represent the SPVs' performance in reporting to the Board, and to evaluate the performance of the investments and to make investment decisions.

The Group invests in development projects with the intention of overseeing project lifecycle from development through into construction and then begin operation. An off taker is identified at the very start of this lifecycle, before development begins, with clear milestones stipulated in development agreements. This provides the pathway to exit where the Group's aim is to sell after a specified period of time post Commercial Operation Date (COD). Projects will also be sold if other investments with a better risk/reward profile are identified. The Group will typically hold direct/equity investments for no longer than 10 years, as set out in the Risk Appetite Policy. Management consider this to demonstrate a clear exit strategy which is put in place from the start in identifying an off taker. Due to the length of projects and nature of changing risk environments, management have control processes in place to adapt and amend strategies as required.

1. Accounting Policies (continued)

1.1 Basis of preparation of financial statements (continued)

As a result, under the terms of IFRS 10, the Group should not consolidate these SPVs, but must measure its investment in these companies at Fair Value Through Profit or Loss (FVTPL). The Group has determined that the fair value of the SPVs be determined through assessment of project stage, being Development, Construction or Operation. Necessary disclosures have been included at note 16.

The Company does have one 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 Subsidiary are eliminated in the Group accounts.

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.

The only new standard impacting the Group due to having a potential material impact on future financial statements, and which has given rise to a change in the Group's accounting policy is:

- IFRS 16 Leases (IFRS 16)

Details of the impact of IFRS 16 are shown in note 20.

Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies. These are listed below.

Other standards, amendments and interpretations adopted in the current financial year ended 31 December 2019

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 19 *Employee Benefits*: Amendment in relation to plan amendment, curtailment or settlement	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
Annual Improvements to IFRSs (2015 - 2017)	1 January 2019†*	1 January 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019	1 January 2019

IFRS 16 is not included above, as although it does not have a material impact in 2019, it has been adopted and disclosed fully due to the potential future impact on the financial statements.

1. Accounting Policies (continued)

1.1 Basis of preparation of financial statements (continued)

Standards, amendments and interpretations 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:

	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
IFRS 17 *Insurance Contracts*	1 January 2021†*	1 January 2021
Conceptual Framework (Revised) and amendments to related references in IFRS Standards	1 January 2020†*^	1 January 2020

Standards, amendments and interpretations cannot be adopted in the EU until they have been EU-endorsed.
† Pending endorsement
* Expected to be endorsed by the IASB effective date.
^ Scope of endorsement limited to related references in IFRS Standards.

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.

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 and through 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 funding and share capital to be 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 above assessment is supported by the following:

- The Company has significant liquid cash available at year end;
- Management's assessment includes the requirement of the Company's members to always have contingency cash to cover a specified period of future expected costs; and
- Cashflow is controlled by management with considerable oversight and enforced controls in relation to cash disbursement procedures.

1. Accounting Policies (continued)

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 and other income

Due to the nature of the Company being defined as an investment entity and reported under such requirements of IFRS 10, there is no expected revenue from trade within the normal course of business.

Other income 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 other income can be measured reliably and it is probable that the Company will receive any consideration, other income is recognised in the period in which it relates.

1.5 Grant income

The Company receives income from various facilities 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 deferred income 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. Accounting Policies (continued)

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.

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.

Per requirements of IFRS 9, the Company also recognises its loan receivable due from Chiansi Farming Company Ltd at FVTPL. Although the business model within which the asset is held is deemed to be for the purpose of collection at a specified date in the future, management have performed the Solely Payments of Principal and Interest ‘SPPI’ test and note the nature of this loan currently accruing 0% interest, below market rate, and there being profit linked elements, means the contractual cash flows do not reflect only payments of principal and interest that consist of only the time value of money and credit risk. As a result, the loan would fail the requirements for amortised cost classification. For this reason, this loan is recognised at FVTPL, the methodology of which is presented in note 14.

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 13). In determining whether the Company meets the definition of an investment entity, management considered the Company’s structure as a whole.

The Company has an 100% shareholding in InfraCo Africa (East Africa) Limited which is not held for investment purposes and operates in line with the Company. For this reason, this entity is consolidated under usual accounting rules in accordance with IFRS 10.

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.

1. Accounting Policies (continued)

1.10 Current taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

1.11 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.

1.12 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.

1.13 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.

1.14 Operating leases

The implementation of IFRS 16 replaced the existing guidance in IAS 17 – "Leases" (hereafter – "IAS 17"). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and has a material impact mainly on the accounting treatment applied by the lessee in a lease transaction.

Until the 2019 financial year, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

IFRS 16 changes the existing guidance in IAS 17 and requires lessees to recognise a lease liability that reflects future lease payments and a "right-of-use asset" in all lease contracts within scope, with no distinction between financing and capital leases. IFRS 16 exempts lessees in short-term leases or the when underlying asset has a low value.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

1. Accounting Policies (continued)

1.14 Operating leases (continued)

IFRS 16 also changes the definition of a "lease" and the manner of assessing whether a contract contains a lease. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the following lease payments:
- Fixed payments
- Variable payments that are based on index or rate
- The exercise price of an extension or purchase option if reasonably certain to be exercised, if applicable
- Payment of penalties for terminating the lease, if applicable

Transition approach

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. As the Group has no external debt, an implied incremental borrowing rate is used as discount rate, based on a rate that would be applied to a third-party loan were the Group to drawdown. A premium has been added to this to reflect country risk associated with the Group's operations.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1. Accounting Policies (continued)

1.14 Operating leases (continued)

The following policy was applied before the adoption of IFRS 16:

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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.

