InfraCo Africa Limited

Company Registration No: 05196897

Annual Report

For the year ended 31 December 2020

COMPANY INFORMATION

Directors	Michael Barry Chilton James Lionel Cohen Godfrey Morgin Mwindaare Tania Louise Songini Philippe Valahu (Chair)
Company secretary	Vistra Company Secretaries Limited
Registered number	05196897
Registered office	6 Bevis Marks 10th Floor London EC3A 7BA
Independent auditors	BDO LLP Chartered Accountants & Statutory Auditor 55 Baker Street London W1U 7EU

INFRACO AFRICA LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Annual Report together with the financial statements of the InfraCo Africa Group (the “Group”) and InfraCo Africa Limited (the “Company”) for the year ended 31 December 2020.

Directors

The Directors who served during the year were:

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

Principal activities

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

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

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

The results of the Group for the year, set out on page 7, show a loss on ordinary activities after tax of £14,714,522 (2019: loss of £22,454,975). Shareholders’ funds of the Group, set out on page 8, were £48,962,812 (2019: £42,765,474).

Dividends

No dividends were declared or paid by the Company during the year (2019: £nil).

Going concern

The Company meets its day to day working capital predominantly through share capital issued. In addition to this, income is received through the sale of development projects and development costs recovered. 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 made supported assumptions regarding future funding, and share capital to be issued, which the Directors feel is sufficient for the financial statements to be prepared on the going concern basis. The financial statements do not include any adjustments that would result were funding to be withdrawn.

The above assessment is supported by the following:

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

- Our assessment includes the requirement of the PIDG Trust members to always have contingency cash available to cover a specified period of future expected costs. This would cover any potential cash deficit that might arise in the next 12 months; and

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

Statement of disclosure of information to auditors

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

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

The Directors continue to examine the potential risks related to the following ongoing events:

- The potential risks related to the United Kingdom's departure from the European Union on 31 January 2020 ("Brexit"). The transition period came to an end on 31 December 2020 therefore the situation, and any resulting impact, of this is still being monitored closely. Any potential consequence of Brexit has been monitored since the result of the referendum on 23 June 2016 with no material affect realised. This, together with the current status of funding and the geographical location of the main business activities in sub-Saharan African, supports the Directors' forecast that any future impact will be low.

- The Group anticipates continued reduction in travel and staff working from home, pending advice from the UK government. The Directors will continue to work with senior management to closely monitor the situation and assess any future impact the pandemic might have into 2021. Business planning in the year has taken this into account and no serious impact on the Group's results is expected. Whilst there is pressure on members' budgets due to COVID-19, members have confirmed their ongoing support for the funding for the Group.

Auditors

The auditor for the year was BDO 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.

Michael Barry Chilton
Director

30 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 has 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.

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

Opinion

We have audited the financial statements of Infraco Africa Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring management and the audit committee;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent 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
30 March 2021

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Income	**3**	3,442,728	5,584,295
Fair value losses through profit or loss	**10**	(6,834,102)	(10,615,400)
Project development fees	**4**	(3,612,528)	(10,312,647)
Loss on disposal of investment	**11**	24,537	(1,085,056)
Administrative expenses	**5**	(7,007,504)	(6,054,985)
Operating loss	**6**	**(13,986,869)**	**(22,483,793)**
Net foreign exchange differences	**7**	(797,007)	(77,101)
Interest receivable	**9**	145,565	140,077
Loss on ordinary activities before taxation		**(14,638,311)**	**(22,420,817)**
Tax on loss on ordinary activities	**12**	(76,211)	(34,158)
Loss for the financial year		**(14,714,522)**	**(22,454,975)**

The Parent Company has taken advantage of section 408 of Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year was £14,740,806 (2019: loss £22,560,837).

The amounts above all relate to continuing operations.

There were no other items of comprehensive income.

The notes on pages 15 to 50 form part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 Group £	2020 Company £	2019 Group £	2019 Company £
Assets					
Non-current assets					
Property, plant and equipment	**14**	265,200	29,269	117,203	33,163
Right-of Use Asset	**21**	254,480	-	146,917	-
Investments	**13**	23,792,762	23,817,886	18,061,187	18,061,267
Other loan receivables	**15**	5,276,746	5,276,746	4,542,148	4,542,148
Total non-current assets		**29,589,188**	**29,123,901**	**22,867,455**	**22,636,578**
Current assets					
Trade and other receivables	**15**	1,532,892	1,416,877	1,884,600	1,742,226
Cash at bank and in hand	**17**	22,387,357	22,315,193	22,750,483	22,749,873
Total current assets		**23,920,249**	**23,732,070**	**24,635,083**	**24,492,099**
Total assets		**53,509,437**	**52,855,971**	**47,502,538**	**47,128,677**
Equity and liabilities					
Capital and reserves					
Share capital	**19**	176,923,050	176,923,050	156,011,190	156,011,190
Retained earnings		(127,960,238)	(128,125,106)	(113,245,716)	(113,384,300)
Total Shareholders' Funds - Equity		**48,962,812**	**48,797,944**	**42,765,474**	**42,626,890**
Current liabilities					
Trade and other payables	**16**	4,278,456	4,058,027	4,585,149	4,501,787
Non-current liabilities					
Lease liability	**21**	268,169	-	151,915	-
Total equity and liabilities		**53,509,437**	**52,855,971**	**47,502,538**	**47,128,677**

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

Michael Barry Chilton
Director

30 March 2021

The notes on pages 15 to 50 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share Capital - Group £	Retained Earnings - Group £	Attributable to owners of the parent - Group £
Balance at 1 January 2019		147,536,994	(90,790,741)	56,746,253
Loss for the year		-	(22,454,975)	(22,454,975)
Total comprehensive loss for the year		-	(22,454,975)	(22,454,975)
Issue of shares	**19**	8,474,196	-	8,474,196
Balance at 31 December 2019		**156,011,190**	**(113,245,716)**	**42,765,474**
Balance at 1 January 2020		156,011,190	(113,245,716)	42,765,474
Loss for the year		-	(14,714,522)	(14,714,522)
Total comprehensive loss for the year		-	(14,714,522)	(14,714,522)
Issue of shares	**19**	20,911,860	-	20,911,860
Balance at 31 December 2020		**176,923,050**	**(127,960,238)**	**48,962,812**

INFRACO AFRICA LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share Capital - Company	Retained Earnings - Company	Attributable to owners of the parent - Company
		£	£	£
Balance at 1 January 2019		147,536,994	(90,823,463)	56,713,531
Loss for the year		-	(22,560,837)	(22,560,837)
Total comprehensive loss for the year		-	(22,560,837)	(22,560,837)
Issue of shares	**19**	8,474,196	-	8,474,196
Balance at 31 December 2019		**156,011,190**	**(113,384,300)**	**42,626,890**
Balance at 1 January 2020		156,011,190	(113,384,300)	42,626,890
Loss for the year		-	(14,740,806)	(14,740,806)
Total comprehensive loss for the year		-	(14,740,806)	(14,740,806)
Issue of shares	**19**	20,911,860	-	20,911,860
Balance at 31 December 2020		**176,923,050**	**(128,125,106)**	**48,797,944**

