

InfraCo Limited

Company Registration No: 05196897

Directors' report and financial statements

For the year ended 31 December 2011

INFRACO LIMITED

COMPANY INFORMATION

Directors

Peter Bird
Valentine Chitalu
Keith Palmer
Richard Parry
Stephen West (appointed 1 January 2012)
Katharine Painter (appointed 1 January 2012)
Peter Barlow (appointed 1 January 2012)

Company secretary

Jordan Company Secretaries Limited

Company number

05196897

Registered office

St. Nicholas House
St. Nicholas Road
Sutton
Surrey
SM1 1EL

Auditors

Mazars LLP
Chartered Accountants & Statutory Auditor
Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

INFRACO LIMITED

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INFRACO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011.

Principal activities

The principal activity of the company is that of infrastructure project development.

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.

Directors

The directors who served during the year were:

Peter Bird
Valentine Chitalu
Keith Palmer
Richard Parry
Roger Mark Witcomb (resigned 1 December 2011)

Going concern

The company meets its day to day working capital 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 received 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. Since the year end, the company has received significant funding and assurances from funding providers, through The Private Infrastructure Development Group Trust further supporting the activities of InfraCo Limited as described in the post balance sheet events section below. The financial statements do not include any adjustments that would result were funding to be withdrawn.

Provision 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

INFRACO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

Auditors

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

Post balance sheet events

On 25 April 2012, a subsidy agreement was signed between InfraCo Limited, The Private Infrastructure Development Group Trust and Kalangala Infrastructure Services Limited.

On the completion of set milestones in relation to the completion of the Ferry project the total principal amount of £2,803,357 and interest payable of £132,857, included within amounts payable to group undertakings in under one year, would be waived by either a credit note or debit note.

Following from this waiver the amounts owed to InfraCo Limited by Kalangala Infrastructure Services Limited, totalling £2,803,357 (principal) and interest receivable of £132,857, included within amounts owed by group undertakings would also be waived.

As at the date of signing the financial statements the milestones for this waiver had not yet been met and the payable and receivable balances had not yet been waived.

Between 17 January and 12 June 2012, 11,799,973 Euros, \$8,060,489 and £11,000,000 has been received from The Private Infrastructure Development Group Trust further supporting the activities of InfraCo Limited and which will be converted into issued equity share capital during 2012.

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 by:



Peter Barlow
Director

Date: 25th Sept 2012

INFRACO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

INFRACO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFRACO LIMITED

We have audited the financial statements of InfraCo Limited for the year ended 31 December 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INFRACO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFRACO LIMITED

Matters on which we are required to report by exception

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

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



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: 26 September 2012

INFRACO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	As restated 2010 £
Turnover	1,2	3,996,767	8,995,612
Administrative expenses		(13,367,269)	(15,523,252)
Operating loss	3	(9,370,502)	(6,527,640)
Interest receivable and similar income	5	837,446	420,317
Interest payable and similar charges		(88,488)	(44,829)
Loss on ordinary activities before taxation		(8,621,544)	(6,152,152)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	14	(8,621,544)	(6,152,152)

The notes on pages 9 to 20 form part of these financial statements.

INFRACO LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	As restated 2010 £
Loss for the financial year		<u>(8,621,544)</u>	<u>(6,152,152)</u>
Total recognised gains and losses relating to the year		(8,621,544)	<u><u>(6,152,152)</u></u>
Prior year adjustment	15	<u>180,467</u>	
Total gains and losses recognised since last financial statements		<u><u>(8,441,077)</u></u>	

The notes on pages 9 to 20 form part of these financial statements.

INFRACO LIMITED
Registered number: 05196897

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£	2011 £	£	As restated 2010 £
Fixed assets					
Tangible assets	7		727		1,853
Investments	8		56,335		55,877
			<u>57,062</u>		<u>57,730</u>
Current assets					
Debtors: amounts falling due after more than one year	9	2,752,849		180,467	
Debtors: amounts falling due within one year	9	4,297,345		6,489,416	
Cash at bank		856,156		2,578,249	
		<u>7,906,350</u>		<u>9,248,132</u>	
Creditors: amounts falling due within one year	10	<u>(8,335,234)</u>		<u>(7,268,148)</u>	
Net current (liabilities)/assets			<u>(428,884)</u>		<u>1,979,984</u>
Total assets less current liabilities			<u>(371,822)</u>		<u>2,037,714</u>
Creditors: amounts falling due after more than one year	11		<u>-</u>		<u>(1,472,218)</u>
Net (liabilities)/assets			<u><u>(371,822)</u></u>		<u><u>565,496</u></u>
Capital and reserves					
Called up share capital	13		34,880,511		27,196,285
Profit and loss account	14		<u>(35,252,333)</u>		<u>(26,630,789)</u>
Shareholders' (deficit)/funds	16		<u><u>(371,822)</u></u>		<u><u>565,496</u></u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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



Peter Barlow
Director

Date: 25th Sep 2012

The notes on pages 9 to 20 form part of these financial statements.

INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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.

1.2 Going concern

The company meets its day to day working capital 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 received 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. Between 17 January and 12 June 2012, 11,799,973 Euros, \$8,060,489 and £11,000,000 has been received from The Private Infrastructure Development Group Trust further supporting the activities of InfraCo Limited and which will be converted into issued equity share capital during 2012. 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 where they can be measured and assessed with reasonable certainty. 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 only if the value of the shares or options can be measured reliably, are readily marketable and could be disposed of without restriction at the point of receipt. Non-marketable shares and options are deemed unrealised and recognised in the statement of total recognised gains and losses only where their value can be reliably measured.

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 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 profit and loss account as the related expenditure is incurred. Grant receipts not yet utilised are included in creditors.

INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Accounting policies (continued)

1.5 Tangible fixed assets 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

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.7 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.

2. Turnover

The company's entire turnover (2010 - the same) is attributable to geographical regions outside the United Kingdom.

3. Operating loss

The operating loss is stated after charging:

	2011 £	2010 £
Depreciation of tangible fixed assets:		
- owned by the company	1,126	343
Auditors' remuneration	18,500	18,000
Pension costs	5,066	1,033
Contracted fees	8,620,376	10,081,956
Provision against intercompany balances	3,093,583	4,728,763
	<u> </u>	<u> </u>

INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

4. Directors' remuneration

	2011 £	2010 £
Aggregate emoluments	60,737	74,681

During the year retirement benefits were accruing to none of the directors (2010 - none) in respect of defined contribution pension schemes.

5. Interest receivable and similar income

	2011 £	As restated 2010 £
Interest receivable from subsidiary and associated undertakings	837,174	420,317
Bank interest receivable	272	-
	<u>837,446</u>	<u>420,317</u>

6. Taxation

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 £25,278,500 (2010: £19,889,786) available to carry forward against future trading profits.

7. Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2011 and 31 December 2011	2,338
Depreciation	
At 1 January 2011	485
Charge for the year	1,126
At 31 December 2011	1,611
Net book value	
At 31 December 2011	727
At 31 December 2010	1,853

INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

8. Fixed asset investments

	Shares in subsidiary companies £	Shares in associated companies £	Loans to associates £	Total £
Cost or valuation				
At 1 January 2011	2,220	27,275	26,382	55,877
Additions	458	-	-	458
At 31 December 2011	<u>2,678</u>	<u>27,275</u>	<u>26,382</u>	<u>56,335</u>
Impairment				
At 1 January 2011 and 31 December 2011	-	-	-	-
Net book value				
At 31 December 2011	<u>2,678</u>	<u>27,275</u>	<u>26,382</u>	<u>56,335</u>
At 31 December 2010	<u>2,220</u>	<u>27,275</u>	<u>26,382</u>	<u>55,877</u>

Subsidiary and associated undertakings

The following were subsidiary and associated undertakings of the company:

Name	Class of shares	Holding
Kalangala Infrastructure Services Limited - incorporated in Uganda	Ordinary shares	100%
Chanyanya Infrastructure Company Limited - incorporated in Republic of Zambia	Ordinary shares	80%
Chiansi Irrigation Infrastructure Company Limited - incorporated in Republic of Zambia	Ordinary shares	99%
Envalor Limitada - incorporated in Mozambique	Ordinary shares	99%
Cenpower Generation Company Limited - incorporated in Republic of Ghana	Ordinary shares	24%
Muchinga Power Company Limited - incorporated in Republic of Zambia	Ordinary shares	50%
Cabeolica S.A. - incorporated in Cape Verde	Ordinary shares	71%

INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

8. Fixed asset investments (continued)

At 31 December 2011, InfraCo Limited owned 71% of the issued equity share capital of Cabeolica S.A.. However, the effective ownership of the company by InfraCo Limited is 16%. This is due to a dilution of ownership by the elective rights attaching to shareholder loans held by parties within Cabeolica S.A..

