

# **InfraCo Africa Investment Limited**

Company Registration No 09152403

## **Annual Report**

**For the year ended 31 December 2019**

# INFRACO AFRICA INVESTMENT LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Michael Barry Chilton James Lionel Cohen Godfrey Morigin Mwindaaare Tania Louise Songini Philippe Valahu (Chair)
<b>Company secretary</b>	Vistra Company Secretaries Limited
<b>Registered number</b>	09152403
<b>Registered office</b>	6 Bevis Marks London United Kingdom EC3A 7BA
<b>Independent auditors</b>	BDO LLP (appointed 24 September 2019) 150 Aldergate Street London EC1A 4AB  Mazars LLP (retired 24 September 2019) Chartered Accountants & Statutory Auditor Times House Throwley Way Sutton Surrey SM1 4JQ

# INFRACO AFRICA INVESTMENT LIMITED

## CONTENTS

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	Page
<b>Directors' Report</b>	1 - 2
<b>Statement of Directors' Responsibilities</b>	3
<b>Independent Auditor's Report</b>	4 - 6
<b>Statement of Comprehensive Income</b>	7
<b>Statement of Financial Position</b>	8
<b>Statement of Changes in Equity</b>	9
<b>Statement of Cash Flows</b>	10
<b>Notes to the Financial Statements</b>	11 - 19

# INFRACO AFRICA INVESTMENT LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The Directors present their Report together with the financial statements of InfraCo Africa Investment 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 Mwindaaare  
Tania Louise Songini  
Phillippe Valahu

### 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.

### Dividends

The Directors do not recommend the payment of a dividend (2018: £nil).

### Review of operations and financial results

The results of the Company for the year, set out on page 7, show a loss on ordinary activities before tax of £191,771 (2018: £14,888). The shareholders' deficit of the Company, set out on page 8, shows a total of £198,152 (2018: £24,831).

### Going concern

The financial statements have been prepared on a going concern basis, which assumes the Company will continue in operational existence for the foreseeable future. The Directors have prepared financial forecasts and projections for the five years to 31 December 2024 and 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 above assessment is supported by the following:

- the Company received £37.9m from its members in February 2020;
- the Company's 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. Existing cash resources will be used on those opportunities submitted in needs letter to members and future investments are purely contingent on receiving further funding from members.

# INFRACO AFRICA INVESTMENT LIMITED

## DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2019

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### Statement of disclosure to the 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.

### 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, the Directors 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 investment delays due to restrictions on travel and additional hurdles to communication, however management still expect to enter into investment agreements later this year.

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.

### Auditor

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

### Small company regime

In preparing this report, the Directors have taken 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.



Michael Barry Chilton  
**Director**

1 April 2020

# **INFRACO AFRICA INVESTMENT LIMITED**

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

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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 which are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which 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.

# **INFRACO AFRICA INVESTMENT LIMITED**

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

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### **Opinion**

We have audited the financial statements of InfraCo Africa Investment Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flow, and the 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

# **INFRACO AFRICA INVESTMENT LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFRACO AFRICA INVESTMENT LIMITED (Continued)**

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### **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 has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the 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 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, 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; or
- The Directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a Strategic report.

# INFRACO AFRICA INVESTMENT LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFRACO AFRICA INVESTMENT LIMITED (Continued)

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### Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

### 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of the audit report

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

BDO LLP

Peter Smith (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
1 April 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# INFRACO AFRICA INVESTMENT LIMITED

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

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	Note	2019 £	2018 £
Project development fees	3	(81,712)	-
Administrative expenses		(110,059)	(14,888)
<b>Operating loss</b>	<b>4</b>	<b>(191,771)</b>	<b>(14,888)</b>
Loss on ordinary activities before taxation		(191,771)	(14,888)
Tax on loss on ordinary activities	7	-	-
<b>Loss for the financial year</b>		<b>(191,771)</b>	<b>(14,888)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year</b>		<b>(191,771)</b>	<b>(14,888)</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 11 to 19 form part of these financial statements.