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 Restated £
Cash flows from operating activities			
Loss for the year		(14,714,522)	(22,454,975)
Add/(deduct):			
Depreciation of plant and equipment	**14**	55,312	32,880
Amortisation of Right of Use Assets	**21**	74,838	48,972
Other foreign exchange losses		798,270	72,547
Deposit interest income		(48,906)	(218,138)
(Gain)/Loss on disposal of investments		(24,537)	1,046,924
Loss on disposal of fixed assets	**14**	2,795	-
Foreign exchange losses on financial assets		815,312	596,363
Change in fair value on investments	**13**	4,893,339	6,286,200
Change in fair value on other loan receivables	**15**	1,126,683	4,155,333
Interest receivable	**9**	(145,565)	(140,077)
Interest payable on lease liabilities	**21**	15,508	12,612
Tax payable	**12**	76,211	34,158
		(7,075,262)	(10,527,201)
Movement in working capital			
Decrease/(increase) in debtors		351,708	(655,078)
Decrease in creditors		(306,693)	(582,190)
Changes in movement in working capital		45,015	(1,237,268)
Taxes paid	**12**	(76,211)	(34,158)
Cash generated from / (used in) operations		**(7,106,458)**	**(11,798,627)**
Cash flows from investing activities			
Payments for property, plant and equipment	**14**	(206,103)	(66,259)
Payments for investments	**13**	(12,745,744)	(12,519,101)
Payments for other loan receivables	**15**	(1,962,934)	(4,907,955)
Repayments of loans, development fees and interest	**13**	1,552,735	2,704,570
Loan interest received		-	121,714
Proceeds from sale of investments		24,537	109,007
Deposit interest received		48,906	218,138
Net cash used in investing activities		**(13,288,602)**	**(14,339,885)**

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2020

Cash flows from financing activities	**Note**	**2020** **£**	**2019 Restated** **£**
Issue of ordinary shares	**19**	20,911,860	8,474,196
Principal paid on lease liabilities	**21**	(82,919)	(52,032)
Net cash generated by financing activities		**20,828,941**	**8,422,164**
Net increase/(decrease) in cash and cash equivalents		433,881	(17,716,348)
Cash and cash equivalents at the beginning of the year		22,750,483	40,543,932
Exchange losses on cash and cash equivalents	**7**	(797,007)	(77,101)
Cash and cash equivalents at the end of the year		**22,387,357**	**22,750,483**

INFRACO AFRICA LIMITED

COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 Restated £
Cash flows from operating activities			
Loss for the year		(14,740,806)	(22,560,837)
Add/(deduct):			
Depreciation	**14**	15,732	12,576
Other foreign exchange (gains)/losses	**7**	797,007	77,101
Deposit interest income		(48,906)	(218,138)
(Gain)/Loss on disposal of investments		(24,537)	1,046,924
(Gain)/Loss on disposal of fixed assets	**14**	2,795	-
Foreign exchange losses/(gains) on financial assets		815,312	596,363
Change in fair value on investments	**13**	4,893,339	6,286,200
Change in fair value on other loan receivables	**15**	1,126,683	4,155,333
Interest receivable	**9**	(145,565)	(140,077)
		(7,308,946)	(10,744,555)
Movement in working capital			
Decrease/(increase) in debtors		325,349	(510,854)
Decrease in creditors		(443,760)	(641,806)
Changes in movement in working capital		(118,411)	(1,152,660)
Net cash used in operating activities		**(7,427,357)**	**(11,897,215)**
Cash flows from investing activities			
Payments for property, plant and equipment	**14**	(14,633)	(19,575)
Payments for investments	**13**	(12,770,788)	(12,519,101)
Payments for other loan receivables	**15**	(1,962,934)	(4,907,955)
Repayments of loans, development fees and interest	**13**	1,552,735	2,704,570
Proceeds from sale of investments		24,537	109,007
Deposit interest received		48,906	218,138
Loan interest received		-	121,714
Net cash used in investing activities		**(13,122,176)**	**(14,293,202)**

INFRACO AFRICA LIMITED

COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 Restated £
Cash flows from financing activities			
Issue of ordinary shares	**19**	20,911,860	8,474,196
Net cash generated by financing activities		**20,911,860**	**8,474,196**
Net increase/(decrease) in cash and cash equivalents		362,327	(17,716,221)
Cash and cash equivalents at the beginning of the year		22,749,873	40,543,195
Exchange losses on cash and cash equivalents	**7**	(797,007)	(77,101)
Cash and cash equivalents at the end of the year		**22,315,193**	**22,749,873**

1. Accounting Policies

1.1 Basis of preparation of financial statements

InfraCo Africa Limited is a private company limited by shares and registered in England and Wales, registration number 05196897. The registered office is 6 Bevis Marks, 10th Floor, London, England, EC3A 7BA.

The financial statements are presented in Pounds Sterling (£), which is also the Company's functional currency.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in compliance with adopted international accounting standards in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The financial statements have been prepared on a historical cost basis, except for financial instruments with are recognised at fair value through profit or loss.

Basis of consolidation

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

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

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

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

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

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

1. Accounting Policies (continued)

1.1 Basis of preparation of financial statements (continued)

As a result, under the terms of IFRS 10, the Group should not consolidate these SPVs, but must measure its investment in these companies at Fair Value Through Profit or Loss (FVTPL). The Group has determined that the fair value of the SPVs is measured based on project stage, being Development, Construction or Operation. Necessary disclosures have been included at note 17.

During the year, the Company incorporated and now holds 100% shareholding in IAWA S.A.R.L.A.U, an entity incorporated in and operating from Casablanca, Morocco. The Company has one other 100% owned subsidiary, InfraCo Africa (East Africa) Limited. Both these subsidiaries are controlled by the Company and invested in for operational rather than investment purposes. They are therefore consolidated into the Group accounts. Unrealised gains on transactions between the Group and its Subsidiary are eliminated in the Group accounts.

Standards, amendments and interpretations

Adopted in the current year

There are no new standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2020.

All new and amended standards and Interpretations issued by the IASB that apply for the first time in the financial statements for the year ended 31 December 2020 are not expected to impact the Group. This is because they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies. These are listed below.

Other standards, amendments and interpretations adopted in the current financial year ended 31 December 2020

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.

	Effective date **Periods beginning on or after**
IAS 1 *Presentation of Financial Statements and* IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*: Amendment – Disclosure Initiative - Definition of Material	1 January 2020
Definition of a Business: Amendments to IFRS 3	1 January 2020
Interest Rate Benchmark Reform – IBOR 'phase 2': Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020
COVID-19-Related Rent Concessions: Amendments to IFRS 16.	1 June 2020

1. Accounting Policies (continued)

1.1 Basis of preparation of financial statements (continued)

Standards, amendments and interpretations in issue but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following are either not relevant to the Company's operations or are currently under assessment for their applicability to the Company's operations:

	Effective date
	Periods beginning on or after
Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022
Annual Improvements to IFRS Standards 2018-2020: Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022
References to Conceptual Framework: Amendments to IFRS 3	1 January 2022

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022.However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

Further to this, in June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.

InfraCo Africa Limited is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 or the adoption of IFRS 17 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

The adoption of the aforementioned 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.

1. Accounting Policies (continued)

1.2 Going concern

The Company meets its day to day working capital predominantly through share capital issued. In addition to this, income is received through the sale of development projects and development costs recovered. 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 made supported assumptions regarding future funding and share capital to be issued which the Directors feel is sufficient for the financial statements to be prepared on the going concern basis. The financial statements do not include any adjustments that would result were funding to be withdrawn.

The above assessment is supported by the following:

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

1.3 Joint development agreements

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

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

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

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

1.4 Revenue and other income

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

Other income from the sales of projects is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the agreed upon payments. Provided the amount of other income can be measured reliably and it is probable that the Company will receive any consideration, other income is recognised in the period in which it relates.

1. Accounting Policies (continued)

1.5 Grant income

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

1.6 Property, plant and equipment and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Leasehold improvements – Over the lease term; and
- 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:

- Financial assets at fair value through profit or loss; and
- Loans and receivables

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

Financial assets at fair value through profit or loss

This category consists of investment subsidiaries and associates, both equity and debt. 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.

