InfraCo Africa Limited

Company Registration No: 05196897

Directors' report and financial statements

For the year ended 31 December 2016

INFRACO AFRICA LIMITED

COMPANY INFORMATION

Directors	Peter Barlow Brian Count Roderick Evison Alexander Katon Katharine Painter Maria Msiska
Company secretary	Jordan Company Secretaries Limited
Registered number	05196897
Registered office	The Dutch House Fourth Floor 307-308 High Holborn London WC1V 7LL
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditor Times House Throwley Way Sutton Surrey SM1 4JQ

INFRACO AFRICA LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

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

Directors

The Directors who served during the year were:

Peter Barlow
Brian Count
Roderick Evison
Alexander Katon
Katharine Painter
Maria Msiska

Principal activities and change of name

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

The Company takes on high transaction risks associated with early stages of the project 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 Company for the year, set out on page 6, show a loss on ordinary activities before tax of £7,762,199 (2015: loss of £14,308,056). The shareholders' funds of the Company, set out on page 7, total £41,458,725 (2015: 27,252,166).

Dividends

No dividends were declared or paid by the Company during the year (2015: £nil).

Going concern

The Company meets its day to day working capital through the sale of development projects, associated success fees and through grants received and share capital issued. The Directors have considered the Company's cash flow requirements for the 12 months following the approval date of these accounts and on the basis of this the Directors consider that the company will continue to have sufficient funds for the foreseeable future. The Directors have seen assurances regarding future grants and share capital issued which the Directors feel is sufficient for the financial statements to be prepared on the going concern basis. We received a copy of Amendment to our Funding Agreement which includes assurances that a further £30m of funding will be available for the period to 31 March 2018. The financial statements do not include any adjustments that would result were funding to be withdrawn.

Statement of disclosure of information to auditors

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

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

Auditors

The auditors for the year were Mazars LLP.

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

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

Alexander Katon
Director

Date: 28th March 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 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

We have audited the financial statements of InfraCo Africa Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, statement of financial position, the statement of changes in equity, the statement of cash flow and the related notes. 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.

Respective responsibilities of directors and auditors

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.

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 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.

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

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 IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion 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.

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

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 by the company, 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 and the Directors' Report in accordance with the small companies regime.

J. Seaman

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

Date 30 March 2017

INFRACO AFRICA LIMITED

STATEMENT OF COMREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Income	**1,3**	1,275,128	506,240
Fair value gains/(losses) through profit or loss	**9**	296,902	(1,589,272)
Project development fees	**4**	(9,786,825)	(11,858,173)
Administrative income/(expenses)	**5**	20,655	(1,591,911)
Operating loss	**6**	**(8,194,140)**	**(14,533,116)**
Interest receivable and similar income	**8**	431,941	227,705
Interest payable and similar charges		-	(2,645)
Loss on ordinary activities before taxation		**(7,762,199)**	**(14,308,056)**
Tax on loss on ordinary activities	**10**	-	-
Loss for the financial year	**18**	**(7,762,199)**	**(14,308,056)**

The amounts above all relate to continuing operations.

There were no other items of comprehensive income.

The notes on pages 10 to 32 form part of these financial statements.

INFRACO AFRICA LIMITED
Registered number: 05196897

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	£	2015 £	£
Assets					
Non-current assets					
Property, plant and equipment	11	17,383		14,165	
Investment in subsidiaries	12	6,709,204		5,444,925	
Investment in associates	12	5,044,569		1,645,898	
Total non-current assets			11,771,156		7,104,988
Current assets					
Trade and other receivables	13	3,166,081		3,986,029	
Cash at bank and in hand	15	31,016,709		20,079,465	
Total current assets			34,182,790		24,065,494
Total assets			**45,953,946**		**31,170,482**
Equity and liabilities					
Capital and reserves					
Share capital	17	110,089,573		88,120,815	
Retained earnings	18	(68,630,848)		(60,868,649)	
Total Shareholders' Funds - Equity	19		41,458,725		27,252,166
Current liabilities					
Trade and other payables	14		4,495,221		3,918,316
Total equity and liabilities			**45,953,946**		**31,170,482**