The aggregate of the share capital and reserves as at 31 December 2011, or the latest available date and of the profit or loss for the year ended on that date for the subsidiary and associated undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Kalangala Infrastructure Services Limited - 1	(4,326,042)	(1,922,698)
Chanyanya Infrastructure Company Limited - 2	(1,112,409)	(181,198)
Chiansi Irrigation Infrastructure Company Limited	677	-
Envalor Limitada - 3	(1,901)	(2,384)
Cenpower Generation Company Limited - 4	1,190,422	-
Muchinga Power Company Limited	14	-
Cabeolica S.A. - 5	1,164,381	1,069,788

1 Information provided via draft audited 31 December 2011 financial statements.

2 Information provided via unaudited 31 December 2011 management information.

3 Information provided via unaudited 31 December 2011 management information.

4 Information provided via draft audited 31 December 2011 financial statements.

5 Information provided via audited 31 December 2011 financial statements.

Principal activities of subsidiary and associated undertakings

The principal activities are as follows:

Kalangala Infrastructure Services Limited - multi-sector infrastructure development establishing a for-profit utility company to serve the population, institutions and businesses of Bugala Island in Kalangala District on Lake Victoria.

Chanyanya Infrastructure Company Limited and Chiansi Irrigation Infrastructure Company Limited - combination of smallholder and commercial farmers into a commercial structure that will allow them to benefit from state-of-the-art irrigation infrastructure and farm management for their respective parts of the project.

Cenpower Generation Company Limited - combined cycle gas turbine project.

Muchinga Power Company Limited - downstream expansion of an existing 18 MW hydro power scheme.

Cabeolica S.A. - four wind farms across the largest islands of Cape Verde.

INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

8. Fixed asset investments (continued)

Development costs incurred to date not reimbursed

The table below shows projects under development where a Joint Development Agreement or similar agreement exists, along with the expenditure incurred by InfraCo Limited to 31 December that has not been reimbursed (excluding internal staff time on projects). The information given below outlines the name of the project, the country of the project and the sector of the project.

Projects in late stage development

	2011 £'000
Chiansi / Chanyanya - Zambia - Agriculture	2,753
Kalangala - Uganda - Integrated	4,931
Cenpower - Ghana - Power	301
Total	<u>7,985</u>

Other projects in development

	2011 £'000
Nairobi Commuter Rail - Kenya - Transport	680
Muchinga - Zambia - Agriculture	445
Lake Albert - Uganda - Integrated	280
Envalor - Mozambique - Energy	571
Envalor Emerging Farmers - Mozambique - Agriculture	-
Leona Wind - Senegal - Power	260
Ghana Wind - Ghana - Power	69
OMVS Navigation - Senegal - Power	218
Volta Lake - Ghana - Transport	9
Beyla - Guinea - Power	102
Buvuma - Uganda - Integrated	7
Total	<u>2,641</u>

INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

9. Debtors

	2011 £	As restated 2010 £
Due after more than one year		
Amounts owed by subsidiary and associated undertakings	2,752,849	180,467

	2011 £	As restated 2010 £
Due within one year		
Trade debtors	-	27,077
Amounts owed by subsidiary and associated undertakings	99,205	3,104,291
Other debtors	4,198,140	3,358,048
	<u>4,297,345</u>	<u>6,489,416</u>

10. Creditors: Amounts falling due within one year

	2011 £	As restated 2010 £
Trade creditors	2,931,855	893,262
Grants not yet utilised	1,262,476	1,949,706
Amounts owed to parent entity	2,936,214	-
Social security and other taxes	2,080	4,800
Consideration for share capital not yet issued	-	3,564,942
Other creditors	1,202,609	855,438
	<u>8,335,234</u>	<u>7,268,148</u>

11. Creditors: Amounts falling due after more than one year

	2011 £	2010 £
Amounts owed to parent entity	-	1,472,218

INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

12. Reconciliation of movement in grants during the year

	2011 £	As restated 2010 £
At 1 January 2011	1,949,706	1,278,784
Received during the year	624,642	1,225,189
Released to profit and loss account	(1,311,872)	(554,267)
	<u>1,262,476</u>	<u>1,949,706</u>

13. Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
34,880,511 (2010 - 27,196,285) Ordinary shares of £1 each	<u>34,880,511</u>	<u>27,196,285</u>

On 19 October 2011, 3,564,942 shares of £1 each were issued at par. On 29 December 2011, 4,110,519 shares of £1 each were issued at par.