The Group's project lifecycle is categorised as follows: development, construction and operation. During the Development Phase 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. This multiple of costs is determined through present valuing external costs incurred to date applying an appropriate and risk-reflective discount factor and maturity. Unless specifically stipulated in the agreement (for example through Convertible Loan Agreement/Shareholders Loan Agreement), the maturity date is expected to be Financial Close (FC) for Development projects and Commercial Operation Date (COD) for projects in Construction. This is driven by the fact cash disbursed is expected to be recovered on reaching these milestones. There are exceptions to this when it is agreed in advance costs disbursed won't be recovered until a later date. Maturity dates and discount rates applied are presented in note 16 to the accounts.

For projects in Construction, the same methodology as for Development projects is applied as a Market Participant is still driven by the prospects of the project and the project is not yet cash-generating.

For projects in Operation, 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.

2. Critical accounting estimates and judgements (continued)

IFRS 13 'Fair Value Measurement' requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

- Level 1 Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2 Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3 Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

All the Group's investments fall within Level 3, as they are not traded and contain unobservable inputs. If it were to occur, transfers of items between levels are recognised in the period they happen.

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. Once a project becomes operational the risk reduces. Sensitivity analysis based on changes in market price are detailed in note 16.

Discounted Cash flow and key judgments

Where required, management rely on estimated future cashflows of project companies and associated discount factors. This requires significant management judgment both in terms of assessing the expected income and costs going forwards, but also in terms of discount factor applied.

Discount factors are determined on a project by project basis assessing the considered level of risk at the time. This is updated at each reporting date and involves a four-step consideration starting with, country interest base rates and then applying a country risk premium. To this management use the knowledge of project managers who are closer to the detail to assess where further risk might lie. As noted previously, this takes into account geography, sector and the current socio-political environment.

Expected future cash flows also present an area of key judgment and estimates. The DCF valuation model is used only to value equity investments in Operation. When a project is first valued under this methodology, projected cash flows are calculated using a third-party provider of cash flow information and an appropriate model based on the operations and activity of that particular Company. This information is then updated at each reporting date and an assessment of discount factor applied is carried out to assess if any significant change in environment might trigger an amended discount factor. Due to the high risk nature of the projects, the discount factors applied are intentionally high. Project and/or asset managers have considerable oversight and influence in assessing both the future cashflows and the discount factor. This presents a strong control environment around the assessment of these key judgment areas and the impact it has on the FV measurement of the Group's investments.

2. Critical accounting estimates and judgements (continued)

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

Investment Class	Valuation technique used	Fair value 2019 £	Fair Value 2018 £
Development (pre-FC)	Present value of external costs incurred to date discounted at a risk-reflective rate based on professional judgment applied to reach best estimate.	9,535,505	11,165,943
Construction (post FC)	Present value of external costs incurred to date discounted at a risk-reflective rate based on professional judgment applied to reach best estimate.	7,577,519	1,281,847
Operation	Discounted cash flow for equity and present value of any development fees repayable applying a risk-reflective rate based on professional judgment applied to reach best estimate.	948,162	3,728,927
Total		**18,061,187**	**16,176,717**

3. Income

	2019 Group £	2018 Group £
Grant income	4,943,319	2,124,291
Recharged costs	169,662	82,861
Other income	471,314	4
Total	**5,584,295**	**2,207,156**

In 2019, 59.71% of income relates to non-UK income (2018: 29.73%).

4. Project development fees

	2019 Group £	2018 Group £
Project development fees	10,312,647	9,973,934
	10,312,647	**9,973,934**

5. Administrative expenses

	2019 Group £	2018 Group £
Other administrative expenses	6,133,939	4,668,566
Gain on foreign exchange	(1,853)	(260,203)
	6,132,086	**4,408,363**

6. Operating loss

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

	2019 Group £	2018 Group £
Depreciation of property, plant and equipment	32,880	26,118
Depreciation of right of use asset	48,972	-
Auditors' remuneration	25,625	29,000
Gain on foreign exchange	(1,853)	(260,203)

7. Employee benefit expenses

	2019 Group £	2018 Group £
Employee benefit expenses (including Directors) comprise:		
Wages and salaries	2,746,333	2,487,418
Defined contribution pension cost	93,538	94,380
Social security contributions and similar taxes	183,839	162,018
	3,023,710	**2,743,816**

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.

	2019 Group £	2018 Group £
Salary	421,277	471,306
Defined contribution pension cost	10,711	20,316
Social security contributions and similar taxes	23,755	42,325
	455,743	**533,946**

7. Employee benefit expenses (continued)

Directors' remuneration

	2019 Group and Company £	2018 Group and Company £
Salary	176,042	317,026
Defined contribution pension cost	5,112	12,325
Social security contributions and similar taxes	1,580	20,679
	182,734	**350,030**

During the year retirement benefits were accruing to 1 Director (2018: 2) in respect of defined contribution pension schemes.

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

	2019 Group No.	2018 Group No.
Employees	28	20

8. Interest receivable

	2019 Group £	2018 Group £
Interest receivable from subsidiary and associated undertakings	2,704,443	1,801,212
Interest provision	(2,564,366)	(1,760,158)
	140,077	**41,054**

The Group provides for all interest accrued on loans disbursed to project companies. The variance between Interest Payable and Interest Receivable is driven by interest recovered as part of the Kalangala Infrastructure Services Limited Subordinated loan repayment (£18,362) and a recovery of costs from JCM Matswani Solar Corp Limited on the project reaching its Financial Close milestone in the year (£121,715).

