

InfraCo Africa Limited

Company Registration No: 05196897

Annual Report

**For the year ended 31 December
2023**

INFRACO AFRICA LIMITED

COMPANY INFORMATION

Directors	Michael Barry Chilton Claudine Lim Hsi-Yun Tinashe Makoni (Chair) Gilles Vaes
Company secretary	Vistra Company Secretaries Limited
Registered number	05196897
Registered office	6 Bevis Marks London United Kingdom EC3A 7BA
Independent auditors	BDO LLP Chartered Accountants & Statutory Auditor 55 Baker Street London United Kingdom W1U 7EU

INFRACO AFRICA LIMITED

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INFRACO AFRICA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their Annual Report to the members together with the financial statements of the InfraCo Africa Group (the "Group") and InfraCo Africa Limited (the "Company") for the year ended 31 December 2023.

Directors

The Directors who served during the year were:

Michael Barry Chilton
Tinashe Makoni
Claudine Lim Hsi-Yun
Gilles Vaes

Principal activities

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

InfraCo Africa Limited receives funding through the PIDG Trust, the vehicle used by InfraCo Africa Limited's government funders. The governments are those of the UK (Foreign Commonwealth & Development Office, FCDO), the Netherlands (Directorate-General for International Cooperation, DGIS) and Switzerland (Swiss State Secretariat for Economic Affairs, SECO).

Objectives

InfraCo Africa's objectives, as outlined in its latest Funding Agreement with the PIDG Trust, are to:

- i. stimulate greater private sector involvement in the financing, construction and operation of infrastructure and related projects; and
- ii. identify, create and structure financeable private sector and public private partnership investment opportunities, by undertaking development activities in relation to Projects that provide benefits to the poor, including girls and women in accordance with the terms of the Unified Investment Policy.

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 £11,617,844 (2022: £3,445,206). Shareholders' funds of the Group, set out on page 8, were £96,367,505 (2022: £96,905,648).

Dividends

No dividends were declared or paid by the Company during the year (2022: £nil).

INFRACO AFRICA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Going concern

The Company meets its day to day working capital predominantly requirements through issuing share capital. 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 from the date of issue of the financial statements, and they consider that the Company will continue to have sufficient funds for the foreseeable future. The Directors have made supported assumptions regarding revenues receivable from current investments, 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 from a withdrawal of funding.

The above assessment is supported by the following:

- the Company has significant liquid cash available at year end and expects further cash from the governments who fund the PIDG Trust over the next 12-month period;
- the assessment acknowledges the agreement with the governments who fund the PIDG Trust for the Company to always have contingent 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 encashment of UK government promissory notes, will also decelerate. This suggests there is minimal liquidity risk as management are able to respond in a timely manner to market changes by adjusting the Company's inflow and outflow profile. The Company already has adequate funding to meet all of its contractual commitments over the next 12 months.

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

In 2024, 15,329,000 Ordinary £1 shares were issued at par to the Company in exchange for £8,252,000 Owner funding received in February 2024 and £7,077,000 Owner funding received in March 2024 from the UK's Foreign, Commonwealth & Development Office (FCDO). This amount was a drawdown of promissory notes issued by the UK Government.

In 2023 many of the countries in which the company works continued to face considerable challenges which have continued into 2024. On a macroeconomic level, our markets and active and potential clients continue to be impacted by ongoing high interest rates and inflation, rises in commodity and food prices and the disruption of global supply chains on the back of ongoing conflicts in Russia-Ukraine and the Middle East.

The Group has also felt the impact of coups and instability in West Africa, which has continued in 2024 following the announcement in January by Burkina Faso, Mali and Niger that these countries would withdraw from membership of the Economic Community of West African States (ECOWAS).

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Another government is in the process of joining the PIDG Trust as an Owner with a number of conditions subsequent that still need to be met.

None of these factors have led to any post balance sheet events that would need to be disclosed or reflected in these results. We continue to closely monitor global and regional events and actively consider the impact of these on the Group and its investments.

Auditors

The auditor for the year was BDO LLP.

Small company regime

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
12 April 2024

INFRACO AFRICA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2023

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 UK adopted international accounting standards. 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.

INFRACO AFRICA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFRACO AFRICA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023

Opinion on the financial statements

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 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards, 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.

We have audited the financial statements of InfraCo Africa Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law UK adopted international accounting standards, and as regards the parent company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' 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.

INFRACO AFRICA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFRACO AFRICA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

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

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 prepare the financial statements in accordance with the small companies regime and 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.

INFRACO AFRICA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFRACO AFRICA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and

we considered the significant laws and regulations to be the applicable accounting framework.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Companies Act.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
- Detecting and responding to the risks of fraud; and
- Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the valuation of investments and management override of controls.

