InfraCo Africa Investment Limited

Company Registration No 09152403

Directors' report and financial statements

For the year ended 31 December 2016

INFRACO AFRICA INVESTMENT LIMITED

COMPANY INFORMATION

Directors	Julia Elizabeth Prescot Peter John William Neville Bird Keith Francis Palmer Roger Mark Witcomb
Company secretary	Jordan Company Secretaries Limited
Registered number	09152403
Registered office	Kings Buildings 16 Smith Square London SW19 3HQ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Times House Throwley Way Sutton Surrey SM1 4JQ

INFRACO AFRICA INVESTMENT LIMITED

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INFRACO AFRICA INVESTMENT LIMITED

DIRECTORS' REPORT YEAR
FOR THE ENDED 31 DECEMBER 2016

The Directors present their Report together with the financial statements of InfraCo Africa Investment Limited (the "Company") for the year ended 31 December 2016.

Directors

The Directors who served during the year were:

Peter George Barlow (resigned 21 June 2016)
Brian Morrison Count (resigned 21 June 2016)
Roderick Anthony Evison (resigned 21 June 2016)
Kathrine Rosalind Painter (resigned 21 June 2016)
Timothy Stuart Yapp (appointed 21 June 2016 & resigned 28 September 2016)
Liam Craig Davies (appointed 21 June 2016 & resigned 28 September 2016)
Julia Elizabeth Prescot (appointed 20 September 2016)
Peter John William Neville Bird (appointed 20 September 2016)
Keith Francis Palmer (appointed 20 September 2016)
Roger Mark Witcomb (appointed 20 September 2016)

Principal activities

The principal activities of the Company will be to seek, undertake due diligence in respect of, appraise and, if thought fit, invest in, manage and ultimately dispose of, interests in Infrastructure Projects with the objective of:

(a) addressing market failures in the supply of capital to early stage infrastructure projects in Eligible Countries which can delay and sometimes prevent financial close of viable infrastructure projects; and

(b) facilitating the accelerated construction and completion of Infrastructure Projects that satisfy the criteria for Bridge Investments and/or Impact Investments

Review of operations and financial results

The results of the Company for the year, set out on page 6, show a loss on ordinary activities before tax of £50,834 (2015: £41,494). The shareholders' deficit of the Company, set out on page 7, total £92,327 (2015: £41,493).

Going concern

The Company's ultimate parent (the Private Infrastructure Development Group Trust) has assured the Directors that financial support from the donors is available, and remains effective for at least twelve months from the date that these financial statements are signed, if the Company fails to meet its obligations from its own resources. The Directors have considered the ultimate parent's letter of financial support, for the 12 months following the approval date of these financial statements, and, on the basis of this, the Directors consider that for the foreseeable future, the Company will continue to have sufficient funds for the financial statements to be prepared on the going concern basis.

INFRACO AFRICA INVESTMENT LIMITED

DIRECTORS' REPORT YEAR FOR THE ENDED 31 DECEMBER 2016

Statement of disclosure of information to auditor

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

Auditor

Mazars LLP will be proposed for reappointment in accordance with section 485 of Companies Act 2006.

Small company regime

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

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

K Palmer

Keith Francis Palmer
Director

Date: 31 July 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2016

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 judgements 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFRACO AFRICA INVESTMENT LIMITED

We have audited the financial statements of InfraCo Africa Investment Limited for the year ended 31 December 2016, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Respective responsibilities of directors and auditor's

As explained more fully in the Statement of Directors' Responsibilities 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion, based on the work under taken in the course of 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 has 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 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 take advantage of the small companies exemption from the requirement to prepare a Strategic report.

Mike

Mike Bailey (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Date: 9 AUGUST 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
Administrative expenses	3	(50,834)	(41,494)
Operating loss	**4**	**(50,834)**	**(41,494)**
Loss on ordinary activities before taxation		**(50,834)**	**(41,494)**
Tax on loss on ordinary activities	**6**	-	-
Loss for the financial year/period		**(50,834)**	**(41,494)**

The amounts above all relate to continuing operations.

There were no other items of comprehensive income.

The notes on pages 10 to 18 form part of these financial statements.