The Group's investments are presented in note 13 to the accounts.

9. Fair value losses through profit or loss

	2019 Group £	2018 Group £
Investments	(5,862,341)	(564,778)
Loans	(3,998,802)	(8,579)
Other*	(1,364)	-
Foreign exchange (loss)/gain	(752,894)	267,527
Total	**(10,615,400)**	**(305,830)**

*Other fair value losses relate to the writing down of the Fula Rapids asset as a result of withdrawing from the project.

During the year, and in the prior year, interest provision was reclassified to interest payable where historically it netted off against fair value movement. Interest payable for the year ended 31 December 2019 was £2,564,366 (2018: £1,760,158), as presented in note 8.

10. Loss on disposal of investment

During the year, the company sold its interest in the Redavia Tanzania Asset Limited, a project invested in to develop containerised off-grid solar PV power for businesses and communities in Tanzania. The investment was sold for proceeds of £70,873 ($93,000). This created a loss on disposal as presented in the table below:

	2019 Group £	2018 Group £
Loss on disposal	1,085,056	-

11. Taxation

	2019 Group £	2018 Group £
Current tax	-	-
Foreign tax	34,158	21,819
Deferred tax		
Origination and reversal of temporary differences	-	-
Total tax charge	34,158	21,819

Factors affecting the tax charge for the year:

	2019 £	2018 £
Loss before tax	(22,420,817)	(12,439,921)
Tax at the standard UK rate of tax of 19.00% (2018: 19.00%)	(4,259,955)	(2,363,585)
Effect of:		
Non-deductible expenses	343,124	(78,419)
Income not taxable for tax purposes	(458,878)	-
Temporary differences not recognised in the computation	3,479	(861,329)
Foreign tax	34,158	21,819
Adjust closing deferred tax to average of 19.00% (2018: 19.00%)	2,136,480	1,763,745
Adjust opening deferred tax to average of 19.00% (2018: 19.00%)	(1,673,445)	(1,404,607)
Trade losses not utilised	3,909,195	2,944,195
	34,158	21,819

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 £106,850,725 (2018: £68,824,779) available to carry forward against future trading profits and carried forward capital losses of £nil (2018: £nil). A deferred tax asset has not been provided as there is no certainty to its recoverability.

12. Property, plant and equipment

	Group			Company		
	Computer Equipment £	**Leasehold Improvements £**	**Total £**	**Computer Equipment £**	**Leasehold Improvements £**	**Total £**
Cost						
At 1 January 2018	82,825	59,154	141,979	63,415	-	63,415
Additions	11,207	8,290	19,498	11,207	-	11,207
Write down of assets	(30,672)	-	(30,672)	(30,672)	-	(30,672)
At 31 December 2018	63,360	67,445	130,805	43,950	-	43,950
At 1 January 2019	63,360	67,445	130,805	43,950	-	43,950
Additions	35,088	31,171	66,259	19,575	-	19,575
At 31 December 2019	98,448	98,616	197,064	63,525	-	63,525
Depreciation						
At 1 January 2018	38,965	9,858	48,823	35,398	-	35,398
Charge for the year	15,203	10,915	26,118	10,351	-	10,351
Write down assets	(27,961)	-	(27,961)	(27,963)	-	(27,963)
At 31 December 2018	26,207	20,773	46,980	17,786	-	17,786
At 1 January 2019	26,207	20,773	46,980	17,786	-	17,786
Charge for the year	18,677	14,203	32,880	12,576	-	12,576
At 31 December 2019	44,884	34,976	79,860	30,362	-	30,362
Net Book Value						
At 31 December 2019	**53,564**	**63,640**	**117,204**	**33,163**	**-**	**33,163**
At 31 December 2018	**37,153**	**46,672**	**83,825**	**26,164**	**-**	**26,164**

13. Fair value of investments

	Group £	Company £
Accumulated cost 1 January 2018	17,256,999	17,257,079
Fair value adjustment	(1,080,282)	(1,080,282)
Fair value at 31 December 2018	**16,176,717**	**16,176,797**
Accumulated cost at 1 January 2019	23,923,529	23,923,609
Fair value adjustment	(5,862,340)	(5,862,340)
Fair value at 31 December 2019	**18,061,187**	**18,061,267**

Analysis of movements:

	Group £	Company £
Fair value at 1 January 2018	12,442,603	12,442,683
Movement in the year:		
Additions	7,813,408	7,813,408
Repayments	(3,886,319)	(3,886,319)
Interest accrued	1,801,208	1,801,208
Interest expensed	(1,760,155)	(1,760,155)
Foreign exchange movement	846,254	846,254
Total movement in the year	4,814,396	4,814,396
Fair value adjustment	(1,080,282)	(1,080,282)
Fair value at 31 December 2018	**16,176,717**	**16,176,797**
Fair value at 1 January 2019	16,176,717	16,176,797
Movement in the year:		
Additions	12,519,101	12,519,101
Repayments	(2,704,570)	(2,704,570)
Disposals	(1,155,930)	(1,155,930)
Repayment receivable*	(423,860)	(423,860)
Interest accrued	2,605,998	2,605,998
Interest expensed	(2,587,635)	(2,587,635)
Foreign exchange movement	(506,295)	(506,295)
Total movement in the year	7,746,809	7,746,809
Fair value adjustment	(5,862,340)	(5,862,340)
Fair value at 31 December 2019	**18,061,187**	**18,061,267**

*The amount outstanding on the JCM Matswani Solar Corp Limited loan was reclassified to Other Receivables as this was due at 31 December 2019. This is as a result of development costs repaid as a result of the project reaching its Financial Close milestone during the year.