Our procedures in respect of the above included:

- We obtained an understanding of the Group's controls over journal entries and other adjustments, determined whether such controls are suitably designed and have been implemented;
- Tested a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Tested a sample of journal entries throughout the year, which did not meet the defined risk criteria, by agreeing to support documentation;
- We obtained and examined the Board minutes throughout the year and up to the date of this report.
- We reviewed estimates and judgements applied by Management in the financial statements to assess their appropriateness and the existence of any systematic bias. In particular, this was focused on the valuation of investments.

INFRACO AFRICA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFRACO AFRICA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023

- We challenged management on the appropriateness of the selection and application of key assumptions in the models including discount rate, inflation, tax rate and marketability discount.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.


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 is available 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.

DocuSigned by:



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Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
12 April 2024

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

INFRACO AFRICA LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Income	3	5,985,455	3,034,938
Fair value (losses)/gains through profit or loss	8	(7,909,938)	3,956,309
Project development fees		(3,515,743)	(3,364,982)
Gain on disposal of investment	9	25,289	1
Administrative expenses		(12,408,898)	(10,425,771)
Operating loss	4	(17,823,835)	(6,799,505)
Net foreign exchange differences	5	(847,498)	1,876,427
Net interest income	7	7,155,417	1,526,472
Loss on ordinary activities before taxation		(11,515,916)	(3,396,606)
Tax on loss on ordinary activities	10	(101,928)	(48,600)
Loss for the financial year		(11,617,844)	(3,445,206)

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 £11,137,608 (2022: £3,529,722).

The amounts above all relate to continuing operations.

There were no other items of comprehensive income.

The notes on pages 17 to 49 form part of these financial statements.

INFRACO AFRICA LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 Group £	2023 Company £	2022 Group £	2022 Company £
Assets					
<i>Non-current assets</i>					
Property, plant and equipment	12	197,501	14,556	137,173	16,567
Right-of-use Asset	20	125,538	-	207,715	-
Investments at FVTPL	11	77,541,990	77,567,114	72,314,916	72,340,040
Other loan receivables	13	6,672,796	6,672,796	5,514,694	5,514,694
Total non-current assets		84,537,825	84,254,466	78,174,498	77,871,301
<i>Current assets</i>					
Trade and other receivables	13	5,077,178	5,216,673	1,190,379	1,079,942
Cash and cash equivalents	15	13,717,885	13,421,543	22,871,388	22,757,533
Total current assets		18,795,063	18,638,216	24,061,767	23,837,475
Total assets		103,332,888	102,892,682	102,236,265	101,708,776
Equity and liabilities					
<i>Capital and reserves</i>					
Share capital	17	247,084,759	247,084,759	231,073,686	231,073,686
Shares to be issued	17	-	-	4,931,372	4,931,372
Retained deficit		(150,717,254)	(150,555,185)	(139,099,410)	(139,417,577)
Total Shareholders' Funds - Equity		96,367,505	96,529,574	96,905,648	96,587,481
<i>Current liabilities</i>					
Trade and other payables	14	5,090,385	4,653,486	4,581,166	4,589,436
Corporation tax liability	10	28,863	-	-	-
Provisions	18	1,709,622	1,709,622	531,859	531,859
Total current liabilities		6,828,870	6,363,108	5,113,025	5,121,295
<i>Non-current liabilities</i>					
Lease liability	20	136,513	-	217,592	-
Total equity and liabilities		103,332,888	102,892,682	102,236,265	101,708,776

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



Michael Barry Chilton
Director

12 April 2024

The notes on pages 17 to 49 form part of these financial statements.

INFRACO AFRICA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

		Share Capital	Retained Deficit	Shares to be issued	Attributable to owners of the parent
	Note	£	£	£	£
Balance at 1 January 2022		198,743,050	(135,654,204)	5,217,262	68,306,108
Loss for the year		-	(3,445,206)	-	(3,445,206)
Issue of shares	17	32,330,636	-	(5,217,262)	27,113,374
Shares to be issued	17	-	-	4,931,372	4,931,372
Balance at 31 December 2022		231,073,686	(139,099,410)	4,931,372	96,905,648
Balance at 1 January 2023		231,073,686	(139,099,410)	4,931,372	96,905,648
Loss for the year		-	(11,617,844)	-	(11,617,844)
Issue of shares	17	16,011,073	-	(4,931,372)	11,079,701
Shares to be issued	17	-	-	-	-
Balance at 31 December 2023		247,084,759	(150,717,254)	-	96,367,505

The notes on pages 17 to 49 form part of these financial statements.

INFRACO AFRICA LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share Capital £	Retained Deficit £	Shares to be issued £	Attributable to owners of the parent £
Balance at 1 January 2022		198,743,050	(135,887,855)	5,217,262	68,072,457
Loss for the year		-	(3,529,722)	-	(3,529,722)
Issue of shares	17	32,330,636	-	(5,217,262)	27,113,374
Shares to be issued	17	-	-	4,931,372	4,931,372
Balance at 31 December 2022		231,073,686	(139,417,577)	4,931,372	96,587,481
Balance at 1 January 2023		231,073,686	(139,417,577)	4,931,372	96,587,481
Loss for the year		-	(11,137,608)	-	(11,137,608)
Issue of shares	17	16,011,073	-	(4,931,372)	11,079,701
Shares to be issued	17	-	-	-	-
Balance at 31 December 2023		247,084,759	(150,555,185)	-	96,529,574

The notes on pages 17 to 49 form part of these financial statements.