As required under IFRS 9, the Company also recognises its loan receivable due from Chiansi Farming Company Ltd at FVTPL. Although the business model within which the asset is held is deemed to be for the purpose of collection at a specified date in the future, management have performed the Solely Payments of Principal and Interest 'SPPI' test and note the nature of this loan currently accruing 0% interest, below market rate, and there being profit linked elements, means the contractual cash flows do not reflect only payments of principal and interest that consist of only the time value of money and credit risk. As a result, the loan would fail the requirements for amortised cost classification. For this reason, this loan is recognised at FVTPL, the methodology of which is presented in note 15.

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.

1. Accounting Policies (continued)

1.8 Subsidiaries (continued)

The Company is an investment entity and measures investments (equity and loans) in its subsidiaries at fair value through profit or loss (note 13) expected as noted below. In determining whether the Company meets the definition of an investment entity, management considered the Company's structure as a whole.

During the year, the Company incorporated and now holds an 100% shareholding in IAWA S.A.R.L.A.U, an entity incorporated in and operating from Casablanca, Morocco. The Company has one other 100% owned subsidiary, InfraCo Africa (East Africa) Limited. Both these subsidiaries are controlled by the Company and invested in for operational rather than investment purposes. For this reason, the two subsidiaries are therefore consolidated into the Group accounts applying accounting rules in accordance with IFRS 10. Unrealised gains on transactions between the Group and its Subsidiaries are eliminated in the Group accounts.

1.9 Associates

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

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

1.10 Current taxation

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

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

1.11 Deferred taxation

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

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the Balance Sheet date.

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

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

1. Accounting Policies (continued)

1.13 Cash and cash equivalents

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

1.14 Operating leases

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

The Company has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for leases of low-value assets only. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Company has not elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component. Therefore, any non-lease components such as service charges are recognised on a straight-line basis over the lease term.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the following lease payments:

- Fixed payments
- Variable payments that are based on index or rate
- The exercise price of an extension or purchase option if reasonably certain to be exercised
- Payment of penalties for terminating the lease, if relevant

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

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

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

2. Critical accounting estimates and judgements

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

Fair value measurement

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

The Group's project lifecycle is categorised as follows: Development, Construction and Operation. During the development phase there is usually no identifiable market price for the investments. A Market Participant is driven by the prospects of the project and would pay a multiple of costs incurred to date by InfraCo Africa. The Company's valuation policy is to write off the costs incurred prior to JDA (Joint Development Agreement) stage. Projects prior to JDA are classified as business opportunities and fully expensed through Profit and Loss.

At the signing of a JDA and/or other key documents e.g. an Implementation Agreement (IA), Power Purchase Agreement (PPA) a value based on an appropriate valuation methodology will be attributed to the project.

In the absence of third party offer the Board needs to assess the multiple of costs that would be recoverable from a market participant. This multiple of costs is determined through present valuing external costs incurred to date applying an appropriate and risk-reflective discount factor and maturity. Unless specifically stipulated in the agreement (for example through Convertible Loan Agreement/Shareholders Loan Agreement), the maturity date is expected to be Financial Close (FC) for Development projects and Commercial Operation Date (COD) for projects in Construction. This is driven by the fact cash disbursed is expected to be recovered on reaching these milestones. Where the Company does not expect to recover costs until exit, this is assumed to be two years post COD when exit strategies are executed. There are exceptions to this when it is agreed in advance costs disbursed won't be recovered until a later date. Maturity dates and discount rates applied are presented in note 17.

For projects in Construction, the same methodology as for Development projects is applied as a market participant is still driven by the prospects of the project and the project is usually not yet cash-generating. If appropriate, other valuation techniques will be considered such as Asset Value of Discounted Cash Flow model.

For projects in Operation, a value based on an appropriate valuation methodology in accordance with the International Private Equity and Venture Capital Association ("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. Fair value is also reviewed against market value where transactions occur close to reporting date.

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

2. Critical accounting estimates and judgements (continued)

The three levels of the fair value hierarchy under IFRS 13 are as follows:

- Level 1 Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3 Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

Each investment has unique risk factors associated with it. These could range from different geographical, sector, complexity and socio-political risks and thus the fair value is assessed on an investment by investment basis. Additionally, each investment carries a higher risk during development phase and thus attracts a higher discount factor. Once a project becomes operational the risk reduces. Sensitivity analysis based on changes in market price are detailed in note 17.

Discounted Cash Flow (DCF) and key judgments

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

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

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

2. Critical accounting estimates and judgements (continued)

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

Asset Class	Valuation technique used	Fair value 2020 £	Fair Value 2019 £
Investments in Development (pre-FC)	Present value of external costs incurred to date discounted at a risk-reflective rate based on professional judgment applied to reach best estimate.	13,113,032	9,535,506
Investments in Construction (post FC)	Present value of external costs incurred to date discounted at a risk-reflective rate based on professional judgment applied to reach best estimate.	9,663,993	7,577,519
Investments in Operation	Discounted cash flow for equity and present value of any development fees repayable applying a risk-reflective rate based on professional judgment applied to reach best estimate.	1,015,737	948,162
Other loan receivables (Chiansi Farming)	Present value of external costs incurred to date discounted at a risk-reflective rate based on professional judgment applied to reach best estimate.	5,276,746	4,542,148

3. Income

	2020 Group £	2019 Group £
Grant income	2,231,331	4,943,319
Recharged costs	314,797	169,662
Management fee income	432,059	101,512
Development costs repaid	413,452	146,651
Other income	51,089	223,151
Total	**3,442,728**	**5,584,295**

In 2020, 76.82% of income relates to non-UK income (2019: 92.97% restated).

Other income predominantly consists of deposit interest income.

4. Project development fees

	2020 Group £	2019 Group £
Project development fees	3,612,528	10,312,647
	3,612,528	**10,312,647**

5. Administrative expenses

	2020 Group £	2019 Group £
Other administrative expenses	7,046,609	6,056,838
Gain on foreign exchange	(39,105)	(1,853)
	7,007,504	**6,054,985**

6. Operating loss

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

	2020 Group £	2019 Group £
Depreciation of property, plant and equipment	55,312	32,880
Depreciation of right of use asset	74,838	48,972
Gain on foreign exchange	(39,105)	(1,853)
Fees payable to the auditor:		
Audit of the financial statements	31,000	25,625
Taxation services	4,000	4,000
All other services	5,000	-

7. Net foreign exchange differences

	2020 Group £	2019 Group £
Exchange losses arising on cash and cash equivalents	**797,007**	**77,101**

These are unrealised exchange differences arising on the USD denoted Deposit Holdings and Current accounts. Foreign exchange rate risk and sensitivity is detailed in note 17.

8. Employee benefit expenses

	2020 Group £	2019 Group £
Employee benefit expenses (including Directors) comprise:		
Wages and salaries	3,680,561	2,746,333
Defined contribution pension cost	114,597	93,538
Social security contributions and similar taxes	281,668	183,839
	4,076,826	**3,023,710**

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.

	2020 Group £	2019 Group £
Salary	380,372	421,277
Defined contribution pension cost	19,079	10,711
Social security contributions and similar taxes	28,512	23,755
	427,963	**455,743**

Directors' remuneration

	2020 Group and Company £	2019 Group and Company £
Salary	202,348	176,042
Defined contribution pension cost	5,129	5,112
Social security contributions and similar taxes	1,577	1,580
	209,054	**182,734**

8. Employee benefit expenses (continued)

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

	2020 Group No.	2019 Group No.
Employees	39	28

9. Interest receivable

	2020 Group £	2019 Group £
Interest receivable from subsidiary and associated undertakings	3,880,801	2,704,443
Interest provision	(3,735,236)	(2,564,366)
	145,565	**140,077**

It is Group policy to provide for all interest accrued on loans disbursed to project companies unless it is deemed probable the interest is recoverable. The variance between Interest Payable and Interest Receivable is driven by interest recovered as part of the Golomoti Solar project reaching FC milestone in December 2020 when interest accrued to date was repaid (£111,153). Further to this, during the year ending 31 December 2020, A Development Funding Agreement (DFA) was entered into on new Project Bumbuna Hydro II. The interest attached to this loan will be recovered on this project reaching its financial close (FC) milestone (2020: £34,412)

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

10. Fair value losses through profit or loss

	2020 Group £	2019 Group £
Investments	(4,893,339)	(5,862,341)
Loans	(1,126,683)	(3,998,802)
Foreign exchange loss	(814,080)	(752,894)
Other	-	(1,364)
Total	**(6,834,102)**	**(10,615,400)**

The foreign exchange loss is reflective of the combined movement on the investments and loan receivable balance.