# INFRACO AFRICA INVESTMENT LIMITED

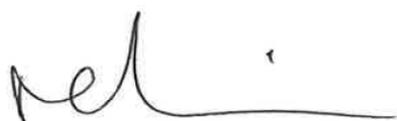
Registered number: 09152403

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	£	2019 £	£	2018 £
<b>Assets</b>					
<b>Current assets</b>					
Trade and other receivables	8	4,144		1,856	
Cash and cash equivalents	9	<u>41,475</u>		<u>33,224</u>	
Total current assets			<u>45,619</u>		<u>35,080</u>
<b>Total assets</b>			<u><b>45,619</b></u>		<u><b>35,080</b></u>
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>					
Share capital	10	112,130		1	
Shares to be issued		-		93,679	
Retained earnings		<u>(310,282)</u>		<u>(118,511)</u>	
<b>Total equity</b>			(198,152)		(24,831)
<b>Current liabilities</b>					
Trade and other payables	11		<u>243,771</u>		<u>59,911</u>
<b>Total equity and liabilities</b>			<u><b>45,619</b></u>		<u><b>35,080</b></u>

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:



Michael Barry Chilton  
**Director**

1 April 2020

The notes on pages 11 to 19 form part of these financial statements.

# INFRACO AFRICA INVESTMENT LIMITED

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

	Share Capital	Retained earnings	Shares to be issued	Attributable to owners of the parent
	£	£	£	£
<b>Balance as at 1 January 2018</b>	<b>1</b>	<b>(103,623)</b>	<b>93,679</b>	<b>(9,943)</b>
Loss for the year	-	(14,888)	-	(14,888)
Total comprehensive loss for the year	-	<b>(14,888)</b>	-	<b>(14,888)</b>
Balance at 31 December 2018	<b>1</b>	<b>(118,511)</b>	<b>93,679</b>	<b>(24,831)</b>
Loss for the year	-	(191,771)	-	(191,771)
Total comprehensive loss for the year	-	<b>(191,771)</b>	-	<b>(191,771)</b>
Shares to be issued	-	-	(93,679)	(93,679)
Issue of shares	112,129	-	-	112,129
<b>Balance at 31 December 2019</b>	<b>112,130</b>	<b>(310,282)</b>	<b>-</b>	<b>(198,152)</b>

Retained earnings represents all accumulated retained earnings from the statement of comprehensive income.

Shares to be issued represent contribution from members of the Company towards future share issuance.

The notes on pages 11 to 19 form part of these Financial Statements.

# INFRACO AFRICA INVESTMENT LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
<b>Cash flows from operating activities</b>		
Loss for the year	(191,771)	(14,888)
(Increase) in receivables	(2,288)	(542)
Increase/(decrease) in payables	183,860	(2,115)
Net cash used in operating activities	(10,199)	(17,545)
<b>Cash flow from financing activity</b>		
Proceeds from share issued	18,450	-
Net cash generated from financing activity	18,450	-
Net increase/(decrease) in cash and cash equivalents	8,251	(17,545)
Cash and cash equivalents at the beginning of the year	33,224	50,769
Cash and cash equivalents at the end of the year	<b>41,475</b>	<b>33,224</b>

The notes on pages 11 to 19 form part of these Financial Statements.

# INFRACO AFRICA INVESTMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1. Accounting Policies

#### 1.1 Basis of preparation of financial statements

InfraCo Africa Investment Limited is a private company, limited by shares incorporated in England and Wales. Its registered office and principal place of activity is 6 Bevis Marks, London, EC3A 7BA.

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.

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 an historical cost basis.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes the Company will continue in operational existence for the foreseeable future. The Directors have prepared financial forecasts and projections for the five years to 31 December 2024 and 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.

#### 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; and
- 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.

# INFRACO AFRICA INVESTMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

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### 1. Accounting Policies (continued)

#### 1.3 Financial instruments (continued)

##### **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 Trade and other receivables

Short term debtors are measured at transaction price, less any impairment.

#### 1.6 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.

#### 1.7 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.

# INFRACO AFRICA INVESTMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

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### 1. Accounting Policies (continued)

#### 1.8 Dividends

Dividends are recognised when they become legally payable.