INFRACO AFRICA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Loss for the year		(11,617,844)	(3,445,206)
Add/(deduct):			
Depreciation of plant and equipment	12	56,785	78,843
Amortisation of right-of-use assets	20	76,076	87,013
Other foreign exchange gains/(losses)		858,090	(1,866,796)
Dividends receivable	3	(1,227,547)	-
Deposit interest receivable	3	(494,999)	(110,285)
Gain on disposal of investments	9	(25,289)	(1)
Loss on disposal of fixed assets	12	35	558
Foreign exchange losses/(gains) on financial assets	8	2,759,921	(7,744,948)
Change in fair value on investments	11	4,535,707	3,525,562
Change in fair value on other loan receivables	13	614,314	263,077
Net interest income receivable	7	(7,155,417)	(1,526,472)
Interest payable on lease liabilities	20	9,951	7,174
Increase in provisions	18	1,177,763	531,859
Tax charge	10	101,928	48,600
		<u>(10,330,526)</u>	<u>(10,151,022)</u>
Movement in working capital			
Increase in debtors		(3,483,663)	(91,620)
Increase/(decrease) in creditors		509,220	(758,918)
Changes in movement in working capital		<u>(2,974,443)</u>	<u>(850,538)</u>
Taxes paid		(38,931)	(16,882)
Cash used in operations		<u>(13,343,900)</u>	<u>(11,018,442)</u>

INFRACO AFRICA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

Cash flows from investing activities	Note	2023 £	2022 £
Payments for property, plant and equipment	12	(117,149)	(28,001)
Payments for investments	11	(8,619,125)	(10,820,946)
Repayments of loans, development fees and interest	11	1,479,426	367,707
Dividends received		763,041	-
Deposit interest received		513,946	91,880
Proceeds from sale of investments	9	25,289	1
Net cash used in investing activities		(5,954,572)	(10,389,359)
Cash flows from financing activities			
Issue of ordinary shares	17	11,079,701	27,113,374
Shares to be issued	17	-	4,931,372
Principal paid on lease liabilities	20	(87,234)	(103,296)
Net cash generated by financing activities		10,992,467	31,941,450
Net (decrease)/increase in cash and cash equivalents		(8,306,005)	10,533,649
Cash and cash equivalents at the beginning of the year		22,871,388	10,461,312
Exchange (losses)/gains on cash and cash equivalents	5	(847,498)	1,876,427
Cash and cash equivalents at the end of the year		13,717,885	22,871,388

The notes on pages 17 to 49 form part of these financial statements.

INFRACO AFRICA LIMITED

COMPANY STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Loss for the year		(11,137,608)	(3,529,722)
Add/(deduct):			
Depreciation	12	9,391	11,378
Other foreign exchange gains	5	783,484	(1,876,427)
Dividends receivable	3	(1,227,547)	-
Deposit interest receivable	3	(494,999)	(110,285)
Gain on disposal of investments	9	(25,289)	(1)
Loss on disposal of fixed assets	12	35	560
Foreign exchange loss on financial assets	8	2,759,920	(7,744,948)
Change in fair value on investments	11	4,535,707	3,525,562
Change in fair value on other loan receivables	13	614,314	263,077
Increase in provisions	18	1,177,763	531,859
Loan interest receivable	7	(7,155,417)	(1,526,472)
Taxes payable	10	33,870	-
		<u>(10,126,376)</u>	<u>(10,455,419)</u>
Movement in working capital			
Increase in debtors		(3,725,043)	(63,617)
Increase/(decrease) in creditors		64,050	(628,293)
Changes in movement in working capital		<u>(3,660,993)</u>	<u>(691,910)</u>
Net cash used in operating activities		<u>(13,787,369)</u>	<u>(11,147,329)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	12	(7,415)	(9,325)
Payments for investments	11	(8,619,125)	(10,820,946)
Repayments of loans, development fees and interest	11	1,479,426	367,707
Dividends received		763,041	-
Deposit interest received		513,946	91,880
Proceeds from sale of investments	9	25,289	1
Net cash used in investing activities		<u>(5,844,838)</u>	<u>(10,370,683)</u>

INFRACO AFRICA LIMITED

COMPANY STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Cash flows from financing activities			
Issue of ordinary shares	17	11,079,701	27,113,374
Shares to be issued	17	-	4,931,372
Net cash generated by financing activities		11,079,701	32,044,746
Net (decrease)/increase in cash and cash equivalents		(8,552,506)	10,526,734
Cash and cash equivalents at the beginning of the year		22,757,533	10,354,372
Exchange (losses)/gains on cash and cash equivalents		(783,484)	1,876,427
Cash and cash equivalents at the end of the year		13,421,543	22,757,533

The notes on pages 17 to 49 form part of these financial statements.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

The financial statements are presented in Pounds Sterling (£), which is also the Company's functional currency, and have been prepared in accordance with UK adopted international accounting standards.