11. Gain/(loss) on disposal of investment

	2020 Group £	2019 Group £
Gain/(Loss) on disposal	24,537	(1,085,056)

During the year ended 31 December 2020, the Company sold 48.9% of its interest in Lake Albert Infrastructure Project for proceeds of £24,537.

During the year ended 31 December 2019, the Company sold its interest in the Redavia Tanzania Asset Limited. This created a loss on disposal of £1,085,056.

12. Taxation

	2020 Group £	2019 Group £
Current tax	-	-
Foreign tax	76,211	34,158
Deferred tax	-	-
Total tax charge	**76,211**	**34,158**

Factors affecting the tax charge for the year:

	2020 £	2019 £
Loss before tax	(14,638,311)	(22,420,817)
Tax at the standard UK rate of tax of 19.00% (2019: 19.00%)	(2,781,279)	(4,259,955)
Effect of:		
Non-deductible expenses	(16,033)	343,124
Income not taxable for tax purposes	(8,393)	(458,878)
Temporary differences not recognised in the computation	-	3,479
Impact of profits earned in territories with different statutory tax rates	13,867	34,158
Adjust closing deferred tax to average of 19.00% (2019: 19.00%)	-	2,136,480
Adjust opening deferred tax to average of 19.00% (2019: 19.00%)	-	(1,673,445)
Deferred tax not recognised	2,868,049	3,909,195
	76,211	**34,158**

On the basis of the results of the Company for the year, there is no charge for corporation tax. In the Budget of 3 March 2021, the Chancellor of the Exchequer announced the planned increase in corporation tax to 25% from 1 April 2023, although this has yet to be substantively enacted.

The Company has estimated losses of £118,032,122 (2019: £106,850,725) available to carry forward against future profits. A deferred tax asset has not been provided as there is no certainty to its recoverability.

13. Fair value of investments

	Group £	Company £
Accumulated cost for the year ended 31 December 2019	23,923,529	23,923,609
Fair value adjustment	(5,862,340)	(5,862,340)
Fair value at 31 December 2019	**18,061,187**	**18,061,267**
Accumulated cost for the year ended 31 December 2020	28,686,103	28,711,226
Fair value adjustment	(4,893,339)	(4,893,339)
Fair value at 31 December 2020	**23,792,762**	**23,817,886**

Analysis of movements:

	Group £	Company £
Fair value at 1 January 2019	16,176,717	16,176,797
Movement in the year:		
Additions	12,519,101	12,519,101
Repayments	(2,704,570)	(2,704,570)
Disposals	(1,155,930)	(1,155,930)
Repayment receivable	(423,860)	(423,860)
Interest accrued	2,605,998	2,605,998
Interest provision	(2,587,635)	(2,587,635)
Foreign exchange movement	(506,295)	(506,295)
Total movement in the year	7,746,809	7,746,809
Fair value adjustment	(5,862,340)	(5,862,340)
Fair value at 31 December 2019	**18,061,187**	**18,061,267**
Fair value at 1 January 2020	18.061,187	18,061,267
Movement in the year:		
Additions	12,745,744	12,770,788
Repayments	(1,552,735)	(1,552,735)
Disposals	-	-
Repayment receivable	-	-
Interest accrued	3,880,801	3,880,801
Interest provision	(3,735,236)	(3,735,236)
Foreign exchange movement	(713,658)	(713,658)
Total movement in the year	10,624,915	10,649,959
Fair value adjustment	(4,893,339)	(4,893,339)
Fair value at 31 December 2020	**23,792,762**	**23,817,886**

13. Fair value of investments (continued)

Subsidiary and associated undertakings

The following companies were subsidiary and associated undertakings of the Company:

Name and principal place of business	Subsidiary/Associate	Class of Shares	Holding
InfraCo Africa (East Africa) Limited – Kenya	Subsidiary	Ordinary Shares	100%
IAWA S.A.R.L.A.U – Morocco	Subsidiary	Ordinary Shares	100%
Kalangala Infrastructure Services Limited - Uganda	Associate	Ordinary and preference shares	34.209%
Chanyanya Infrastructure Company Limited - Republic of Zambia	Subsidiary	Ordinary Shares	80%
Chiansi Irrigation Infrastructure Company Limited - Republic of Zambia	Subsidiary	Ordinary shares	99.4%
Western Power Company Limited - Republic of Zambia	Subsidiary	Ordinary Shares	54.79%
Lake Albert Infrastructure Services Limited - Uganda	Subsidiary	Ordinary shares	51%
JCM Matswani Solar Corp Limited - Malawi	Associate	Ordinary Shares	25%
Djermaya Holdings Limited – Chad	Subsidiary	Ordinary Shares	62.78%
East Africa Marine Transport Company Limited – Uganda	Subsidiary	Ordinary Shares	99%
Hidroeléctrica De Pavua, SA – Mozambique	Subsidiary	Ordinary Shares	69%
Golomoti JCM Solar Corporation Limited - Malawi	Associate	Ordinary Shares	25%
Off Grid Power (SL) Limited – Sierra Leone	Subsidiary	Ordinary Shares	70%
Liberia Inland Storage and Distribution Services Inc. - Liberia	Subsidiary	Ordinary Shares	50%
Marine Transport Services Limited – The Gambia	Subsidiary	Ordinary Shares	99%
EkoRent Africa Limited - Kenya	Associate	Ordinary Shares	13.95%

1. InfraCo Africa (East Africa) Limited is a 100% owned subsidiary of InfraCo Africa Limited, covering the group's business development activities in East Africa.

2. IAWA S.A.R.L.A.U is a 100% owned subsidiary of InfraCo Africa Limited, covering the group's business development activities in West Africa.

3. 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.

4. 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.

13. Fair value of investments (continued)

5. The Chiansi Irrigation Infrastructure Company will build upon the Chanyanya pilot project. The activities of the company comprise external development costs relating to the construction of capital equipment financed by two grant sources (ORIO and the PIDG Trust, via its Viability Gap Funding facility).

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

7. Lake Albert Infrastructure Services is a Ugandan entity created for the development of the Lake Albert Infrastructure Project. During the year ended 31 December 2020, the Company sold 48.9% of its shareholding to eleQtra (East Africa) Limited.

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

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

10. East Africa Marine Transport Company Limited is 99% owned marine transport project in Kenya, Tanzania and Uganda.

11. Golomoti JCM Solar Corporation Limited is a 25% owned entity created to develop, construct and operate a solar plant in the Golomoti region of Malawi. During year ended 31 December 2020, InfraCo Africa Limited's shareholding in this entity reduced as a result of the project reaching FC milestone.

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

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

14. Liberia Inland Storage and Distribution Services Inc. is a storage and distribution facility incorporated in and operating from Liberia.

15. Marine Transport Services Limited is an entity incorporated to develop, construct and mange marine infrastructure together with operate a scheduled marine transport service on the River Gambia.

16. EkoRent Africa Limited is an all-electric taxi service company based in Kenya. It is currently the only 100%-electric taxi hailing service in Africa.

The technique applied in arriving at fair value is detailed in Financial Instruments (see note 17).