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

Alexander Katon
Director

Date: 28th March 2017

The notes on pages 10 to 32 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
		£	£	£
Balance at 1 January 2015		78,259,895	(46,560,593)	31,699,302
Loss for the year		-	(14,308,056)	(14,308,056)
Total comprehensive income for the year		-	(14,308,056)	(14,308,056)
Issue of shares		9,860,920	-	9,860,920
Balance at 31 December 2015		**88,120,815**	**(60,868,649)**	**27,252,166**
Balance at 1 January 2016	17	88,120,815	(60,868,649)	27,252,166
Loss for the year		-	(7,762,199)	(7,762,199)
Total comprehensive income for the year		-	(7,762,199)	(7,762,199)
Issue of shares	17,19	21,968,758	-	21,968,758
Balance at 31 December 2016	19	**110,089,573**	**(68,630,848)**	**41,458,725**

INFRACO AFRICA LIMITED

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	£	£
Cash flows from operating activities		
Loss for the year	(7,762,199)	(14,308,056)
Add/(deduct):		
Depreciation	8,115	6,933
Purchases, disposals and reclassifications of investments	(4,662,950)	756,244
Decrease in receivables	819,948	14,320,954
Increase/(decrease) in payables	576,905	(3,832,485)
Net cash used in operating activities	(11,020,181)	(3,056,410)
Cash flows from investing activities		
Payments for property, plant and equipment	(11,333)	(2,833)
Net cash used in investing activities	(11,333)	(2,833)
Cash flows from financing activities		
Proceeds from issue of equity instruments in the Company	21,968,758	9,860,920
Net cash generated by financing activities	21,968,758	9,860,920
Net increase in cash and cash equivalents	10,937,244	6,801,677
Cash and cash equivalents at the beginning of the year	20,079,465	13,277,788
Cash and cash equivalents at the end of the year	**31,016,709**	**20,079,465**

1. Accounting Policies

1.1 Basis of preparation of financial statements

InfraCo Africa Limited is a company limited by shares and registered in England and Wales, registration number 05196897. The registered office is The Dutch House, Fourth Floor, 307-308 High Holborn, London, WC1V 7LL.

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 12.

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

The Company is not required to prepare group accounts by virtue of Section 398 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The Company is an investment entity and, as such, does not consolidate the entities it controls. Instead, interests (equity and loans) in subsidiaries are classified as fair value through profit or loss, and measured at fair value. Investments (equity and loans) in associates are also classified as fair value through profit or loss, and measured at fair value.

Standards, amendments and interpretations

Adopted in the current year

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

In issue but not yet effective

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

Amendments to Standards	**Non-EU effective date – periods beginning on or after**
Amendment to IAS 7 *Statement of Cash Flows*: Disclosure initiative	1 January 2017
Amendment to IAS 12 *Income Taxes*: Recognition of deferred tax assets for unrealised losses	1 January 2017
Amendment to IAS 40 *Investment Property*: Transfers of investment property	1 January 2018
Amendment to IFRS 2 *Share-based Payment*: Classification and measurement of share-based payment transactions	1 January 2018
Amendment to IFRS 4 *Insurance Contracts*: Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*	1 January 2018
IFRS 9 *Financial instruments*	1 January 2018
IFRS 14 *Regulatory Deferral Accounts*	1 January 2016
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarifications to IFRS 15 *Revenue from Contracts with Customers*	1 January 2018
IFRS 16 *Leases*	1 January 2019
Annual Improvements to IFRSs (2014 - 2016)	1 January 2017 / 2018
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018

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

The Company is however continuing to assess the full impact that adopting IFRS 15 and IFRS 9 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, associated success fees and through grants received and share capital issued. The Directors have considered the Company's cash flow requirements for the 12 months following the approval date of these accounts and on the basis of this the Directors consider that the company will continue to have sufficient funds for the foreseeable future. The Directors have seen assurances regarding future grants and share capital issued which the Directors feel is sufficient for the financial statements to be prepared on the going concern basis. We received a copy of Amendment to our Funding Agreement which includes assurances that a further £30m of funding will be available for the period to 31 March 2018. The financial statements do not include any adjustments that would result were funding to be withdrawn.