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 which 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 11);
- 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 11).

The Group obtains funding from three external members / donors, to whom it has committed that its business purpose is to create viable infrastructure opportunities in Sub-Saharan Africa which balance the interests of host governments and national and international private sector providers of finance by means of assuming the risks and responsibilities of early-stage development of infrastructure projects and later offering opportunities for private sector investment.

The Group is exposed to, and has rights to, the returns generated by 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 into 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 PIDG Group Risk Appetite Policy. Management considers 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.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

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) in line with the Group valuation policy and International Private Equity and Venture Capital (IPEV) valuation guidelines. 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 15.

The Company has two 100% owned subsidiaries: IAWA S.A.R.L.A.U, incorporated in and operating from Casablanca, Morocco and InfraCo Africa (East Africa) Limited, incorporated in and operating from Nairobi, Kenya. 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 subsidiaries 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 2023.

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 2023 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 already 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 2023

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
<i>Disclosure of Accounting Policies: Amendments to IAS 1 and IFRS Practice Statement 2</i>	1 January 2023
<i>Definition of Accounting Estimates: Amendments to IAS 8</i>	1 January 2023
<i>Deferred Tax Related to Assets and Liabilities arising from a Single Transaction: Amendments to IAS 12</i>	1 January 2023
<i>Insurance Contracts: IFRS 17</i>	1 January 2023
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: Amendments to IFRS 10 and IAS 28</i>	1 January 2023

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

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 Company has decided against early adoption. 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
<i>Non-current Liabilities with Covenants: Amendments to IAS 1</i>	1 January 2024
<i>Supplier Finance Arrangements: Amendments to IAS 7 and IFRS 7</i>	1 January 2024
<i>Lease Liability in a Sale and Leaseback Amendments to IFRS 16</i>	1 January 2024
<i>Lack of Exchangeability: Amendments to IAS 21</i>	1 January 2025

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The IASB published the finalised amendments to IAS 1 on classification of liabilities as current or non-current on 31 October 2022. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

The Directors do not believe that the amendments to IAS 1 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.

1.2 Going concern

The Company meets its day to day working capital predominantly through issuing share capital to its shareholder, the PIDG Trust. The Trust is funded by its government members. 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 revenues receivable from its current investments, future funding and commitments, 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.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting Policies (continued)

1.2 Going concern (continued)

The outcome of sensitivity analysis performed on these projections surrounding the funding assumptions and other inputs, combined with funds and promissory notes available as at the reporting date, are consistent with this assessment.

The above assessment is supported by the following:

- the Company has significant liquid cash available at year-end together with undrawn promissory notes as disclosed in Note 21;
- 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 fair 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.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

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 disclosed in Note 16.

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/liabilities can be classified in the following categories:

- financial assets/liabilities at fair value through profit or loss (FVTPL); or
- financial assets/liabilities at amortised cost.

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value due to their short-term nature.

Financial assets at fair value through profit or loss

This category consists of investments in subsidiaries and associates, both equity and debt. Assets in this category are recognised at fair value. The Company establishes fair value using valuation techniques in line with the Group valuation policy and International Private Equity and Venture Capital (IPEV) valuation guidelines. These include a Market Approach, for example the Price of Recent Investment (PORI) or comparable multiple, an Income Approach, for example Discounted Cash Flow (DCF) and a Cost Approach, including a multiple of costs at which a market participant would buy an asset or investment. Typically, a combination of techniques is applied in considering a range of fair values on a case-by-case basis.

As required under IFRS 9 “Financial Instruments” the Company also recognises its loan receivable due from Chiansi Farming Company Ltd at FVTPL. The business model in which the asset is held was designed for the purpose of collection at a specified date in the future. However, 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. The loan would therefore fail the requirements for amortised cost classification and is recognised at FVTPL, as disclosed in Note 13.

Financial liabilities at fair value through profit or loss

This category consists of provisions recognised at fair value. The Company establishes fair value using valuation techniques in line with the IFRS 9 “Financial Instruments”.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting Policies (continued)

1.8 Subsidiaries

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

The Company is an investment entity and measures investments (equity and loans) in its subsidiaries at fair value through profit or loss (Note 11) except as noted below. In determining whether the Company meets the definition of an investment entity, management considered the Company's structure as a whole.