14. Property, plant and equipment

	Group			Company	
	Computer Equipment £	**Leasehold Improvements £**	**Total £**	**Computer Equipment £**	**Total £**
Cost					
At 1 January 2019	63,360	67,445	130,805	43,950	43,950
Additions	35,088	31,171	66,259	19,575	19,575
Disposals	-	-	-	-	-
At 31 December 2019	98,448	98,616	197,064	63,525	63,525
At 1 January 2020	98,448	98,616	197,064	63,525	63,525
Additions	20,772	185,331	206,103	14,633	14,633
Disposals	(4,766)	-	(4,766)	(4,766)	(4,766)
At 31 December 2020	**114,454**	**283,947**	**398,401**	**73,391**	**73,391**
Depreciation					
At 1 January 2019	26,207	20,773	46,980	17,786	17,786
Charge for the year	18,677	14,203	32,880	12,576	12,576
Disposals	-	-	-	-	-
At 31 December 2019	44,884	34,976	79,860	30,362	30,362
At 1 January 2020	44,884	34,976	79,860	30,362	30,362
Charge for the year	25,365	29,947	55,312	15,732	15,732
Disposals	(1,971)	-	(1,971)	(1,971)	(1,971)
At 31 December 2020	**68,278**	**64,923**	**133,201**	**44,123**	**44,123**
Net Book Value					
At 31 December 2020	**46,176**	**219,024**	**265,200**	**29,269**	**29,269**
At 31 December 2019	**53,564**	**63,640**	**117,203**	**33,163**	**33,163**

15. Trade and other receivables

	2020 Group	2020 Company	2019 Group	2019 Company
CURRENT ASSETS	£	£	£	£
Amounts owed by subsidiary and associated undertakings	-	-	-	-
Prepayments & accrued income	317,935	289,255	445,677	363,289
Other taxation	311,940	265,301	316,810	311,199
Other receivables	903,017	862,321	1,122,113	1,067,739
	1,532,892	**1,416,877**	**1,884,600**	**1,742,226**

As at 31 December 2020 there were £nil of trade receivables past 3 months due (2019 - £nil).

	2020 Group	2020 Company	2019 Group	2019 Company
CURRENT ASSETS	£	£	£	£
Fair value loan receivables brought forward	4,542,148	4,542,148	3,879,595	3,879,595
Additions	1,962,934	1,962,934	4,907,955	4,907,955
Fair value adjustment	(1,126,683)	(1,126,683)	(4,155,333)	(4,155,333)
Foreign exchange loss	(101,653)	(101,653)	(90,069)	(90,069)
Fair value loan receivables carried forward	**5,276,746**	**5,276,746**	**4,542,148**	**4,542,148**

Other loan receivables relate to loans disbursed to the Chiansi Farming Company project. As the Group hold no shares in this SPV and no option to convert this is deemed to fall outside the definition of an investment under IFRS 10 and has therefore been treated as a third-party loan.

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

16. Trade and other payables

	2020 Group £	2020 Company £	2019 Group £	2019 Company £
Trade payables	787,955	774,290	712,828	697,692
Grants not yet utilised (note 18)	2,318,152	2,318,152	2,664,423	2,664,423
Amounts owed to subsidiary and associated undertakings	-	49,360	-	22,343
Other taxation and social security	231,299	106,020	89,040	89,040
Accruals	674,270	543,425	1,118,858	1,028,289
Sundry payables	266,780	266,780	-	-
	4,278,456	**4,058,027**	**4,585,149**	**4,501,787**

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

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

17. Financial instruments - Risk Management (continued)

Financial instruments by category:

	Financial assets at fair value through profit or loss		Other	
	2020 Group £	2019 Group £	2020 Group £	2019 Group £
Financial assets				
Cash and cash equivalents	-	-	22,387,357	22,750,483
Trade and other receivables	5,276,746	4,542,148	1,532,892	1,884,600
Investments in unquoted equity securities and loans	23,792,762	18,061,187	-	-
Total financial assets	**29,069,508**	**22,603,335**	**23,920,249**	**24,635,083**

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2020 £	2019 £	2020 £	2019 £
Financial liabilities				
Trade and other payables	-	-	4,278,456	4,585,149
Lease liabilities	-	-	268,169	151,915
Total financial liabilities	**-**	**-**	**4,546,625**	**4,737,064**

(i) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

(ii) Financial instruments measured at fair value

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

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

For assets in Operation, valuation techniques include discounted cash flow models, comparison with similar instruments for which observable market prices exist and net asset valuation models. Where transaction date is close to reporting date, recognising fair value at cost will also be evaluated. Assumptions and inputs used in these valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, Earning Before Interest Taxation Depreciation and Amortisation (EBITDA) multiples and revenue multiples and expected price volatilities and correlations.

17. Financial instruments - Risk Management (continued)

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

	Level 1 £	Level 2 £	Level 3 £
31 December 2020			
Financial assets			
Investments in Development and Construction	-	-	22,777,025
Investments in Operation			1,015,737
Loan receivables			5,276,746
	-	**-**	**29,069,508**
31 December 2019			
Financial assets			
Investments in Development and Construction	-	-	17,113,025
Investments in Operation			948,162
Loan receivables			4,542,148
	-	**-**	**22,603,335**

There were no transfers between levels during the period.

Projects in Development and Construction

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

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

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

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

17. Financial instruments - Risk Management (continued)

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

	Fair value 2020 £	Fair value 2019 £
D'jermaya Holdings Limited	3,135,125	1,380,758
Golomoti JCM Solar Corporation Limited	741,840	458,747
Corbetti Geothermal	3,427,678	2,465,634
Lilondi Hydropower	162,743	265,860
JCM Matswani Solar Corp Limited	6,206,628	6,458,006
Hidroelectrica De Pavua, SA	1,310,777	1,065,162
Western Power Company Limited	2,981,296	3,001,082
East Africa Marine Transport Company Limited	1,395,913	898,262
Bonergie Irrigation I	218,094	210,210
Off Grid Power (SL) Limited	2,107,348	909,303
Project Elan 1 SAS	22,906	-
Bumbuna Hydro II	253,518	-
Khoumagueli Solar SA	423,077	-
Liberia Inland Storage and Distribution Services Inc	185,522	-
EkoRent Africa Limited	204,561	-
	22,777,026	**17,113,024**

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

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

Discount factor applied

	Actual discount factor applied %	Variance - 5% £	Variance + 5% £
D'jermaya Holdings Limited	12.33%	119,432	(115,034)
Golomoti JCM Solar Corporation Limited	20.72%	119,991	(103,271)
Corbetti Geothermal	15.33%	360,359	(326,035)
Lilondi Hydropower	14.83%	36,046	(29,506)
JCM Matswani Solar Corp Limited	20.72%	758,727	(675,190)
Hidroelectrica De Pavua, SA	23.47%	155,731	(139,176)
Western Power Company Limited	24.12%	311,923	(282,219)
East Africa Marine Transport Company Limited	12.83%	40,821	(40,434)
Bonergie Irrigation I	10.49%	309,377	(269,647)
Off Grid Power (SL) Limited	23.22%	5,074	(4,153)
Project Elan 1 SAS	12.58%	26,645	(24,108)
Bumbuna Hydro II	25.22%	21,679	(20,620)
Khoumagueli Solar SA	23.12%	30,004	(25,824)
Liberia Inland Storage and Distribution Services Inc	25.02%	21,507	(19,458)
EkoRent Africa Limited	13.33%	309,377	(269,647)
		2,626,693	**(2,344,322)**