14. Reserves

	Profit and loss account £
At 1 January 2011	(26,811,256)
Prior year adjustment (note 15)	180,467
At 1 January 2011 (as restated)	(26,630,789)
Loss for the year	(8,621,544)
At 31 December 2011	(35,252,333)

INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

15. Prior year adjustment

In certain cases, the directors have reanalysed corresponding amounts to make their disclosure more meaningful.

The directors have recognised the appropriate classification of amounts owed by subsidiary and associated undertakings and other debtors. The effect of this reclassification is to decrease amounts owed by subsidiary and associated undertakings brought forward by £2,461,161 and increase other debtors brought forward by £2,461,161.

The directors have recognised the correct classification of grants not yet utilised and other creditors. The effect of this reclassification is to decrease amounts due to Africa Agricultural Development Company Limited included within other creditors brought forward by £851,593 and increase grants not yet utilised brought forward by £851,593. During 2011, InfraCo Limited granted £851,593 to Africa Agricultural Development Company Limited as disclosed in note 19.

The directors have recognised the prior year interest receivable from Cabeolica S.A., a subsidiary company. The effect of this adjustment is to increase interest receivable during the prior year, by £177,381, increase foreign exchange gains included within prior year administrative expenses by £3,086 and increase the amounts receivable by Cabeolica S.A. in greater than one year brought forward by £180,467. The overall effect of this adjustment is to increase the profit and loss reserve brought forward by £180,467 and increase the amounts owed by subsidiary and associated undertakings in greater than one year brought forward by £180,467.

16. Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	385,029	3,786,184
Prior year adjustments (note 15)	180,467	
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Opening shareholders' funds (as restated)	565,496	
Loss for the year	(8,621,544)	(6,152,152)
Shares issued during the year	7,684,226	2,931,464
	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(371,822)	565,496
	<hr/> <hr/>	<hr/> <hr/>

17. Contingent liabilities

As a result of the company's budgeting activities, a loan note of \$400,000 due from Chanyanya Infrastructure Company Limited, was transferred to eleQtra (InfraCo) Limited (formerly InfraCo Management Services Limited) during the year ended 31 December 2009. In return for this InfraCo Limited undertook to settle this loan note if it is not paid after certain contracted conditions are met. No provision has been made as it is considered a remote possibility that they will arise.

INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

18. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,066 (2010 - £1,033). Contributions totalling £nil (2010 - £nil) were payable to the fund at the balance sheet date.

INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

19. Related party transactions

Kalangala Infrastructure Services Limited is a wholly-owned subsidiary company set up as a vehicle for a specific development project and is held with a view to eventual resale. During the year, the company made additional working capital advances amounting to £1,598,166 (2010 - £886,847) to the subsidiary. At the year end, the total balance due from Kalangala Infrastructure Services Limited amounted to £4,429,057 (2010 - £2,588,376) against which, and due to the inherent uncertainty surrounding the outcome of the project, this balance has been provided in full. Interest is receivable by InfraCo Limited at a rate of 10% per annum on these balances and amounted to £256,655 in the year (2010 - £165,144). The interest receivable at the year end is included within the £4,429,057 noted previously (2010 - £2,588,376).

During 2010, the company provided Kalangala Infrastructure Services Limited a draw down facility of up to \$5,000,000, to be used for the construction of fixed assets specifically relating to the project, of which £2,936,214 (\$4,538,210) (2010 - £1,472,218 (\$2,225,806)) had been drawn and was outstanding at the year end. These amounts have been provided for in full until such time as the outcome of the project can be reliably ascertained. Interest is receivable by InfraCo Limited at a rate of 3.5% per annum and amounted to £88,443 in the year (2010 - £44,829), all of which remained outstanding at the year end and has been provided for in full. The terms of repayment of these monies mirror those described below relating to a draw down facility provided by the parent entity.

Chanyanya Infrastructure Company Limited is a 80% owned company set up as a vehicle for a specific development project and is held with a view to eventual resale. During the year, InfraCo Limited made additional working capital advances amounting to £262,983 (2010 - £64,979) to the subsidiary. At the year end, the total balance due from Chanyanya Infrastructure Company Limited amounted to £730,927 (2010 - £467,954) against which, and due to the inherent uncertainty surrounding the outcome of the project, a full provision has been recognised. Interest is receivable by InfraCo Limited at a rate of 5% per annum and amounted to £30,025 in the year (2010 - £19,928). The interest receivable at the year end is included within the £730,927 noted previously (2010 - £467,954).