The Company has two 100% owned subsidiaries: IAWA S.A.R.L.A.U, incorporated in and operating from Casablanca, Morocco and InfraCo Africa (East Africa) Limited, incorporated in and operating from Nairobi, Kenya. 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 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 Statement of Financial Position date.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting Policies (continued)

1.12 Foreign currencies (continued)

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.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, 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 "Leases" 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; and
- 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 amortised 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.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting Policies (continued)

1.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2. Critical accounting estimates and judgements

The Company makes certain estimates and judgements 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 judgements.

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. For all three stages 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. Techniques include a Market Approach, for example the Price of Recent Investment (PORI) or comparable multiple, an Income Approach, for example discounted cash flow (DCF) and a Cost Approach, for example determining a multiple of costs at which a market participant would buy an asset or investment. Typically, a combination of techniques is applied in considering a range of fair values on a case-by-case basis.

During the Development phase there is usually no identifiable market price for the investments. The fair value is therefore driven by the prospects of the project and represents what a market participant would pay for InfraCo Africa's interest in a project at the reporting date. The Company's valuation policy is to write off the costs incurred prior to the signing of an investment agreement. Projects prior to this are classified as business opportunities and fully expensed through profit and loss. At the signing of an investment agreement e.g. a Shareholders' Agreement (SHA) or a Convertible Loan Agreement (CLA) a value based on an appropriate valuation methodology will be attributed to the investment.

For projects in Construction, the same methodology as for Development projects is applied as a market participant would still be 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 PORI or DCF analysis.

For projects in Operation, this typically means substantially all development and construction has been completed and the project has begun to operate and generate income. Where possible, multiple approaches would be considered to triangulate the fair value with an Income Approach being used wherever possible.

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 the reporting date.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

2. Critical accounting estimates and judgements (continued)

In the absence of a recent investment or reliable cashflows the Board needs to assess the multiple of costs that would be recoverable from a market participant. This multiple of costs is driven by external costs incurred to date applying a risk adjustment and accounting for the time value of money. Unless specifically stipulated in the agreement (for example through CLA/SHA), the recoverability date is expected to be Financial Close (FC) for Development projects and Commercial Operation Date (COD) for projects in Construction. COD is when the project becomes fully operational and when the Company typically expects to recover a portion of costs incurred to date. 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. Recoverability dates and risk factors applied are presented in Note 15.

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).

The three measurements 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 risks associated with it which contribute to the risk assessment carried out as part of the fair value analysis. These risks include geographical, sector, technological, resource, counterparty and socio-political, amongst others. For this reason, the fair value is assessed on an investment-by-investment basis. Typically, investments in Development carry a higher risk 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 15.

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.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

2. Critical accounting estimates and judgements (continued)

When determining an appropriate discount rate for each investment, the following may be considered:

- the investment's internal rate of return (IRR) at the original investment date, if available. Any changes in the risk of the investment since that time should also be considered;
- data points sourced from InfraCo's other investments, such as the IRR for comparable investments, acknowledging differences in risk between the comparable investments and the subject investment;
- information on discount rates for comparable instruments available in the public domain; and
- an estimate of the market-based discount rate based on a build-up approach, capital asset pricing model (CAPM) or weighted-average cost of capital (WACC), where relevant.

The discount rate may also include an additional risk premium (ARP), assessed on a case-by-case basis, to reflect risks related to the investments to the extent they are not already reflected in the CAPM. The methodology applied in the discount factor build-up also drives the risk assessment carried out for investments in Development.

Expected future cash flows also present an area of key judgment and estimates. Although considered at all stages of an investment's lifecycle, the DCF valuation model is typically only used to value equity investments in Operation, when an investment first becomes cash-generating and those cashflows can be supported. When an investment is valued under this methodology, projected cashflows are calculated using a third-party provider of cashflow information and an appropriate model based on the operations and activity of that particular investment. 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. Asset managers have considerable expertise, oversight and influence in assessing both the future cashflows and the discount factor. This enhances the control environment around the assessment of these key judgment areas and the impact it has on the FV measurement of the Group's investments. Where the DCF methodology is not deemed appropriate, this will be assessed and documented on a case-by-case basis and a more applicable method will be applied in line with the Group's valuation policy and IPEV guidelines.

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

Asset Class	Valuation technique used	Fair value 2023 £	Fair value 2022 £
Investments in Development	Market or cost approach	33,557,534	27,946,618
Investments in Construction	Market or cost approach	37,420,099	29,351,152
Investments in Operation	Income, market or cost approach	6,564,357	15,017,146
	Total Investments at FVTPL	77,541,990	72,314,916
Other loan receivables (Chiansi Farming)	Cost approach	6,672,796	5,514,693

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

3. Income

	2023 Group £	2022 Group £
Grant income	2,685,682	2,098,135
Recharged costs	428,111	209,774
Management fee income	1,136,269	603,420
Dividends receivable	1,227,547	-
Deposit interest receivable	494,999	110,285
Other income	12,847	13,324
	<u>5,985,455</u>	<u>3,034,938</u>
Total		

In 2023, 66.83% of income relates to non-UK income (2022: 69.6%).