17. Financial instruments - Risk Management (continued)

Maturity date applied

	Actual maturity date	Variance - 6 months	Variance + 6 months
D'jermaya Holdings Limited	30/09/2021	196,514	(184,922)
Golomoti JCM Solar Corporation Limited	31/12/2023	79,786	(72,038)
Corbetti Geothermal	31/12/2022	269,121	(249,529)
Lilondi Hydropower	31/12/2024	12,346	(11,475)
JCM Matswani Solar Corp Limited*	Multiple	667,533	(602,710)
Hidroelectrica De Pavua, SA	31/03/2023	160,786	(143,218)
Western Power Company Limited	31/12/2022	374,724	(332,713)
East Africa Marine Transport Company Limited*	Multiple	102,875	(87,153)
Bonergie Irrigation I	27/09/2021	11,578	(10,994)
Off Grid Power (SL) Limited	30/09/2023	254,915	(227,342)
Project Elan 1 SAS	31/12/2024	1,466	(1,378)
Bumbuna Hydro II	31/12/2022	33,563	(29,639)
Khoumagueli Solar SA	31/12/2021	51,078	(45,576)
Liberia Inland Storage and Distribution Services Inc	31/12/2023	24,354	(21,528)
EkoRent Africa Limited	31/12/2022	13,896	(13,012)
		2,254,535	**(2,033,227)**

*The JCM Matswani and East Africa Marine Transport Company (EAMT Co. Ltd) Limited investments are financed via a combination of instruments each with different maturity dates. Each instrument is split out in the table below presenting results of the sensitivity assessment for these investments.

	Actual maturity date	Variance - 6 months	Variance + 6 months
JCM Matswani Solar Corp Limited (Equity)	30/06/2023	308,873	(278,879)
JCM Matswani Solar Corp Limited (Shareholder Loan)	31/12/2022	255,188	(230,408)
JCM Matswani Solar Corp Limited (Bridging Loan)	30/06/2023	103,471	(93,423)
		667,532	**(602,710)**
EAMT Co. Ltd (Joint Development Agreement)	30/09/2021	1,577	(1,481)
EAMT Co. Ltd (Shareholder Loan)	31/12/2022	101,298	(85,673)
		102,875	**(87,154)**

Projects in Operation

The Group has one investment recognised on its statement of financial position which is in operation, being Kalangala Infrastructure Services Limited. This investment comprises both debt and equity. The equity has historically been valued through net present value calculated using the discount cash flow model at rate of 17.5%. For the year ending 31 December 2020 the value was £nil (2019: £NIL).

17. Financial instruments - Risk Management (continued)

The debt element has been fair valued through present valuing fees repayable as detailed below.

	Fair value 2020 £	Fair value 2019 £
Equity	-	-
Other development costs repayable	1,015,737	948,162
	1,015,737	**948,162**

The development fees repayable as at 31 December 2020 are $1,518,756 (£1,118,607). This has been discounted at a rate of 17.5% based on repayment schedule agreed with Kalangala Infrastructure Services Limited.

Sensitivity

The discount rate of 17.5% has been determined through analysis of country and project risk profile, including operational sector and company performance.

The effect of a 5% increase in discount factor in the valuation of the asset would result in a decrease of £27,232 in the fair value. A 5% decrease in the discount factor would, on the same basis, increase the asset value by £28,161.

The repayment dates have been agreed and a repayment schedule implemented. Management are confident there will be no defaults based on the repayments during 2020 being in line with this agreed schedule. These repayment dates have been applied as maturity dates in the present value calculation in arriving at fair value.

Loan receivables

As detailed in note 15, the Company also recognises a long-term loan receivable due from Chiansi Farming Company Limited as fair value through profit and loss under IFRS 9.

Sensitivity

The discount rate of 20.62% has been determined through analysis of country and company risk profile, including operational sector and company performance.

The effect of a 5% increase in discount factor in the valuation of the asset would result in a decrease of £833,793 in the fair value. A 5% decrease in the discount factor would, on the same basis, increase the asset value by £1,005,830.

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

17. Financial instruments - Risk Management (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company 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 unless there are practical / operational reasons why this isn't feasible and where the Group's Asset and Liability Management Committee has approved this.

Cash in bank and short-term deposits

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

	2020			2019		
	Rating	**Cash at bank Group**	**Cash at bank Company**	**Rating**	**Cash at bank Group**	**Cash at bank Company**
		£	**£**		**£**	**£**
Barclays Bank plc	A	22,315,193	22,315,193	A	22,749,873	22,749,873
Barclays Kenya (ABSA)	A	454	-	A	610	-
BMCE Bank (Morocco)	BB+	71,710	-		-	-
		22,387,357	**22,315,193**		**22,750,483**	**22,749,873**

Management monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties.

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

The Company is not susceptible to interest rate risk as it does not have any borrowings. However, the Company has issued loans to projects and these loans attract a rate of interest that is reflective of the market rate in which the project is operating.

Foreign exchange risk

Foreign exchange risk arises when the Company enter into transactions denominated in a currency other than their functional currency. Where possible, the Company will settle the liabilities in the foreign currency.

The Group also holds foreign denominated currency, Euro (€), United States Dollar ($), Moroccan Dirham (MAD) and Kenyan Shilling (KES) in its bank accounts. At 31 December 2020, the Company held €62,744 and $26,901,866 (2019: €127,023 and $23,237,686) as well as KES66,716 and MAD869,123 (2019: KES80,234 and nil MAD).

17. Financial instruments - Risk Management (continued)

The effect of a 20% strengthening of the € against £ at the reporting date on the € denominated cash balance at that date would, all other variables held constant, have resulted in an increase in post-tax loss for the year and decrease of net assets of £9,461 (2019: £18,078). A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax loss and increased net assets by £14,192 (2019: £27,116).

The effect of a 20% strengthening of the $ against £ at the reporting date on the $ denominated cash balance at that date would, all other variables held constant, have resulted in an increase in post-tax loss for the year and decrease of net assets of £3,302,334 (2019: £2,952,842). A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax loss and increased net assets by £4,953,501 (2019: £4,429,263).

The effect of a 20% strengthening of the MAD against £ at the reporting date on the MAD denominated cash balance at that date would, all other variables held constant, have resulted in an increase in post-tax loss for the year and decrease of net assets of £12,112 (2019: £nil). A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax loss and increased net assets by £18,169 (2019: £nil).

The effect of a 20% strengthening of the KES against £ at the reporting date on the KES denominated cash balance at that date would, all other variables held constant, have resulted in an increase in post-tax loss for the year and decrease of net assets of £76 (2019: £102). A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax loss and increased net assets by £113 (2019: £153).

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 2020					
Trade and other payables	1,054,735	-	-	-	-
Total	**1,054,735**	**-**	**-**	**-**	**-**
At 31 December 2019					
Trade and other payables	712,828	-	-	-	-
Total	**712,828**	**-**	**-**	**-**	**-**

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.

18. Reconciliation of movement in grants during the year

	2020 Group and Company £	2019 Group and Company £
Opening balance	2,664,423	3,442,424
Received during the year	1,124,568	3,147,344
Released to profit and loss account	(1,454,861)	(3,808,712)
Foreign exchange translation	(80,976)	(88,778)
Reversed grant income	64,998	(27,855)
Closing balance	**2,318,152**	**2,664,423**

The balances noted above have been included in note 16, Trade and other payables.

19. Share capital

	2020 Group and Company £	2019 Group and Company £
Opening allotted and fully paid share capital	156,011,190	147,536,994
Additions	20,911,860	8,474,196
Closing allotted and fully paid share capital	**176,923,050**	**156,011,190**

During the year £20,911,860 Ordinary £1 shares were issued at par to the Company (2019: £8,474,196).

20. Pension commitments

The Company operates a defined contribution 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 £114,597 for the Group (2019: £93,538) and £110,013 for the Company (2019: £81,591). Contributions totalling £nil (2019: £nil) were payable to the fund at the Balance Sheet date.