#### 1.9 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.

#### 1.10 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 Periods beginning on or after	Non-EU effective date Periods beginning on or after
IAS 19 <i>Employee Benefits</i> : Amendment in relation to plan amendment, curtailment or settlement	1 January 2019	1 January 2019
IAS 28 <i>Investments in Associates and Joint Ventures</i> : Amendment in relation to Long-term interests in Associates and Joint Ventures	1 January 2019	1 January 2019
IFRS 9 <i>Financial Instruments</i> : Amendment in relation to Prepayment features with negative compensation	1 January 2019	1 January 2019
IFRS 16 <i>Leases</i>	1 January 2019	1 January 2019
Annual Improvements to IFRS (2015 – 2017)	1 January 2019	1 January 2019
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019	1 January 2019

# INFRACO AFRICA INVESTMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

### 1. Accounting Policies (continued)

#### 1.11 Standards, amendments and interpretations in issue but not yet effective

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

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

	EU effective date	Non-EU effective date
	Periods beginning on or after	Periods beginning on or after
Amendments to IAS 1 and IAS 8: <i>Definition of Material</i>	1 January 2020	1 January 2020
Amendment to IFRS 3 Business Combinations: <i>Definition of a Business</i>	1 January 2020	1 January 2020
IFRS 17 <i>Insurance Contracts</i>	Pending endorsement	1 January 2021
Conceptual Framework (Revised) and Amendments to related references in IFRS Standards	1 January 2020	1 January 2020

### 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. In the opinion of the Directors there are no critical accounting estimates or judgements.

### 3. Project development fees

	2019 £	2018 £
Project development fees	81,712	-
	<b>81,712</b>	<b>-</b>

# INFRACO AFRICA INVESTMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

### 4. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Auditors' remuneration for audit services	6,152	5,200
Auditors' remuneration for other services	2,400	6,881
(Gain)/loss on foreign exchange	(1,685)	-
	<u>6,867</u>	<u>12,081</u>

### 5. Employees

Employees consist of Directors only.

### 6. Directors' remuneration

The Directors did not receive any emoluments during the year (2018: £nil).

The Directors of the Company listed on page 1 are considered to be the key management personnel.

### 7. Taxation

	2019 £	2018 £
Loss before tax	<u>(191,771)</u>	<u>(14,888)</u>
Tax at the standard UK rate of tax of 19.00% (2018: 19.00%)	(36,436)	(2,829)
Effect of:		
Expenses not deductible for tax purposes	83	-
Deferred tax not recognised	36,353	2,829
	<u>-</u>	<u>-</u>
Total tax charge	-	-

On the basis of the results of the Company for the year ended 31 December 2019, there is no charge for corporation tax.

The Company has estimated tax losses of £300,717 (2018: £109,381) 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.

# INFRACO AFRICA INVESTMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

### 8. Trade and other receivables

	2019 £	2018 £
Other receivable	1	1
VAT receivable	3,758	1,470
Prepayments	385	385
	<u>4,144</u>	<u>1,856</u>

As at 31 December 2019 there were £3,705 (2018: £1,103 past 3 months due) of trade and other receivables past 3 months due.

### 9. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	41,475	33,224
	<u>41,475</u>	<u>33,224</u>

### 10. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
112,130 ordinary share of £1 each:	112,130	1

During the year £112,129 Ordinary £1 shares were issued at par to the Company (2018: £nil).

### 11. Trade and other payables

	2019 £	2018 £
Trade payables	291	900
Amounts due to related entity	206,365	49,461
Accrued expenses	37,115	9,550
	<u>243,771</u>	<u>59,911</u>

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

# INFRACO AFRICA INVESTMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

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### 12. 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.

### **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.

# INFRACO AFRICA INVESTMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

### 12. Financial instruments - Risk Management (continued)

#### 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 £
<b>At 31 December 2019</b>					
Trade and other payables	37,406	206,365	-	-	-
Total	<u>37,406</u>	<u>206,365</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Up to 3 months £	Between 3 and 12 months £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £
<b>At 31 December 2018</b>					
Trade and other payables	10,450	49,461	-	-	-
Total	<u>10,450</u>	<u>49,461</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 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.

# INFRACO AFRICA INVESTMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

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### 13. Related party transactions

The Board considers the following to be related party transactions

- transactions and balances between the Company and other PIDG companies; and
- transactions and balances with entities controlled by the Company's key management personnel

During the year, the Company paid expenses of £206,365 (2018: £nil) to related parties. This is in relation to project development costs and other operating expenditure.

	2019 £	2018 £
InfraCo Africa Limited	(206,365)	-
InfraCo Asia Investments Pte Limited	-	-

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 £	2018 £
InfraCo Africa Limited	(206,365)	-
InfraCo Asia Investments Pte Limited	-	(49,461)

### 14. Post balance sheet events

On 11 February 2020, the Company received funding of £37,940,000 from shareholders.

The Company 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 Company activities is currently unknown. The situation will continue to be closely monitored by senior management.

### 15. 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. 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.