Other income predominantly consists of deposit interest income and loan commitment fee income.

4. Operating loss

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

	2023 Group £	2022 Group £
Depreciation of property, plant & equipment	56,785	78,843
Depreciation of right-of-use asset	76,076	87,013
Loss on disposal of property, plant & equipment	35	560
(Gain)/loss on foreign exchange	5,043,080	(7,420,796)
Gain on disposal of investments	(25,289)	(1)
Fees payable to the auditor:		
Audit of the financial statements	51,880	47,500
Taxation services	4,410	4,200
All other services	-	-

The foreign exchange gains in the year are predominantly reflective of the combined movement on the investments and loan receivable balance. These balances were materially impacted by the weakening of the Pound Sterling (£) during the year compared to the currencies in investments and loans receivable are denominated in, particularly the US Dollar (US\$).

5. Net foreign exchange differences

	2023 Group £	2022 Group £
Exchange (losses)/gains arising on cash and cash equivalents	<u>(847,498)</u>	<u>1,876,427</u>

These are unrealised exchange differences arising on denoted deposit holdings and current accounts denominated in US Dollars (US\$), Euros (€), Kenyan Shilling (KES), and Moroccan Dirham (MAD). Foreign exchange rate risk and sensitivity is detailed in Note 15.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

6. Employee benefit expenses

Employee benefit expenses in the year, including that of the Directors and key management personnel, were as follows:

	2023 Group £	2022 Group £
Employee benefit expenses comprise:		
Wages and salaries	5,418,994	4,523,235
Defined contribution pension cost	387,525	294,111
Social security contributions and similar taxes	405,534	385,492
	6,212,053	5,202,838

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.

	2023 Group £	2022 Group £
Wages and salaries	1,397,562	1,238,097
Defined contribution pension cost	109,870	94,479
Social security contributions and similar taxes	156,233	143,265
	1,663,665	1,475,841

Directors' remuneration

	2023 Group and Company £	2022 Group and Company £
Wages and salaries	260,975	260,450
Defined contribution pension cost	19,444	17,322
Social security contributions and similar taxes	33,648	34,520
	314,067	312,292

There were four Directors of the Company throughout the current and prior years. The average monthly number of employees, including the Directors, during the year was as follows:

	2023 Group No.	2022 Group No.
Employees	53	48

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

7. Interest income

	2023 Group £	2022 Group £
Interest receivable from subsidiary and associated undertakings	4,895,976	4,975,601
Movement in interest receivable provision	<u>2,259,441</u>	<u>(3,449,129)</u>
Net interest receivable	<u>7,155,417</u>	<u>1,526,472</u>

For projects in Development and Construction, the Group assesses the recoverability of debt instrument balances as at the reporting date for indications that a portion or total amount of interest accrued shall not be recoverable. The Group thereon provides against any interest accrued where such indicators exist. This assessment includes a review of the project's future cashflows and typically contributes to the fair value assessment of the underlying asset.

As at 31 December 2023, a number of projects in which the Group had debt investments indicated improved likelihood of recoverability, resulting in a reduction of the provision against interest receivable.

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

	2023 Group £	2022 Group £
Investments	(4,535,707)	(3,525,562)
Loans	(614,314)	(263,077)
Foreign exchange (losses)/gains	<u>(2,759,917)</u>	<u>7,744,948</u>
Total fair value (losses)/gains	<u>(7,909,938)</u>	<u>3,956,309</u>

The foreign exchange (losses)/gains are reflective of the combined movement on the investments and loan receivable balance.

9. Gain on disposal of investment

	2023 Group £	2022 Group £
Gain on disposal	<u>25,289</u>	<u>1</u>

During the year ended 31 December 2023, the Company received proceeds of £25,289 (2022: £nil) from the Official Receiver and Liquidator of EkoRent Africa Limited, in which the Company had a 30.19% shareholding, upon completion of EkoRent Africa Limited's liquidation.

During the year ended 31 December 2022, the Company disposed of its 69% shareholding in the Hidroeléctrica De Pavua, SA for consideration of £1.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

10. Taxation

	2023 Group £	2022 Group £
Foreign tax	102,126	48,600
Prior year adjustment to foreign taxes	(198)	-
Total tax charge	101,928	48,600
Factors affecting the tax charge for the year:	2023 £	2022 £
Loss before tax	(11,515,916)	(3,396,606)
Tax at the standard UK rate of tax of 23.52% (2022: 19.00%)	(2,708,604)	(645,355)
Effect of:		
Non-deductible expenses	2,464,189	354,407
Income not taxable for tax purposes	(270,038)	(229,855)
Profits earned in territories with different statutory tax rates	28,687	25,496
Impact of foreign exchange rates	71,976	-
Foreign tax credits	33,870	-
Prior year adjustment to overseas tax provision	(198)	-
Deferred tax not recognised	482,046	543,907
	101,928	48,600

Based on the results of the Company for the year, there is no charge for UK corporation tax. In the Budget of 15 March 2023, the Chancellor of the Exchequer confirmed the increase in corporation tax to 25% from 1 April 2023 as previously legislated for. There was no change proposed in the Budget of 6 March 2024.