1.3 Joint development agreements

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

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

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

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

1.4 Revenue

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

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

1.5 Grant income

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

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:

Computer equipment - 25% straight line

1.7 Financial instruments

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

Financial assets can be classified in the following categories:

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

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

Loans and receivables and financial liabilities at amortised cost

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

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

1.8 Subsidiaries

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

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

1.9 Associates

Associates are investees which the Company has significant influence. The existence of significant influence by the Company is usually evidenced in one or more of the following ways:

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

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

1.10 Deferred taxation

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

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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Foreign currencies

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

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income.

1.12 Share capital

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

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

1.13 Defined contribution schemes

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

1.14 Dividends

Dividends are recognised when they become legally payable.

1.15 Cash and cash equivalents

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

2. Critical accounting estimates and judgements

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

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

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

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

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

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

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

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

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

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

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

Investment name	**Valuation technique used**	**Fair value** £
2016		
Chanyanya Infrastructure Company Limited	% of external costs incurred to date	-
Kalangala Infrastructure Services Limited	Discounted cash flow and effective interest rate for loans	5,245,204
Envalor Limited	% of external costs incurred to date	-
Leonawind SARL	% of external costs incurred to date	-
Nairobi Commuter Rail	% of external costs incurred to date	-
Fula Rapids	% of external costs incurred to date	-
Western Power Company Limited	% of external costs incurred to date	1,264,718
Corbetti	% of external costs incurred to date	1,034,116
Redavia	Asset value	1,209,149
Lake Victoria Marine Transport	% of external costs incurred to date	872,800
Pavua	% of external costs incurred to date	591,200
Chiansi Farming Co (CFC)	% of external costs incurred to date	1,536,586
Total		11,753,773

2015		
Cabeolica S.A	Sales offer price	1,645,898
Chanyanya Infrastructure Company Limited	Discounted cash flow	-
Kalangala Infrastructure Services Limited	Discounted cashflow and effective interest rate for loans	5,444,925
Envalor Limited	Discounted cash flow	-
Leonawind SARL	Discounted cash flow	-
Nairobi Commuter Rail	Discounted cash flow	-
Fula Rapids	Discounted cash flow	-
Western Power Company Limited	Discounted cash flow	-
Total		7,090,823

3. Income

	2016 £	2015 £
(Loss) on disposal of investments/projects	-	(200,630)
Grant income	1,062,946	529,165
Recharged costs	212,182	177,705
Total	**1,275,128**	**506,240**

In 2016, 83.4% of income relates to non-UK income (2015: 65.8%).

4. Project development fees

	2016 £	2015 £
Project development services - eleQtra	5,455,843	8,389,597
Project success fees - eleQtra	(190,737)	459,518
Project performance fees - eleQtra	638,198	303,145
Project development services - Aldwych Africa	2,073,306	1,489,163
Project costs – Co-Development	778,102	687,585
PIDG TAF and other expenses	1,032,113	529,165
	9,786,825	**11,858,173**

5. Administrative (income)/expenses

	2016 £	2015 £
Other administrative expenses	2,076,055	1,607,615
Gain on foreign exchange	(2,096,710)	(15,704)
	(20,655)	**1,591,911**

6. Operating loss

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

	2016 £	2015 £
Depreciation of property, plant and equipment	8,115	6,933
Auditors' remuneration	18,000	18,660
Pension costs	55,767	46,631
Gain on foreign exchange	(2,096,710)	(15,704)
Operating leases	40,652	31,664

7. Employee benefit expenses

	2016 £	2015 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	1,206,778	900,241
Defined contribution pension cost	55,767	46,631
Social security contributions and similar taxes	137,306	100,026
	1,399,851	**1,046,898**

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.

	2016 £	2015 £
Salary	283,646	273,135
Defined contribution pension cost	12,797	12,485
Social security contributions and similar taxes	31,230	30,890
	327,673	**316,510**

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

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

	2016 No.	2015 No.
Employees	12	10

8. Interest receivable and similar income

	2016 £	2015 £
Interest receivable from subsidiary and associated undertakings	431,941	227,705

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

	2016 £	2015 £
Subsidiaries	1,095,990	77,033
Associates	(799,088)	(1,666,305)
Total	**296,902**	**(1,589,272)**

10. Taxation

	2016 £	2015 £
Current tax expense	-	-
Current tax charge		
Deferred tax asset charge	-	-
Total tax charge	-	-

Factors affecting the tax charge for the year:

	2016 £	2015 £
Loss before tax	(7,762,199)	(14,308,056)
Tax at the standard UK rate of tax of 20.00% (2015: 20.25%)	(1,552,440)	(2,897,381)
Effect of:		
Non-deductible expenses	8,701	437,670
Income not chargeable to tax	(38,147)	-
Chargeable gains	-	-
Adjust closing deferred tax to average of 20.00%	1,845,596	1,204,399
Adjust opening deferred tax to average of 20.00%	(1,072,209)	(102,240)
Unutilised losses	-	-
Deferred tax not recognised	808,499	1,357,552
	-	-

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 £61,537,240 (2015: £53,624,592) available to carry forward against future trading profits and carried forward capital losses of £nil (2015: £nil). A deferred tax asset has not been provided as there is no certainty to its recoverability.

11. Property, plant and equipment

	Computer equipment £
Cost	
At 1 January 2015	27,815
Additions	2,833
At 31 December 2015 and 1 January 2016	30,648
At 1 January 2016	30,648
Additions	11,333
At 31 December 2016	41,981
Depreciation	
At 1 January 2015	9,550
Charge for the year	6,933
At 31 December 2015 and 1 January 2016	16,483
At 1 January 2016	16,483
Charge for the year	8,115
At 31 December 2016	**24,598**
Net book value	
At 31 December 2016	**17,383**
At 31 December 2015	**14,165**

12. Investment in subsidiaries and associates

	Shares in subsidiary companies	Loans to subsidiary companies	Shares in associated companies	Loans to associated companies	Total
	£	£	£	£	£
Cost/valuation					
At 1 January 2015	4,574,529	1,431,613	884,834	5,481,452	12,372,428
Additions	-	903,700	-	579,732	1,483,432
Repayments	-	-	-	(373,173)	(373,173)
Fair value movement	64,479	-	(884,834)	-	(820,355)
Foreign exchange movement	-	(7,604)	-	(271,705)	(279,309)
At 31 December 2015 and 1 January 2016	4,639,008	2,327,709	-	5,416,306	12,383,023
At 1 January 2016	4,639,008	2,327,709	-	5,416,306	12,383,023
Additions	-	56,821	-	4,759,906	4,816,727
Repayments	-	-	-	(1,897,765)	(1,897,765)
Fair value movement	1,399,521	403,877	-	214,857	2,018,255
Foreign exchange movement	-	-	-	751,168	751,168
At 31 December 2016	6,038,529	2,788,407	-	9,244,472	18,071,408
Impairment					
At 1 January 2015	13,832	1,431,613	-	3,079,916	4,525,361
Charge for the year	-	88,901	-	690,492	779,393
Reversal of impairment loss	(12,554)	-	-	-	(12,554)
At 31 December 2015 and 1 January 2016	1,278	1,520,514	-	3,770,408	5,292,200
At 1 January 2016	1,278	1,520,514	-	3,770,408	5,292,200
Charge for the year	303,530	292,410	-	429,495	1,025,435
At 31 December 2016	304,808	1,812,924	-	4,199,903	6,317,635
Net book value					
At 31 December 2016	**5,733,721**	**975,483**	**-**	**5,044,569**	**11,753,773**
At 31 December 2015	**4,637,730**	**807,195**	**-**	**1,645,898**	**7,090,823**

Subsidiary and associated undertakings

The following were subsidiary and associated undertakings of the company:

Name and principal place of business	Class of Shares	Holding
Kalangala Infrastructure Services Limited - Uganda	Ordinary and preference shares	54.3%
Chanyanya Infrastructure Company Limited - Republic of Zambia	Ordinary Shares	80%
Chiansi Irrigation Infrastructure Company Limited - Republic of Zambia	Ordinary shares	99%
Envalor Limited - Mozambique	Ordinary shares	99%
Envalor Emerging Farmers Company Limited - Mozambique	Ordinary shares	98.75%
Lake Albert Infrastructure Services Limited - Uganda	Ordinary shares	99.9%
Leonawind SARL - Senegal	Ordinary Shares	100%
Chiansi Farming Company - Zambia	Ordinary Shares	99.9%
Western Power Company Limited - Zambia	Ordinary Shares	23.6%