13. Fair value of investments (continued)

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	Associate	Ordinary and preference shares	34.209%
Chanyanya Infrastructure Company Limited - Republic of Zambia	Subsidiary	Ordinary Shares	80%
Chiansi Irrigation Infrastructure Company Limited - Republic of Zambia	Subsidiary	Ordinary shares	99.4%
Western Power Company Limited - Republic of Zambia	Subsidiary	Ordinary Shares	52.08%
Lake Albert Infrastructure Services Limited - Uganda	Subsidiary	Ordinary shares	99.9%
JCM Matswani Solar Corp Limited - Malawi	Associate	Ordinary Shares	25%
Djermaya Holdings Limited – Chad	Subsidiary	Ordinary Shares	62.78%
East Africa Marine Transport Company Limited – Uganda	Subsidiary	Ordinary Shares	99%
Lake Victoria Marine Transport – Uganda	Subsidiary	Ordinary Shares	99%
Hidroeléctrica De Pavua, SA – Mozambique	Subsidiary	Ordinary Shares	69%
Golomoti JCM Solar Corporation Limited - Malawi	Associate	Ordinary Shares	49%
Off Grid Power (SL) Limited – Sierra Leone	Subsidiary	Ordinary Shares	70%

1. InfraCo Africa (East Africa) Limited is a 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 the PIDG Trust, via its Viability Gap Funding facility).

5. Lake Albert Infrastructure Services is a Ugandan entity created for the development of the Lake Albert Infrastructure Project.

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

7. JCM Matswani Solar Corp Limited is a 25% owned entity created to develop, construct and operate a solar plant in the Salima region of Malawi.

13. Fair value of investments (continued)

8. Djermaya Holdings Limited is a 62.78% owned entity created to develop and manage a solar project in Chad.

9. 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.

10. Golomoti JCM Solar Corporation Limited is a 49% owned entity created to develop, construct and operate a solar plant in the Golomoti region of Malawi.

11. Hidroeléctrica De Pavua, SA is a 69% owned entity created to develop and manage a hydropower plant and reservoir in Mozambique.

12. Off Grid Power (SL) Limited is a 70% owned entity created to develop and manage a solar mini-grid project in Sierra Leone.

The technique applied in arriving at fair value is detailed in Financial Instruments (note 16).

14. Trade and other receivables

	2019 Group	**2019 Company**	**2018 Group**	**2018 Company**
CURRENT ASSETS	**£**	**£**	**£**	**£**
Amounts owed by subsidiary and associated undertakings	-	-	-	132,081
Prepayments & accrued income	445,677	363,287	247,669	177,441
Other receivables	1,438,919	1,378,938	981,853	921,850
	1,884,596	**1,742,225**	**1,229,522**	**1,231,372**

As at 31 December 2019 there were £nil of trade receivables past 3 months due (2018 - £nil).

Other receivables include amounts owed to InfraCo Africa Ltd for the JCM Matswani Solar Corp Limited project as a result of the project reaching its Financial Close milestone in the year. The amount was paid in two tranches with the amount outstanding at 31 December 2019 being £423,859 (2018: £nil). This amount has been included in the table above.

	2019 Group £	**2019 Company £**	**2018 Group £**	**2018 Company £**
NON-CURRENT ASSETS				
Other loan receivables	4,542,148	4,542,148	3,879,596	3,879,596
	4,542,148	**4,542,148**	**3,879,596**	**3,879,596**

14. Trade and other receivables (continued)

Management have reclassified the Chiansi Farming Company investment to a loan receivable as the Group hold no shares in this SPV and no option to convert. This has therefore been treated as a third-party loan in line with requirements of an Investment Entity under IFRS 10. The reclassification has been performed in prior year to ensure opening balances correct.

In line with requirements per IFRS 9, this financial asset is recognised at FVTPL. Fair value is determined through calculating the PV of costs disbursed to date applying maturity per loan agreement and an appropriate risk reflective discount factor.

15. Trade and other payables

	2019 Group £	2019 Company £	2018 Group £	2018 Company £
Trade payables	712,828	697,692	643,396	640,415
Grants not yet utilised (note 17)	2,664,423	2,664,423	3,442,424	3,442,424
Amounts owed to subsidiary and associated undertakings	-	22,343	-	-
Other taxation and social security	89,041	89,040	47,259	47,259
Accruals	1,118,858	1,028,289	1,034,260	1,013,495
	4,585,149	**4,501,787**	**5,167,339**	**5,143,593**

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

16. 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.