The Company has estimated losses of £120,368,770 (2022: £118,427,086) available to carry forward against future profits. A deferred tax asset has not been recognised as there is no certainty to its recoverability.

The Group has estimated losses of £nil (2022: £32,419) available to carry forward against future profits arising in Kenya. A deferred tax asset has not been recognised as there is no certainty to its recoverability.

11. Investments at FVTPL

	Group £	Company £
Fair value at 1 January 2022	56,720,138	56,745,263
Movement in the year	15,594,778	15,594,777
Fair value at 31 December 2022	72,314,916	72,340,040
Fair value at 1 January 2023	72,314,916	72,340,040
Movement in the year	5,227,074	5,227,074
Fair value at 31 December 2023	77,541,990	77,567,114

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

11. Investments at FVTPL (continued)

	Group £	Company £
Fair value at 1 January 2022	56,720,138	56,745,263
<i>Movement in the year:</i>		
Additions	10,820,946	10,820,946
Repayments	(367,707)	(367,707)
Disposals	-	-
Interest accrued	4,975,604	4,975,603
Movement in interest provision	(3,449,129)	(3,449,129)
Foreign exchange movement	7,140,626	7,140,626
Fair value adjustment	(3,525,562)	(3,525,562)
<i>Total movement in the year</i>	15,594,778	15,594,777
Fair value at 31 December 2022	72,314,916	72,340,040
<i>Movement in the year:</i>		
Additions	8,619,125	8,619,125
Repayments	(1,479,426)	(1,479,426)
Disposals	-	-
Interest accrued	4,895,975	4,895,975
Movement in interest provision	2,259,440	2,259,440
Foreign exchange movement	(4,532,333)	(4,532,333)
Fair value adjustment	(4,535,707)	(4,535,707)
<i>Total movement in the year</i>	5,227,074	5,227,074
Fair value at 31 December 2023	77,541,990	77,567,114

Subsidiary and associated undertakings

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

Company Name	Country of Incorporation	About	Subsidiary/ Associate	Class of Shares	Holding
InfraCo Africa (East Africa) Limited	Kenya	Covers the group's business development activities in East Africa.	Subsidiary	Ordinary Shares	100.00%
IAWA S.A.R.L.A.U	Morocco	Covers the group's business development activities in West Africa.	Subsidiary	Ordinary Shares	100.00%
Kalangala Infrastructure Services Limited	Uganda	Owner and operator offering ferry services, power and water generation and distribution and a toll road on the island of Bugala in Uganda.	Associate	Ordinary and Preference Shares	34.21%
Chanyanya Infrastructure Company Limited	Republic of Zambia	Pilot farming project implemented in the village community of Chanyanya in Zambia.	Subsidiary	Ordinary Shares	80.00%
Chiansi Irrigation Infrastructure Company Limited	Republic of Zambia	The activities of the company comprise external development costs relating to the construction of capital equipment.	Subsidiary	Ordinary Shares	99.00%

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

11. Investments at FVTPL (continued)

Company Name	Country of Incorporation	About	Subsidiary/ Associate	Class of Shares	Holding
Western Power Company Limited	Republic of Zambia	Hydro project in Zambia.	Subsidiary	Ordinary Shares	54.79%
JCM Matswani Solar Corp Limited	Malawi	Solar plant in the Salima region of Malawi.	Associate	Ordinary Shares	25.00%
Djermaya Holdings Limited	Chad	Solar project in Chad.	Associate	Ordinary Shares	30.00%
East Africa Marine Transport Company Limited	Uganda	Marine transport project in Kenya, Tanzania and Uganda.	Subsidiary	Ordinary and Preference Shares	87.50%
Golomoti JCM Solar Corporation Limited	Malawi	Solar plant in the Golomoti region of Malawi.	Associate	Ordinary Shares	25.00%
Off Grid Power (SL) Limited	Sierra Leone	Solar mini-grid project in Sierra Leone.	Subsidiary	Ordinary Shares	70.00%
Liberia Inland Storage and Distribution Services Inc.	Liberia	Storage and distribution facility incorporated in and operating from Liberia.	Subsidiary	Ordinary Shares	70.40%
EkoRent Africa Limited	Kenya	An all-electric taxi service company based in Kenya.	Associate	Ordinary Shares	30.19%
Bonergie Irrigation SASU	Senegal	Hydro irrigation constructing and operating pump systems in Senegal.	Associate	Ordinary Shares	49.00%
Kudura Power (EA) Limited	Kenya	Solar plant in Kenya.	Associate	Ordinary Shares	40.00%
Rift Valley Geothermal HoldCo Limited	Mauritius	The Holding Company of the Corbetti Geothermal SPV in Ethiopia.	Associate	Ordinary and Preference Shares	40.00%
Mobility for Africa	Zimbabwe	Mobility for Africa provides electric tricycles (Hambas) to rural communities in Zimbabwe, with a specific focus on working with female cooperatives and smallholder groups.	Associate	Ordinary and Preference Shares	30.00%
Equatorial Power BV	Multi-country	EQ involves the development of four new mini-grids and four APHs on Idjwi Island, DRC	Subsidiary	Ordinary and preference shares	65.00%