INFRACO AFRICA INVESTMENT LIMITED
Registered number: 09152403

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	£	2015 £	£
Assets					
Current assets					
Cash at bank and in hand		-		-	
Trade and other receivables	7	9,518		595	
Total current assets			9,518		595
Total assets			**9,518**		**595**
Equity and liabilities					
Capital and reserves					
Share capital	9	1		1	
Retained earnings		(92,328)		(41,494)	
Total equity			(92,327)		(41,493)
Current liabilities					
Trade and other payables	10		101,845		42,088
Total equity and liabilities			**9,518**		**595**

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

K Palmer

Keith Francis Palmer
Director

Date: 31 July 2017

The notes on pages 10 to 18 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Share Capital	Retained Earnings	Attributable to owners of the parent
		£	£	£
Opening balance at 29 July 2014		-	-	-
Loss for the period		-	(41,494)	(41,494)
Total comprehensive loss for the period		-	(41,494)	(41,494)
Issue of shares	9	1	-	1
Balance at 31 December 2015		**1**	**(41,494)**	**(41,493)**
Loss for the year		-	(50,834)	(50,834)
Total comprehensive loss for the year		-	**(50,834)**	**(50,834)**
Balance at 31 December 2016		1	**(92,328)**	**(92,327)**

The notes on pages 10 to 18 form part of these Financial Statements.

INFRACO AFRICA INVESTMENT LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Year ended 31 December 2016	18 month period ended 31 December 2015
	£	£
Cash flows from operating activities		
Loss for the year/period	(50,834)	(41,494)
Increase in receivables	(8,923)	(594)
Increase in payables	59,757	42,088
Net cash used in operating activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year/period	-	-
Cash and cash equivalents at the end of the year/period	-	-

Note

The Company did not maintain a bank account during the financial year/ period. All operating expenses during the year were paid on behalf by its sister company, InfraCo Africa Limited on behalf of the Company.

The notes on pages 10 to 18 form part of these Financial Statements.

1. Accounting Policies

1.1 Basis of preparation of financial statements

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, outlined in note 2. It also requires management to exercise judgment in applying the accounting policies.

The financial statements have been prepared on a historical cost basis.

1.2 Going concern

The Company's ultimate parent (the Private Infrastructure Development Group Trust) has assured the Directors that financial support from the donors is available, and remains effective for at least twelve months from the date that these financial statements are signed, if the Company fails to meet its obligations from its own resources. The Directors have considered the ultimate parent's letter of financial support, for the 12 months following the approval date of these financial statements, and, on the basis of this, the Directors consider that for the foreseeable future, the Company will continue to have sufficient funds for the financial statements to be prepared on the going concern basis.

1.3 Financial instruments

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

Financial assets can be classified in the following categories:

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

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

Loans and receivables and financial liabilities at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, whose recoverability is based solely on the credit risk of the customer and where the Company has no intention of trading the loan.

Both loans and receivables and financial liabilities are initially recognised at fair value including direct and incremental transaction costs. Subsequent recognition is at amortised cost using the effective interest rate method less any provision for impairment.

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.

1.4 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.

1.5 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.

1.6 Share capital

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

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

1.7 Dividends

Dividends are recognised when they become legally payable.

1.8 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.

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2016

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 1 (amendment) 'Presentation of Financial Statements' - Disclosure initiative	1 January 2016	1 January 2016
IAS 16 (amendment) 'Property, Plant and Equipment' and IAS 38 (amendment) 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortisation	1 January 2016	1 January 2016
IAS 16 (amendment) 'Property, Plant and Equipment' and IAS 41 (amendment) 'Agriculture' - Agriculture: Bearer plants	1 January 2016	1 January 2016
IAS 19 (amendment) 'Employee Benefits' - Defined benefit plans: Employee contributions	1 February 2015	1 July 2014
IAS 27 (amendment) 'Separate Financial Statements' - Equity method in separate financial statements	1 January 2016	1 January 2016
IFRS 10 (amendment) 'Consolidated Financial Statements', IFRS 12 (amendment) 'Disclosure of Interests in Other Entities' and IAS 28 (amendment) 'Investments in Associates and Joint Ventures' - Investment entities: Applying the consolidation exception	1 January 2016	1 January 2016
IFRS 11 (amendment) 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	1 January 2016	1 January 2016
Annual Improvements to IFRS (2010 - 2012)	1 February 2015	1 July 2014
Annual Improvements to IFRS (2012 - 2014)	1 January 2016	1 January 2016

Standards, amendments and interpretations in issue but not yet effective

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

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

	EU effective date	**Non-EU effective date**
	Periods beginning on or after	**Periods beginning on or after**
IAS 7 (amendment) 'Statement of Cash Flows' - Disclosure initiative	Expected to be endorsed Q2 2017	1 January 2017
IAS 12 (amendment) 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	Expected to be endorsed Q2 2017	1 January 2017
IFRS 9 'Financial Instruments'	1 January 2018	1 January 2018
IFRS 15 'Revenue from Contracts with Customers'	1 January 2018	1 January 2018
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	Expected to be endorsed Q2 2017	1 January 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	Expected to be endorsed H2 2017	1 January 2018
IAS 40 (amendment) 'Investment Property' - Transfers of investment property	Expected to be endorsed H2 2017	1 January 2018
IFRS 2 (amendment) 'Share-based Payment' - Classification and measurement of share-based payment transactions	Expected to be endorsed H2 2017	1 January 2018
IFRS 4 (amendment) 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	Expected to be endorsed 2017	1 January 2018
Annual Improvements to IFRS (2014 - 2016)	Expected to be endorsed H2 2017	1 January 2017 / 2018
IFRS 16 'Leases'	Expected to be endorsed H2 2017	1 January 2019
IFRS 14 'Regulatory Deferral Accounts'	Will not be endorsed by the EU	1 January 2016
IFRS 17 Insurance Contracts	Expected endorsement date not available	1 January 2021

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.