16. Financial instruments - Risk Management (continued)

Principal financial instruments:

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables, including loan receivables
- Cash and cash equivalents
- Investments in unquoted equity securities and loans
- Trade and other payables

Financial instruments by category:

	Financial assets at fair value through profit or loss		Other	
	2019 Group £	2018 Group £	2019 Group £	2018 Group £
Financial assets				
Cash and cash equivalents	-	-	22,750,483	40,543,932
Trade and other receivables	4,542,148	3,879,596	1,587,148	1,061,326
Investments in unquoted equity securities and loans	18,061,187	16,176,717	-	-
Total financial assets	**22,603,335**	**20,056,313**	**24,337,631**	**41,605,258**

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2019 £	2018 £	2019 £	2018 £
Financial liabilities				
Trade and other payables	-	-	4,585,149	5,167,339
Total financial liabilities	**-**	**-**	**4,585,149**	**5,167,339**

(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

As detailed in note 2 to the accounts, all the Group's investments fall within Level 3, as they are not traded and contain unobservable inputs.

The Group considers that, for all projects in Development and Construction, the net present value of external costs disbursed is representative of fair value measurement. This valuation model employs significant unobservable inputs, specifically in determining appropriate discount factors and maturity dates to apply, which requires a higher degree of management judgement and estimation.

16. Financial instruments - Risk Management (continued)

For Operational assets, valuation techniques include discounted cash flow models, comparison with similar instruments for which observable market prices exist and net asset valuation models. Assumptions and inputs used in these valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, EBITDA multiples and revenue multiples and expected price volatilities and correlations.

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

	Level 1	Level 2	Level 3
	£	£	£
31 December 2019			
Financial assets			
Investments in Development and Construction	-	-	17,113,024
Investments in Operation			948,162
Loan receivables			4,542,148
	-	**-**	**22,603,334**
31 December 2018			
Financial assets			
Investments in Development and Construction	-	-	12,135,363
Investments in Operation			4,041,356
Loan receivables			3,879,596
	-	**-**	**20,056,315**

There were no transfers between levels during the period.

Projects in Development and Construction

As noted, these projects are all fair valued through calculating the present value of external costs disbursed.

Unless otherwise specified in the agreement (for example, Convertible Loan Agreement/Shareholder Loan Agreement), the maturity date is expected to be Financial Close (FC) for Development projects and Commercial Operation Date (COD) for projects in Construction.

The discount factor is determined on an investment specific basis looking at all actual and anticipated risk elements that are deemed to either trigger delays or indicate potential risk to recovery of external costs disbursed to date.

As a result of management making estimates and assumptions concerning the future, the resulting accounting estimates will by definition, seldom equal the related actual results. The discount factor and maturity date present estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets. For this reason, sensitivity analysis has been performed to quantify how a change in these factors would impact the value of the investments.

16. Financial instruments - Risk Management (continued)

The following table shows the year on year fair value movement of level 3 assets held by the Group:

	Fair value 2019 £	Fair value 2018 £
D'jermaya Holdings Limited	1,380,758	1,124,492
Golomoti JCM Solar Corporation Limited	458,747	-
Corbetti Geothermal	2,465,634	2,869,777
Lilondi Hydropower	265,860	252,163
JCM Matswani Solar Corp Limited	6,458,006	1,817,098
Hidroelectrica De Pavua, SA	1,065,162	918,285
Western Power Company Limited	3,001,082	3,436,921
East Africa Marine Transport Company Limited	898,262	747,206
Bonergie Irrigation I	210,210	-
Off Grid Power (SL) Limited	909,303	-
Redavia Tanzania Asset Limited	-	969,420
	17,113,024	**12,135,363**

The process in determining reasonable maturity dates and risk-reflective discount factors is inherently subjective and it yields ranges of possible outputs and estimates of fair value. Management judgement is therefore required to select the most appropriate point in the range.

The tables below set out sensitivity analysis for both elements to capture the expected movement in fair value based on movements in anticipated maturity or discount factor applied.

Discount factor applied

	Actual discount factor applied %	Variance - 5% £	Variance + 5% £
D'jermaya Holdings Limited	15.69%	145,369	(131,505)
Golomoti JCM Solar Corporation Limited	20.17%	17,537	(16,889)
Corbetti Geothermal	17.69%	399,237	(343,558)
Lilondi Hydropower	13.69%	13,665	(12,995)
JCM Matswani Solar Corp Limited	20.17%	200,117	(193,462)
Hidroelectrica De Pavua, SA	26.13%	126,704	(113,220)
Western Power Company Limited	22.88%	315,896	(285,774)
East Africa Marine Transport Company Limited	14.68%	22,669	(22,108)
Bonergie Irrigation I	8.55%	19,132	(17,534)
Off Grid Power (SL) Limited	28.86%	89,377	(91,747)
		1,349,704	**(1,228,762)**

16. Financial instruments - Risk Management (continued)

Maturity date applied

	Actual maturity date	Variance - 6 months	Variance + 6 months
D'jermaya Holdings Limited	31/12/2021	111,053	(102,786)
Golomoti JCM Solar Corporation Limited	30/09/2020	47,951	(43,413)
Corbetti Geothermal	31/12/2022	224,700	(205,933)
Lilondi Hydropower	31/12/2020	18,565	(17,353)
JCM Matswani Solar Corp Limited I*	30/09/2020	447,926	(405,537)
JCM Matswani Solar Corp Limited II*	30/04/2020	227,107	(205,615)
Hidroelectrica De Pavua, SA	31/03/2022	146,435	(128,737)
Western Power Company Limited	31/12/2021	358,340	(320,117)
East Africa Marine Transport Company Limited	30/06/2020	67,415	(62,709)
Bonergie Irrigation I	27/09/2021	9,052	(8,678)
Off Grid Power (SL) Limited	31/12/2021	132,418	(125,537)
		1,790,962	**(1,626,415)**

*The JCM Matswani investment valuation is financed via a combination of debt and equity. The debt element is in the form of a bridging loan and the equity is under a Shareholder Loan Agreement. These two elements have different maturities attached to them and therefore have been split out in assessing sensitivity of these maturity dates in table above.