21. Operating leases

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

Right-of-use assets:	2020 Group £	2019 Group £
Real estate leases	234,196	124,438
Vehicle parking spaces	20,284	22,479
	254,480	**146,917**

21. Operating leases (continued)

Right-of-Use Assets

	Real estate leases	Vehicle parking spaces	Total
	£	£	£
At 1 January 2019	165,917	29,972	195,889
Additions	-	-	-
Depreciation	(41,479)	(7,493)	(48,972)
At 31 December 2019	**124,438**	**22,479**	**146,917**
At 1 January 2020	124,438	22,479	146,917
Additions	176,409	5,993	182,402
Depreciation	(66,651)	(8,187)	(74,838)
At 31 December 2020	**234,196**	**20,285**	**254,480**

Lease liabilities

	Real estate leases	Vehicle parking spaces	Total
	£	£	£
At 1 January 2019	165,917	29,972	195,889
Additions	-	-	-
Interest expense	10,663	1,949	12,612
Lease payments	(44,397)	(7,634)	(52,032)
Foreign exchange movements	(3,847)	(707)	(4,554)
At 31 December 2019	**128,336**	**23,580**	**151,915**
At 1 January 2020	128,336	23,580	151,915
Additions	176,409	5,993	182,402
Interest expense	13,852	1,656	15,508
Lease payments	(73,911)	(9,008)	(82,919)
Foreign exchange movements	1,677	(415)	1,262
At 31 December 2020	**246,363**	**21,806**	**268,169**

The Group leases various offices and vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Additions in the year relate to identified leases entered into by IAWA S.A.R.L.A.U on incorporation of this subsidiary in the year. Balances brought forward relate to lease contracts identified in subsidiary, InfraCo Africa (East Africa) Limited. The only identified leases held by the Company fall into the low value category and therefore the Company have elected to apply this exemption.

21. Operating leases (continued)

In identifying the discount rate to apply, there are no rates implicit in the lease agreements and as the Group does not have any external debt, there is no designated incremental borrowing rate. Based on guidance per standard, the Group have therefore used a rate that would be applied should the Group seek external funding and applied a premium to ensure the rate is risk-reflective and reasonable based on the Groups operations and structure. This has been carried out for each identified lease

22. Other financial commitments

On 1st April 2020, the Company entered into a new services agreement with eleQtra Limited for the provision of development services. The contract replaces the previous services agreement which expired on 31 March 2020 and will run until 31 March 2021.

On 17 June 2014, the Company entered into a developer service agreement with Aldwych Africa Developments Limited for the provision of development services. The Company committed to paying Aldwych Africa Developments Limited up to $15,000,000 to deliver this service and it has now paid the $15,000,000 in full. The contract is due to expire on 1 January 2022 and the provision of development services is ongoing, with any further payments requiring approval of the Investment Committee.

On 2 November 2017, the Company entered into a developer service agreement with CPCS Transcom for the provision of development services. The Company committed to paying CPCS Transcom up to $15,000,000 to deliver this service. $2.43m has been paid to date and any further payments up to the committed total of $15,000,000 require Investment Committee approval. The contract is due to expire on 1 December 2021.

On 17 November 2016, the Company entered into a Share Sale and Investment Agreement with Chiansi Farming Company Limited committing $12.5m of funding to the Chiansi project in Zambia. As at 31 December 2020, the amount disbursed against this commitment was $12.4m (2019: $9.9m).

On 22 December 2017, the Company entered into a Shareholders' Agreement with Rift Valley Geothermal Holdco Limited committing $30m of funding to the Corbetti project in Ethiopia. As at 31 December 2020, the amount disbursed against this commitment was $6.3m (2019: $5.5m).

On 26 November 2018, the Company entered into a Convertible Loan Agreement with Project Elan 1 SAS committing $1.7m of funding to the Elan Solar project in Cameroon. As at 31 December 2020, the amount disbursed against this commitment was $0.05m (2019: $nil).

On 14 November 2017, the Company entered into a Shareholders' Agreement with Golomoti JCM Solar Corporation Limited committing $2.3m of funding to the Golomoti project in Malawi. As at 31 December 2020, amount disbursed against this commitment was $1.4m (2019: $0.7m). The $1.4m disbursed under this commitment was fully recovered plus interest accrued in December 2020. On 14 December 2020, the Company entered into an amended and restated shareholders agreement committing a further $6m of funding to the construction of the Golomoti project. As at 31 December 2020, the amount disbursed against this commitment was $1.9m (2019: $nil).

On 21 December 2016, the Company entered into a Shareholders' Agreement with JCM Matswani Solar Corp Limited committing $2.6m of funding to the Salima Solar project in Malawi. As at 31 December 2019, amount disbursed against this commitment was $2.6m (2019: $2.6m). The $2.6m disbursed under this commitment was fully recovered plus interest accrued in January 2020.

On 2 January 2017, the Company entered into a Convertible Loan Agreement with Lilondi Hydropower Limited committing $0.4m of funding to the Lilondi Hydro project in Tanzania. As at 31 December 2020, the amount disbursed against this commitment was $0.4m (2019: $0.4m).

22. Other financial commitments (continued)

On 3 December 2015, the Company entered into a Shareholders' Agreement with Western Power Company Limited committing $5.4m of funding to the Western Power project in Zambia. A further $2m was committed to the project under a new Shareholder's Agreement during year ended 31 December 2019. As at 31 December 2020, the amount disbursed against these commitments was $6.5m (2019: $6.2m).

On 21 February 2019, the Company entered into a Convertible Loan Agreement with Keren Or Gigawatt Global Limited committing $1.1m of funding to the Transmara Solar project in Kenya. As at 31 December 2020, the amount disbursed against this commitment was $nil (2019: $nil).

On 21 February 2019, the Company entered into a Convertible Loan Agreement with Noga Gigawatt Global Limited committing $1.1m of funding to the Samburu Solar project in Kenya. As at 31 December 2020, the amount disbursed against this commitment was $nil (2019: $nil).

On 25 March 2019, the Company entered into an additional Shareholders' Agreement with JCM Matswani Solar Corp Limited committing $6.54m of funding to the Salima Solar project in Malawi. As at 31 December 2020, the amount disbursed against this commitment was $6.5m (2019: $6.5m).

On 11 June 2019, the Company entered into a Bridge Loan Agreement with JCM Matswani Solar Corp Limited committing $6m of funding to the Salima Solar project in Malawi. As at 31 December 2020, the amount disbursed against this commitment was $4.9m (2019: $3.1m).

On 23 August 2019, the Company entered into a Shareholders' Agreement with Off Grid Power (SL) Limited committing $6.9m of funding to the PowerGen project in Sierra Leone. As at 31 December 2020, the amount disbursed against this commitment was $5.4m (2019: $2.1m).

On 27 September 2019, the Company entered into a Convertible Loan Agreement with Bonergie Irrigation SASU committing $0.32m of funding to the Bonergie Irrigation pilot project in Senegal. As at 31 December 2020, the amount disbursed against this commitment was $0.3m (2019: $0.3m).

On 22 March 2020, the Company entered into a Development Funding Agreement with Joule Africa Limited committing $6m of funding to the Bumbuna Hydro II project in Sierra Leone. As at 31 December 2020, the amount disbursed against this commitment was $0.57m (2019: $nil).

On 31 March 2020, the Company entered into a Shareholders' Agreement with Liberia Inland Storage and Distribution Services Inc. committing $7.5m of funding to the Liberia Inland Storage and Distribution Facility project in Liberia. As at 31 December 2020, the amount disbursed against this commitment was $0.5m (2019: $nil).

On 1 September 2020, the Company entered into a Shareholder Loan Agreement with JCM Matswani Solar Corp Limited committing $2.72m of funding to the Salima Solar project in Malawi. As at 31 December 2020, the amount disbursed against this commitment was $2.2m (2019: $nil).

On 28 September 2020, the Company entered into an Investment Agreement with East Africa Marine Transport Company Limited committing $14m.