The aggregate of the share capital and reserves as at 31 December 2016, or the latest available date and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Assets £'000	Liabilities £'000 £	Profit £'000 £
1 - Kalangala Infrastructure Services Limited (part operational)	22,853	16,903	1,085
2 - Chanyanya Infrastructure Company Limited (sold, CPs not met yet)	503	3,422	206
3 - Chiansi Irrigation Infrastructure Company Limited	-	-	-
4 - Chiansi Farming Company (under development)	5,700	5,700	-
5 - Envalor Limited (sold, CPs not met yet)	-	-	-
6 - Envalor Emerging Farmers Company Limited (sold, CPs not met yet)	-	-	-
6 - Western Power Company Limited	3,218	3,092	57

1 - Draft Financial Statements 31 December 2016
2 - Management accounts 31 December 2016
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7 - Management accounts 31 December 2016

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.

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. The Sale and Purchase Agreement ("SPA") was signed on 14th September 2016 however Conditions Precedent ("CPs") have not yet been met.

The Chiansi Irrigation Infrastructure Project will build upon the Chanyanya pilot project. The core objective of the project is to establish an equitable partnership between smallholder and commercial farmers in the

project area, creating a centrally managed irrigated farming enterprise which will generate sustainable incomes for smallholder households. In addition, the project will leverage the bulk infrastructure constructed to provide irrigated market garden plots for use by smallholder farmers, enabling them to farm year-round for the first time. The company is not trading and therefore does not yet produce audited financial statements.

Envalor is an agri-business project in Mozambique. Sold on 16th December 2016 subject to CPs which were finalised in January 2017.

Lake Albert Infrastructure Services Limited and Leonawind SARL are dormant companies.

Lake Victoria Marine Transport is a marine transport project in Kenya, Tanzania and Uganda. The company is not trading and therefore does not yet produce audited financial statements.

Western Power Company Limited is a hydro project in Zambia.

13. Trade and other receivables

	2016 £	2015 £
Trade receivables	16,159	415,766
Amounts owed by subsidiary and associated undertakings	43,449	37,088
Prepayments & accrued income	1,792,056	2,166,830
Other receivables	1,314,417	1,366,345
	3,166,081	**3,986,029**

As at 31 December 2016 there were £13,180 of trade receivables past 3 months due (2015 - £402,587).

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

	Up to 3 months £	Between 3 to 6 months £	Between 6 and 12 months £	Over 12 months £
At 31 December 2016				
Trade receivables	2,979	-	-	13,180
Other receivables	2,583,933	79,250	236	486,503
Total	**2,586,912**	**79,250**	**236**	**499,683**
At 31 December 2015				
Trade receivables	13,180	-	-	402,586
Other receivables	3,140,212	2,954	20,370	406,727
Total	**3,153,392**	**2,954**	**20,370**	**809,313**

14. Trade and other payables

	2016 £	2015 £
Trade payables	2,299,971	2,885,012
Grants not yet utilised (note 16)	1,679,890	551,706
Other taxation and social security	55,071	37,307
Accruals	460,289	444,291
	4,495,221	**3,918,316**

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

15. Financial instruments - Risk Management

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

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

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

(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
- Cash and cash equivalents
- Investments in unquoted equity securities and loans
- Trade and other payables

(i) Financial instruments by category

	Financial assets at fair value through profit or loss		**Loans and receivables**	
	2016 £	**2015 £**	**2016 £**	**2015 £**
Financial assets				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
Investments in unquoted equity securities and loans	5,733,721	4,637,730	6,020,052	2,453,093
Total financial assets	**5,733,721**	**4,637,730**	**6,020,052**	**2,453,093**

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2016	2015	2016	2015
	£	£	£	£
Financial liabilities				
Trade and other payables	-	-	-	-
Total financial liabilities	-	-	-	-

(ii) 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.

(iii) Financial instruments measured at fair value

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

	Level 1	Level 2	Level 3
	£	£	£
31 December 2016			
Financial assets			
Investments in unquoted equity securities and loans	-	-	11,753,773
	-	-	**11,753,773**
31 December 2015			
Financial assets			
Investments in unquoted equity securities and loans	-	-	7,090,823
	-	-	**7,090,823**

There were no transfers between levels during the period.