Projects in Operation

The Group has one investment recognised on its balance sheet which is in operation, being Kalangala Infrastructure Services Limited. This investment comprises both debt and equity. The equity has historically been valued through net present value calculated using the discount cash flow model at rate of 17.5%. For year ending 31 December 2019 the value was £nil (2018: £1,867,849). The debt element has been fair valued through present valuing fees repayable as detailed below.

The Development Fee Cost Loan was repaid in full during the year therefore the balance outstanding at 31 December 2019 is £nil (2018: £312,429).

	Fair value 2019 £	Fair value 2018 £
Equity	-	1,867,849
Development Fee Cost Loan	-	312,429
Other development costs repayable	948,163	1,861,078
	948,163	**4,041,356**

The development fees repayable as at 31 December 2019 are $1,581,567 (£1,205,830), net of 25% success fee payable to the captive developer. This has been discounted at a rate of 19.5% based on repayment schedule agreed with Kalangala Infrastructure Services Limited.

Sensitivity

The discount rate of 19.5% has been determined through analysis of country and project risk profile, including operational sector and company performance.

16. Financial instruments - Risk Management (continued)

The effect of a 5% increase in discount factor in the valuation of the asset would result in a decrease of £55,744 in the fair value. A 5% decrease in the discount factor would, on the same basis, increase the asset value by £58,863.

The repayment dates have been agreed and a repayment schedule implemented. Management are confident there will be no defaults based on the repayments during 2019 being in line with this agreed schedule. These repayment dates have been applied as maturity dates in the present value calculation in arriving at fair value.

The reconciliation of the opening and closing fair value balances of total investments is provided below:

	Investments £
At 1 January 2018	16,322,199
Purchases, disposals and reclassifications	(145,482)
At 31 December 2018	**16,176,717**
At 1 January 2019	16,176,717
Purchases, disposals and reclassifications	1,884,470
At 31 December 2019	**18,061,187**

Loan receivables

As detailed in note 14, the Company also recognises a long-term loan receivable due from Chiansi Farming Company Limited as fair value through profit and loss under IFRS 9.

Although the business model within which the asset is held is deemed to be for the purpose of collection at a specified date in the future, management have performed the Solely Payments of Principal and Interest 'SPPI' test and note the nature of this loan currently accruing 0% interest, below market rate, and there being profit linked elements, means the contractual cash flows do not reflect only payments of principal and interest that consist of only the time value of money and credit risk. As a result, the loan would fail the requirements for amortised cost classification.

Sensitivity

The discount rate of 20.88% has been determined through analysis of country and company risk profile, including operational sector and company performance.

The effect of a 5% increase in discount factor in the valuation of the asset would result in a decrease of £705,048 in the fair value. A 5% decrease in the discount factor would, on the same basis, increase the asset value by £848,194.

The repayment dates are stipulated in the agreement between parties and therefore management are confident there will be no defaults. These repayment dates have been applied as maturity dates in the present value calculation in arriving at fair value.

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.

16. Financial instruments - Risk Management (continued)

Cash in bank and short-term deposits

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

	2019			2018		
	Rating	Cash at bank Group	Cash at bank Company	Rating	Cash at bank Group	Cash at bank Company
		£	£		£	£
Barclays Bank plc	A	22,749,873	22,749,873	A	40,543,195	40,543,195
Barclays Kenya (ABSA)		610	-		737	-
		22,750,483	**22,749,873**		**40,543,932**	**40,543,195**

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 Shilling (KES) in its bank accounts. At 31 December 2019, the Company held €127,023 and $23,237,686 (2018: €3,268,686 and $17,127,086) as well as KES80,234 (2018: KES99,932).

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 £18,078 (2018: £491,236). A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax loss and increased net assets by £27,116 (2018: £736,854).

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 £2,952,842 (2018: £2,249,385). A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax loss and increased net assets by £4,429,263 (2018: £3,374,077).

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

16. Financial instruments - Risk Management (continued)

year and decrease of net assets of £102 (2018: £130). A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax loss and increased net assets by £153 (2018: £194).

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 2019					
Trade and other payables	712,828	-	-	-	-
Total	**712,828**	**-**	**-**	**-**	**-**
At 31 December 2018					
Trade and other payables	643,396	-	-	-	-
Total	**643,396**	**-**	**-**	**-**	**-**

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.

17. Reconciliation of movement in grants during the year

	2019 Group and Company	2018 Group and Company
	£	£
1 January 2019	3,442,424	1,812,342
Received during the year	3,147,344	3,320,117
Released to profit and loss account	(3,808,712)	(1,671,170)
Foreign exchange translation	(88,778)	(12,693)
Reversed grant income	(27,855)	(6,172)
31 December 2019	**2,664,423**	**3,442,424**

17. Reconciliation of movement in grants during the year (continued)

The balances noted above have been included in note 15, Trade and other payables.

18. Share capital

	2019 Group and Company £	2018 Group and Company £
Allotted, called up and fully paid	156,011,190	147,536,994

During the year £8,474,196 Ordinary £1 shares were issued at par to the Company (2018: £23,648,895).