On 19 November 2020, the Company entered into a Shareholders' Agreement with EkoRent Africa Limited committing €1m of funding to the EkoRent project in Kenya. As at 31 December 2020, the amount disbursed against this commitment was €0.3m (2019: €nil).

As at 31 December 2020, the total remaining commitment across the Company's project portfolio is $70.8m (2019: $56.8m). The Company has existing cash of $30.4m (2019: $30.9m) and undrawn promissory notes of $72.9m (2019: $69.7m) to meet these commitments. Funding provided under project agreements will be subject to a number of conditions surrounding both partner compliance and the meeting of funding obligations by other parties.

23. Related party transactions

The Board considers the following to be related party transactions

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

During the year, the Company received income in the year from related parties to a total of £2,448,985 (2019: £3,121,840). This was in the form of grant income (£1,447,155) and in return for services (£1,001,830) as shown in the table below:

	2020 Group £	2019 Group £
The Private Infrastructure Development Group Limited (PIDG Ltd)	66,492	65,216
PIDG Trust	1,447,155	2,743,671
GuarantCo Limited	53,559	98,578
InfraCo Africa Investment Limited	881,779	206,365
The Emerging Africa Infrastructure Fund Limited (EAIF)	-	8,010
	2,448,985	**3,121,840**

The income received during the year from the PIDG Trust is in the form of grant income from its Technical Assistance Fund (TAF) and amounted to £670,685 (2019: £1,609,065) and grant income from the Trust relating to PIDG Ltd service level agreement (SLA) charges of £776,420 (2019: £1,134,606). The TAF is a grant facility managed and funded by the PIDG Trust, the parent entity of InfraCo Africa Limited. The SLA grant income is offset by expenditure paid to PIDG Ltd, excluding the transfer pricing mark-up and the cost of shared services provided by them.

During the year, the Company paid expenses of £2,364,411 to related parties (2019: £1,737,366). This is in relation to PIDG Limited SLA charges and other operating expenditure:

	2020 Group £	2019 Group £
PIDG Ltd	2,360,470	1,735,177
GuarantCo Limited	3,941	2,189
	2,364,411	**1,737,366**

23. Related party transactions (continued)

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

	2020 Group £	2019 Group £
PIDG Limited	(192,948)	(216,585)
PIDG Trust	(859,023)	(1,005,144)
GuarantCo Limited	3,054	(2,189)
InfraCo Africa Investment Limited	128,185	206,365

The balance due from the PIDG Trust is made up of TAF grants not yet utilised. These funds will be utilised on projects as agreed in the terms of those grants, within time periods specified in grant documents. Further to this, the Board considers transactions and balances with project companies in which the Company holds a controlling interest to be related party transactions.

Western Power Company Limited

Western Power Company Limited is a 54.79% owned subsidiary.	2020 Group £
Fair value at 1 January 2020	3,001,083
Additions	271,092
Repayments	-
Disposals	-
Interest accrued 12%	629,757
Interest provision	(629,757)
Foreign exchange movement	(132,958)
Fair value movement	(157,921)
Fair value at 31 December 2020	2,981,296

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

23. Related party transactions (continued)

Off Grid Power (SL) Limited

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

	2020 Group £
Fair value at 1 January 2020	909,303
Additions	2,606,069
Repayments	-
Disposals	-
Interest accrued 5%	146,897
Interest provision	(146,897)
Foreign exchange movement	(79,354)
Fair value movement	(1,328,670)
Fair value at 31 December 2020	2,107,348

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

JCM Matswani Solar Corp Limited

JCM Matswani Solar Corp Limited is an associated company

	2020 Group £
Fair value at 1 January 2020	6,458,006
Additions	3,068,667
Repayments	-
Disposals	-
Interest accrued	253,285
Interest provision	(253,285)
Foreign exchange movement	(126,552)
Fair value movement	(3,193,493)
Fair value at 31 December 2020	6,206,628

Advances during the year is made up of disbursement of Bridging Loan of £1,415,346 and disbursement of £1,653,321 against a new shareholder loan in the year. The bridging loan accrues interest at 10% and the shareholder loan accrues interest at 5%. Accrued interest is provided for in full therefore accounted for through interest receivable and interest payable and not within fair value of investment recognised on balance sheet.

East Africa Marine Transport Company Limited

During the year ended 31 December 2020, a Shareholders Agreement was signed with East Africa Marine Transport Company Limited in which the Company owns a 99% shareholding. Transactions since this date amount to £32,905 (2019: £nil) which have been capitalised under this agreement.

23. Related party transactions (continued)

Golomoti JCM Solar Corporation Limited

Golomoti JCM Solar Corporation Limited is an associated company. During the year InfraCo Africa's shareholding reduced from 49% to 25% on the project reaching its financial close (FC) milestone.

	2020 Group £
Fair value at 1 January 2020	458,747
Additions	2,004,884
Repayments	(1,206,298)
Disposals	-
Interest accrued 12%	112,687
Interest provision	(1,535)
Foreign exchange movement	(49,243)
Fair value movement	(577,402)
Fair value at 31 December 2020	741,840

The Golomoti Solar project reached its financial close (FC) milestone in 2020. At this point, developments costs plus interest accrued to date totalling £1,206,298 were effectively recovered and directly reinvested to fund the Construction phase under a new agreement. The variance between interest accrued and interest expensed is the interest element repaid of £111,153.

Kalangala Infrastructure Services Limited

Kalangala Infrastructure Services Limited is an associated company.

	2020 Group £
Fair value at 1 January 2020	948,162
Additions	-
Repayments	(346,437)
Disposals	-
Interest accrued	-
Interest provision	-
Foreign exchange movement	(18,007)
Fair value movement	432,019
Fair value at 31 December 2020	1,015,737

The loan to 80% subsidiary company Chanyanya Infrastructure Company Limited is provided for in full, to an amount of £2,076,375 (2019: £2,073,830), including interest accrued for the year of £77,048 (2019: £77,525). The year on year movement relates to foreign exchange revaluation.

Transactions totalling £546,055 (2019: £2,883,114) took place with Chiansi Irrigation Infrastructure Company Limited. Under the grant agreements, InfraCo Africa Limited was appointed as grant administrator and manages the disbursements of funds to contractors relating to the construction of capital equipment on behalf of the Competent Authority.

23. Related party transactions (continued)

Liberia Inland Storage and Distribution Services Inc

Liberia Inland Storage and Distribution Services Inc is an associated company. The Company has a 50% shareholding in Liberia Inland Storage and Distribution Services Inc.

	2020 Group £
Fair value at 1 January 2020	-
Additions	412,191
Repayments	-
Disposals	-
Interest accrued 10%	8,957
Interest provision	(8,957)
Foreign exchange movement	(17,704)
Fair value movement	(208,965)
Fair value at 31 December 2020	185,522

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

- Djermaya Holdings Limited (England and Wales);
- Hidroeléctrica De Pavua, SA (Mozambique); and
- Marine Transport Services Limited (The Gambia).

InfraCo Africa (East Africa) Limited

The Company was recharged £1,215,268 (2019 - £1,016,503) of costs by InfraCo Africa (East Africa) Limited during the year.

IAWA S.A.R.L.A.U

The Company was recharged £359,560 (2019 - £nil) of costs by IAWA S.A.R.L.A.U during the year.

24. Contingent liability and charges

A charge is being held over the Company’s shares in Kalangala Infrastructure Services Limited. This charge was created to secure the senior debt funding for Kalangala Infrastructure Services Limited.

25. Events after the reporting date

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

26. Ultimate parent undertaking and controlling party

The Company's parent undertaking is the PIDG Trust which does not prepare consolidated accounts. The PIDG Trust has delegated the authority to manage the Company to PIDG Limited, which is also a 100% owned subsidiary of the PIDG Trust