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

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

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

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

	Investments
	£
At 1 January 2015	7,847,067
Purchases, disposals and reclassifications	(756,244)
At 31 December 2015	**7,090,823**
At 1 January 2016	7,090,823
Purchases, disposals and reclassifications	4,662,950
At 31 December 2016	**11,753,773**

Credit risk

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

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

Cash in bank and short-term deposits

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

	31 December 2016		**31 December 2015**	
	Rating	**Cash at bank**	**Rating**	**Cash at bank**
		£		£
Barclays Bank plc	A	30,967,697	A	20,029,575
Lloyds Bank plc	A	49,012	A	49,890
		31,016,709		**20,079,465**

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 Company also holds foreign denominated currency, Euro (€) and United States Dollar ($) in its bank accounts. At 31 December 2016, the Company held €225,597 and $10,926,961 (2015- €436,599 and $3,154,613) in its bank accounts.

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 a decrease in post-tax profit for the year and decrease of net assets of £32,209 (2015: £53,639). A 20% weakening in the exchange rate would, on the same basis, have increased post-tax profit and increased net assets by £48,314 (2015: £80,458).

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 a decrease in post-tax profit for the year and decrease of net assets of £1,480,534 (2015: £354,864). A 20% weakening in the exchange rate would, on the same basis, have increased post-tax profit and increased net assets by £2,220,800 (2015: £532,025).

Other market price risk

The effect of a 2% increase of the discount factor in the valuation of the equity investments held at the reporting date would, all other variables held constant, have resulted in a decrease in the available for sale reserve and net assets of £694,951 (2015: £465,583). A 2% decrease in the discount factor would, on the same basis, have increased the available for sale reserve and net assets by £789,133 (2015: £593,531).

The effect of a 5% increase in discount factor in the valuation of assets based on percentage of external costs valuation technique would result in £188,142 decrease in the fair value. A 5% decrease in the discount factor would, on the same basis, have increase the net assets by the same amount.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 180 days

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

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£	£	£	£	£
At 31 December 2016					
Trade and other payables	2,299,971	-	-	-	-
Total	**2,299,971**	-	-	-	-
At 31 December 2015					
Trade and other payables	3,009,217	-	(124,205)	-	-
Total	**3,009,217**	-	**(124,205)**	-	-

Capital Disclosures

The Company's objectives when managing capital are:

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

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

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

16. Reconciliation of movement in grants during the year

	2016 £	2015 £
Beginning of the year	551,706	486,119
Received during the year	2,082,854	584,889
Released to profit and loss account	(1,032,113)	(529,165)
Foreign exchange translation	220,415	9,863
Grants refunded	(142,972)	-
End of the year	**1,679,890**	**551,706**

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

17. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
110,089,573 (2015 – 88,120,815) Ordinary shares of £1 each	110,089,573	88,120,815

During the year 21,968,758 Ordinary £1 shares (2015 - £9,860,920) were issued at par.

18. Reserves

	Retained earnings £
At 1 January 2015	(46,560,593)
Loss for the financial year	(14,308,056)
At 31 December 2015	**(60,868,649)**
At 1 January 2016	(60,868,649)
Loss for the financial year	(7,762,199)
At 31 December 2016	**(68,630,848)**

19. Reconciliation of movement in shareholders' funds

	2016 £	2015 £
Opening shareholders' funds	27,252,166	31,699,302
Loss for the financial year	(7,762,199)	(14,308,056)
Shares issued during the year	21,968,758	9,860,920
Closing shareholders' funds	**41,458,725**	**27,252,166**

20. 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 £55,767 (2015 - £46,631). Contributions totalling £nil (2015 - £nil) were payable to the fund at the balance sheet date.

21. Operating lease commitments

At 31 December 2016 the company had total commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2016 £	2015 £	2016 £	2015 £
Expiry date:				
Less than 1 year	44,192	30,000	-	1,525
Between 2 and 5 years	20,416	42,384	-	-
	64,608	72,384	-	1,525

22. 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.

23. Related party transactions

Chanyanya Infrastructure Company Limited

Chanyanya Infrastructure Company Limited is an 80% owned subsidiary.