3. Operating loss

The operating loss is stated after charging:

	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
Auditors' remuneration for audit services	5,000	5,000
Auditors' remuneration for other services	5,200	-
	10,200	**5,000**

4. Director's benefit expenses

The directors of the company listed on page 1 are the Key management personnel.

	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
Wages and salary	-	11,815
Social security contributions and similar taxes	-	2,954
	-	**14,769**

Retirement benefits were not accrued to directors during the year (2015: nil).

5. Taxation

	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
Current tax expense	-	-
Current tax charge		
Deferred tax asset charge	-	-
Total tax charge	-	-

	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
Loss before tax	(50,834)	(41,494)
Tax at the standard UK rate of tax of 20.25% (2015: 20.25%)	(10,167)	(8,403)
Effect of:		
Non-deductible expenses	1,472	1,849
Adjust closing deferred tax to average of 20.25%	2,275	-
Adjust opening deferred tax to average of 20.25%	81	-
Deferred tax not recognised	6,338	6,554
Total tax charge	-	-

On the basis of the results of the company for the year ended 31 December 2016, there is no charge for corporation tax.

The company has estimated tax losses of £43,472 (2015: £32,364) available to carry forward against future trading profits and carried forward capital losses of £nil. A deferred tax asset has not been provided as there is no certainty to its recoverability.

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% was substantively enacted in July 2015 and takes effect from 1 April 2017. A further reduction in the UK corporation tax rate to 17% from 1 April 2020, was substantively enacted in September 2016.

6. Trade and other receivables

	2016 £	2015 £
Other receivable	1	1
VAT receivable	9,517	594
	9,518	**595**

As at 31 December 2016 there were £1,727 (2015: £595 past 3 months due) of trade and other receivables past 3 months due.

7. Financial instruments - Risk Management

The Company is exposed through its operations to the following financial risks:

- Credit risk, and
- Liquidity risk

The Company may be exposed to the following financial risks in the future:

- Interest rate risk
- Foreign exchange risk, and
- Other market price risk

In common with all other businesses, the Company is, or may be in the future, 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.

(i) Principal financial instruments

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

- Trade and other receivables
- Trade and other payables

(ii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include 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.

7. Financial instruments - Risk Management (continued)

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 would be exposed to credit risk from sales of projects. Management would conduct an internal "know your customer" check on all potential purchasers prior to entering into sales agreements.

Credit risk could also arise 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" would be accepted.

Management would monitor the credit ratings of counterparties regularly.

Market risk

Market risk would arise from the Company's use of interest bearing, tradable and foreign currency financial instruments. The risk would be 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.

Foreign exchange risk

The Company has transactional currency exposure arising from transactions that are denominated in a currency other than the functional currency of the Company. The foreign currency in which are these transactions are denominated is United States Dollars (USD). The exposure is however not significant.

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 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 2016					
Trade and other payables	58,316	6,361	37,088	-	-
Total	**58,316**	**6,361**	**37,088**	**-**	**-**

	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 2015					
Trade and other payables	5,000	23,898	13,190	-	-
Total	**5,000**	**23,898**	**13,190**	**-**	**-**

Financial instruments - Risk Management (continued)

7. **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 would make 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.

8. **Share capital**

	2016 £	2015 £
Allotted, called up and fully paid		
Balance b/f	1	-
Issuance during year/ period:	-	1
At 31 December	**1**	**1**

On 29 July 2014, 1 ordinary share was issued at the issue of price of £1 per share.

9. **Trade and other payables**

	2016 £	2015 £
Trade payables	48,196	-
Amounts due to related entity	43,449	37,088
Accrued expenses	10,200	5,000
	101,845	**42,088**

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

10. **Related party transactions**

Other than as disclosed elsewhere in the financial statements, there are no other significant transactions between the Company and related parties during the financial year/ period.

11. **Ultimate parent undertaking and controlling party**

The Company's ultimate controlling entity is the Private Infrastructure Development Group Trust. The Private Infrastructure Development Group Trust does not prepare consolidated accounts.