Cabeolica S.A. is subsidiary company set up as a vehicle for a specific development project and is held with a view to eventual resale. During 2011, InfraCo Limited was entitled to recognise development expenditure previously incurred amounting to £1,855,999 as income. This has been recognised as turnover and as amounts receivable by InfraCo Limited. The amount outstanding at the year end amounted to £2,752,849 (2010 - £3,083,245). Interest is receivable by InfraCo Limited, on the principal and interest accrued amounts, at 12% per annum and amounted to £443,706 in the year (2010 - £177,381).

Cenpower Limited was set up as a vehicle for a specific development project and is held with a view to eventual resale. The amounts due to InfraCo Limited at the year end amounted to £1,866,456 (2010 - £1,866,456) against which, and due to the inherent uncertainty surrounding the outcome of the project, a full provision has been recognised. These amounts are non-interest bearing and are repayable according to set milestones relating to stages of completion of the underlying project.

Additionally, during 2010 and 2011, InfraCo Limited provided interest and non-interest bearing loans to Cenpower Limited. Amounts of \$165,000 (£106,931) under a non-interest bearing loan were receivable at the year end (2010 - £106,931) and which is repayable on the financial close of the underlying project. Amounts of \$247,500 (£193,861) (2010 - £160,396) under an interest bearing loan at a rate of LIBOR plus 12%, the interest on which of £19,969 (2010 - £13,035) had been accrued in the year, existed at the year end and which is repayable on the financial close of the underlying project. Furthermore, amounts of \$240,000 (£163,614) provided during the year under a cash call agreement, which is repayable on demand. Amounts of \$240,000 (£146,771) under a non-interest bearing loan were receivable at the year end (2010 - £nil) which is repayable on the financial close of the underlying project. The directors anticipate financial close occurring in 2012, although due to the inherent uncertainty surrounding the outcome of the project, a full provision has been recognised in respect of all these amounts.

INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

19. Related party transactions (continued)

During 2010, the company was provided with a draw down facility of up to \$4,700,000 by the parent entity. The facility is to be used for the construction of fixed assets specifically relating to the project contained within Kalangala Infrastructure Services Limited (see above), of which £2,936,214 (\$4,538,210) (2010 - £1,472,218) had been drawn and was outstanding at the year end. Interest is payable by InfraCo Limited at a rate of 3.5% per annum and amounted to £88,443 in the year (2010 - £44,829), all of which remained outstanding at the year end. Further details regarding the draw down facility have been detailed in note 19.

Included within amounts owed by other debtors is £82,398 (2010 - £nil) receivable from Africa Agricultural Development Company Limited, a company registered in England and Wales, the entire issued equity share capital of which is owned by Keith Palmer. No interest is receivable on these amounts. A grant of £851,593 (2010 - £nil) was made to Africa Agricultural Development Company Limited in 2011 by InfraCo Limited.

Included within turnover is £294,478 (2010 - £125,421) of grant income received from the parent entity. £948,045 (2010 - £1,087,446) of grants not yet utilised within creditors relates to grants from the parent entity. These funds will be utilised on projects as agreed in the terms of those grants, within time periods specified in grant documents.

20. Post balance sheet events

On 25 April 2012, a subsidy agreement was signed between InfraCo Limited, The Private Infrastructure Development Group Trust and Kalangala Infrastructure Services Limited.

On the completion of set milestones in relation to the completion of the Ferry project the total principal amount of £2,803,357 and interest payable of £132,857, included within amounts payable to group undertakings in under one year, would be waived by either a credit note or debit note.

Following from this waiver the amounts owed to InfraCo Limited by Kalangala Infrastructure Services Limited, totalling £2,803,357 (principal) and interest receivable of £132,857, included within amounts owed by group undertakings would also be waived.

As at the date of signing the financial statements the milestones for this waiver had not yet been met and the payable and receivable balances had not yet been waived.

Between 17 January and 12 June 2012, 11,799,973 Euros, \$8,060,489 and £11,000,000 has been received from The Private Infrastructure Development Group Trust further supporting the activities of InfraCo Limited and which will be converted into issued equity share capital during 2012.

21. 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.