	2016 £	2015 £
Balance at beginning of year before provision	1,321,128	1,199,236
Advances during the year	-	-
Interest at 5%	56,821	51,186
Adjustment for foreign exchange translation	275,762	70,706
Year end loan balance	1,653,711	1,321,128
Provision b/f	1,321,128	1,199,236
Provision in the year	332,583	121,892
Year end provision	1,653,711	1,321,128

Kalangala Infrastructure Services Limited

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

	2016 £	2015 £
Balance at beginning of year before provision	807,195	-
Advances during the year	-	807,195
Interest accrued during the year at 7.827%	70,117	-
Repaid in the year	(73,342)	-
Adjustment for foreign exchange translation	171,513	-
Year end loan balance	975,483	807,195

Envalor Limited

Envalor Limited is a 99% owned subsidiary company.

	2016 £	2015 £
Non-interest bearing loan opening balance	199,387	218,986
Payments/expenses added to loan in the year	-	45,319
Foreign exchange adjustment	(40,174)	(64,918)
Year end loan balance	159,213	199,387
Provision b/f	199,387	218,986
Provision made during the year	(40,174)	(19,599)
Year end provision	159,213	199,387

Cabeolica S.A.

Cabeolica S.A. is an associated company.

	2016 £	2015 £
Opening balance	1,897,765	2,401,536
Interest accrued during the year at between 9-12%	-	175,427
Repaid in the year	(1,897,765)	(548,600)
Adjustment for foreign exchange	-	(130,598)
Closing balance	-	1,897,765

On 17 February 2016 the entire stake in Cabeolica was sold.

Western Power Company Limited

Western Power Company Limited is an associated company.

	2016 £	2015 £
Balance at beginning of year before provision	402,318	-
Advances during the year	472,467	401,226
Interest at 12.5%	78,224	1,092
Adjustment for foreign exchange translation	121,874	-
Year end loan balance	1,074,883	402,318
Provision b/f	402,318	-
Reversal of provision in the year	(118,553)	402,318
Year end provision	283,765	402,318

Rift Valley Geothermal Holdco

Rift Valley Geothermal Holdco is an associated company.

	2016 £	2015 £
Balance at beginning of year before provision	-	-
Advances during the year	969,542	-
Interest at 30%	176,581	-
Adjustment for foreign exchange translation	115,787	-
Year end loan balance	1,261,910	-
Provision b/f	-	-
Provision in the year	402,000	-
Year end provision	402,000	-

JCM Matswani Solar Corp Limited

JCM Matswani Solar Corp Limited is an associated company

	2016 £	2015 £
Balance at beginning of year before provision	-	-
Advances during the year	379,894	-
Interest at 12%	15,774	-
Adjustment for foreign exchange translation	26,770	-
Year end loan balance	422,438	-
Provision b/f	-	-
Provision in the year	422,438	-
Year end provision	422,438	-

Redavia Tanzania Asset Limited

Redavia Tanzania Asset Limited is an associated company

	2016 £	2015 £
Balance at beginning of year before provision	-	-
Advances during the year	1,161,490	-
Interest at 10%	30,655	-
Adjustment for foreign exchange translation	49,704	-
Year end loan balance	1,241,849	-
Provision b/f	-	-
Provision in the year	32,700	-
Year end provision	32,700	-

FULA Rapids

FULA Rapids is an associated company

	2016 £	2015 £
Balance at beginning of year before provision	681,180	570,142
Advances during the year	113,649	76,964
Interest	-	-
Adjustment for foreign exchange translation	66,553	34,074
Year end loan balance	861,382	681,180
Provision b/f	681,180	570,142
Provision in the year	180,202	111,038
Year end provision	861,382	681,180

Technical Assistance Facility grant

The Technical Assistance Facility (TAF), is a company that is 100% owned by the Private Infrastructure Development Group Trust (PIDG Trust), the parent entity of InfraCo Africa Limited.

Included within turnover is £621,737 (2015 - £122,904) of grant income received from the TAF. £1,384,613 (2015 - £299,307) of grants not yet utilised within creditors relates to grants from the TAF. These funds will be utilised on projects as agreed in the terms of those grants, within time periods specified in grant documents.

24. Contingent liability

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.

25. Events after the reporting date

LVMT (Uganda) Limited was incorporated on 3 February 2017 and InfraCo Africa Ltd holds 100% of the ordinary shares.

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

26. Ultimate parent undertaking and controlling party

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