19. 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 £93,538 for the Group (2018: £94,380) and £81,591 for the Company) (2018: £73,281). Contributions totalling £nil (2018: £nil) were payable to the fund at the Balance Sheet date.

20. Operating leases

Effective January 1, 2019, the Group adopted IFRS 16, which specifies how to recognise, measure, present and disclose leases. The Group has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On initial application, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases, so long as they met the definition of a Lease under the new standard. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019.

The Group do not have any external debt and therefore no designated incremental borrowing rate to apply. Based on guidance per standard, the Group have therefore used a rate that would be applied should the Group seek external funding and applied a premium to ensure the rate is risk-reflective and reasonable based on the Groups operations and structure. The discount rate therefore applied to the lease liabilities on 1 January 2019 was 7.507%. The Group has elected to record right-of-use assets based on the corresponding lease liability.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is a lease, or contains a lease, at the date of

20. Operating leases (continued)

initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

On review of potential lease agreements, the Group note two contracts defined as leases under IFRS 16. These are both held by the Subsidiary, InfraCo Africa (East Africa) Limited. The impact to the accounts is immaterial, however the Group have elected to recognise these operating leases in line with IFRS 16 to account for future movement. The only identified leases held by the Company have a trivial impact on the 2019 accounts and therefore the Group have elected not to include these.

The recognised right-of-use assets relate to the following types of assets:

Right-of-use assets:	**2019 Subsidiary £**
Real estate leases	124,438
Vehicle parking spaces	22,479
	146,917

Right-of-Use Assets – Subsidiary

	Real estate leases £	**Vehicle parking spaces £**	**Total £**
At 1 January 2019	165,917	29,972	195,889
Depreciation	(41,479)	(7,493)	(48,972)
At 31 December 2019	**124,438**	**22,479**	**146,917**

Lease liabilities – Subsidiary

	Real estate leases £	**Vehicle parking spaces £**	**Total £**
At 1 January 2019	165,917	29,972	195,889
Interest expense	10,663	1,949	12,612
Lease payments	(44,397)	(7,634)	(52,032)
Foreign exchange movements	(3,847)	(707)	(4,554)
At 31 December 2019	**128,336**	**23,580**	**151,915**

21. 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 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. As at 31 December 2019, amount disbursed against this commitment was $9.9m (2018: $3.6m).

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. As at 31 December 2019, amount disbursed against this commitment was $5.5m (2018: $4.3m).

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. As at 31 December 2019, amount disbursed against this commitment was $nil (2018: $nil).

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. As at 31 December 2019, amount disbursed against this commitment was $0.7m (2018: $nil).

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. As at 31 December 2019, amount disbursed against this commitment was $2.6m (2018: $2.3m).

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. As at 31 December 2019, amount disbursed against this commitment was $0.4m (2018: $0.4m).

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. As at 31 December 2019, amount disbursed against this commitment was $nil (2018: $nil).

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. A further $2m was committed to the project under a new Shareholder’s Agreement during year ended 31 December 2019. As at 31 December 2019, amount disbursed against these commitments was $6.2m (2018: $4.6m).

On 21 February 2019, the Company entered into a Convertible Loan Agreement with Keren Or Gigawatt Global Limited committing $1.1m of funding to the Transmara Solar project in Kenya. As at 31 December 2019, amount disbursed against this commitment was $nil. The commitment is new in the year.

21. Other financial commitments (continued)

On 21 February 2019, the Company entered into a Convertible Loan Agreement with Noga Gigawatt Global Limited committing $1.1m of funding to the Samburu Solar project in Kenya. As at 31 December 2019, amount disbursed against this commitment was $nil. The commitment is new in the year.

On 25 March 2019, the Company entered into an additional Shareholders' Agreement with JCM Matswani Solar Corp Limited committing $6.54m of funding to the Salima Solar project in Malawi. As at 31 December 2019, amount disbursed against this commitment was $6.54m. The commitment is new in the year.

On 23 August 2019, the Company entered into a Shareholders' Agreement with Off Grid Power (SL) Limited committing $6.9m of funding to the PowerGen project in Sierra Leone. As at 31 December 2019, amount disbursed against this commitment was $2.1m. The commitment is new in the year.

On 27 September 2019, the Company entered into a Convertible Loan Agreement with Bonergie Irrigation SASU committing $0.32m of funding to the Bonergie Irrigation pilot project in Senegal. As at 31 December 2019, amount disbursed against this commitment was $0.32m. The commitment is new in the year.

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.

22. Related party transactions

The Board considers the following to be related party transactions

- transactions and balances between the Company, the Trust and other PIDG companies; and
- transactions and balances with entities controlled by the Company’s key management personnel.

During the year, the Company received income in the year from related parties to a total of £3,121,840 (2018: £1,457,474). This was in the form of grant income (£2,743,671) and in return for services (£271,175) as shown in the table below:

	2019 Group £	**2018 Group £**
The Private Infrastructure Development Group (PIDG) Limited	65,216	3,981
PIDG Trust	2,743,671	1,391,501
GuarantCo Limited	98,578	61,992
InfraCo Africa Investment Limited	206,365	-
The Emerging Africa Infrastructure Fund Limited (EAIF)	8,010	-
	3,121,840	**1,457,474**

The income received during the year from the PIDG Trust is in the form of grant income from the Technical Assistance Fund (TAF) and amounted to £1,609,065 (2018: £938,390) and Grant income from the Trust relating to PIDG Ltd service level agreement (SLA) charges of £1,134,606 (2018: £453,111). The TAF is a grant facility managed and funded by the Private Infrastructure Development Group Trust (PIDG Trust), the parent entity of InfraCo Africa Limited. The SLA Grant income is offset by expenditure paid to PIDG Ltd, excluding the transfer pricing mark-up and shared services.

During the year, the Company paid expenses of £1,737,366 to related parties (2018: £529,111). This is in relation to PIDG Limited SLA charges and other operating expenditure:

22. Related party transactions (continued)

	2019 Group £	2018 Group £
PIDG Limited	1,735,177	526,350
PIDG Trust	-	-
GuarantCo Limited	2,189	2,761
InfraCo Africa Investment Limited	-	-
EAIF Limited	-	-
	1,737,366	**529,111**

The following balances were owed by/(owed to) related parties at 31 December and were included in the Company's statement of financial position:

	2019 Group £	2018 Group £
PIDG Limited	(216,585)	(38,765)
PIDG Trust	7,495	-
GuarantCo Limited	(2,189)	-
InfraCo Africa Investment Limited	206,365	-
EAIF Limited	-	-

The balance due from the PIDG Trust is made up of TAF grants not yet utilised. These funds will be utilised on projects as agreed in the terms of those grants, within time periods specified in grant documents.

Further to this, the Board considers transactions and balances with project companies in which the Company holds a controlling interest to be related party transactions.

Western Power Company Limited

Western Power Company Limited is a 52.08% owned subsidiary.

	2019 Group £
Fair value at 1 January 2019	3,436,921
Additions	1,180,247
Repayments	-
Disposals	-
Interest accrued 12%	476,090
Interest expensed	(476,090)
Foreign exchange movement	(148,306)
Fair value movement	(1,467,779)
Fair value at 31 December 2019	3,001,383

Accrued interest is provided for in full therefore accounted for through interest receivable and interest payable and not within fair value of investment recognised on balance sheet.

22. Related party transactions (continued)

Off Grid Power (SL) Limited

Off Grid Power (SL) Limited is a 70% owned subsidiary.

	2019 Group
	£
Fair value at 1 January 2019	**-**
Additions	1,639,228
Repayments	-
Disposals	-
Interest accrued 5%	12,417
Interest expensed	(12,417)
Foreign exchange movement	(23,085)
Fair value movement	(706,840)
Fair value at 31 December 2019	909,303

Advances during the year are made up of £1,633,264 loan disbursed and £5,964 in shares.

Accrued interest is provided for in full therefore accounted for through interest receivable and interest payable and not within fair value of investment recognised on balance sheet.

JCM Matswani Solar Corp Limited

JCM Matswani Solar Corp Limited is an associated company

	2019 Group
	£
Fair value at 1 January 2019	1,817,098
Additions	7,810,456
Repayments	(1,557,383)
Disposals	-
Sales receivable reclass	(423,860)
Interest accrued	140,221
Interest expensed	(140,221)
Foreign exchange movement	(337,986)
Fair value movement	(850,320)
Fair value at 31 December 2019	6,458,006

Advances during the year is made up of post-FC equity advance of £5,208,053, disbursement of Bridging Loan of £2,379,863 and disbursement of £220,540 against the original Development Fee Loan commitment. The latter of this was fully repaid in the year. The bridging loan accrues interest at 10%, however the Company provides for all interest accrued.

22. Related party transactions (continued)

Golomoti JCM Solar Corporation Limited

Golomoti JCM Solar Corporation Limited is an associated company

	2019 Group £
Fair value at 1 January 2019	-
Additions	559,552
Repayments	-
Disposals	-
Interest accrued 12%	29,183
Interest expensed	(29,183)
Foreign exchange movement	(25,853)
Fair value movement	(74,953)
Fair value at 31 December 2019	458,747

Accrued interest is provided for in full therefore accounted for through interest receivable and interest payable and not within fair value of investment recognised on balance sheet.

Kalangala Infrastructure Services Limited

Kalangala Infrastructure Services Limited is an associated company.

	2019 Group £
Fair value at 1 January 2019	4,041,356
Additions	-
Repayments	(1,147,188)
Disposals	-
Interest accrued	18,363
Interest expensed	-
Foreign exchange movement	100,511
Fair value movement	(2,064,879)
Fair value at 31December 2019	948,163

The loan to 80% subsidiary company Chanyanya Infrastructure Company Limited is provided for in full, to an amount of £2,073,830 (2018: £2,140,725). The year on year movement relates to FX revaluation, £69,231 (2018: 205,641). Interest accrued for the year of £77,525 (2018: £75,190) has been provided for in full.

Transactions totalling £2,883,114 (2018: £822,170) 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.

22. Related party transactions (continued)

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

Djermaya Holdings Limited
East Africa Marine Transport Company Limited
Lake Victoria Marine Transport
Hidroeléctrica De Pavua, SA

InfraCo Africa (East Africa) Limited

The Company was recharged £1,016,503 (2018 - £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

On 9 January 2020, the Company received funding of £3,512,000 from members.

The Group highlight the global outbreak of COVID-19 which occurred in early 2020 and has caused disruption to both social and economic activities. It is likely to have a significant impact on all sectors across the world however the effect this will have on Group activities is currently unknown. The situation will continue to be closely monitored by senior management.

24. Ultimate parent undertaking and controlling party

The Company's parent undertaking is the PIDG Trust which 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.