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

12. Property, plant and equipment

	Group			Company	
	Computer Equipment £	Leasehold Improvements £	Total £	Computer Equipment £	Total £
Cost					
At 1 January 2022	119,118	283,947	403,065	77,516	77,516
Additions	27,048	953	28,001	9,325	9,325
Disposals	(1,650)	-	(1,650)	(1,650)	(1,650)
At 31 December 2022	144,516	284,900	429,416	85,191	85,191
At 1 January 2023	144,517	284,898	429,416	85,191	85,191
Additions	31,098	86,051	117,149	7,415	7,415
Disposals	(850)	-	(850)	(850)	(850)
At 31 December 2023	174,765	370,949	545,714	91,757	91,757
Depreciation					
At 1 January 2022	89,161	125,331	214,492	58,336	58,336
Charge for the year	18,894	59,949	78,843	11,378	11,378
Disposals	(1,092)	-	(1,092)	(1,090)	(1,090)
At 31 December 2022	106,963	185,280	292,243	68,624	68,624
At 1 January 2023	106,963	185,280	292,243	68,624	68,624
Charge for the year	21,444	35,341	56,785	9,391	9,391
Disposals	(815)	-	(815)	(815)	(815)
At 31 December 2023	127,593	220,621	348,213	77,201	77,201
Net Book Value					
At 31 December 2023	47,172	150,329	197,501	14,556	14,556
At 31 December 2022	37,553	99,620	137,173	16,567	16,567

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

13. Trade and other receivables

	2023 Group £	2023 Company £	2022 Group £	2022 Company £
CURRENT ASSETS				
Prepayments & accrued income	643,700	604,128	200,134	180,597
Corporation tax asset	-	-	8,552	-
Other taxation	295,242	288,045	284,997	277,168
Other receivables	4,138,236	3,777,921	699,720	625,201
Amounts owed by subsidiaries	-	546,579	-	-
Bad debt provision	-	-	(3,024)	(3,024)
	5,077,178	5,216,673	1,190,379	1,079,942
NON - CURRENT ASSETS				
Fair value loan receivables brought forward	5,514,694	5,514,694	5,173,448	5,173,448
Fair value adjustment	1,772,416	1,772,416	(263,077)	(263,077)
Foreign exchange gain	(614,314)	(614,314)	604,323	604,323
Fair value loan receivables carried forward	6,672,796	6,672,796	5,514,694	5,514,694

As at 31 December 2023 there were £nil (2022: £nil) other receivables past 3 months due.

Included within other receivables for the Group and Company are amounts receivable from entities under the same immediate ownership and control of by the Trustees of the PIDG Trust as detailed in Note 25. As at 31 December 2023 these amounts totalled £1,030,590 (2022: £189,519) and £692,431 (2022: £417,666) respectively.

Included within Other receivables is a deposit balance of £2,660,847 (2022: £nil) held by Barclays Bank Plc as security against a hedging facility provided to the Company by the bank as at the year end. The Group had not entered into any financial instruments through the facility as at 31 December 2023.

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

In line with the requirements of IFRS 9, this financial asset is recognised at FVTPL. Fair value is determined through risk assessing the asset considering the date at which this is expected to be recovered and taking into account the time value of money.

The Company holds debt in the form of Income Notes in 80% subsidiary company Chanyanya Infrastructure Company Limited which accrues interest at 5%, as disclosed in Note 21. As at 31 December 2023, the fair value of this receivable is deemed to be £nil (2022: £nil) based on assessment of recoverability.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

14. Trade and other payables

	2023 Group £	2023 Company £	2022 Group £	2022 Company £
Trade payables	1,178,805	1,164,158	1,380,726	1,369,528
Grants not yet utilised (Note 16)	1,864,809	1,864,809	1,045,388	1,045,388
Amounts owed to subsidiary and associated undertakings	-	-	1	379,542
Other taxation and social security	273,270	222,690	415,510	205,793
Accruals	1,614,623	1,242,951	1,421,756	1,271,400
Sundry payables	158,878	158,878	317,785	317,785
	5,090,385	4,653,486	4,581,166	4,589,436

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

Included within trade payables for the Company and Group are amounts payable to PIDG Ltd, a company also under the same immediate ownership and control of by the Trustees of the PIDG Trust as detailed in Note 25. As at 31 December 2023 these amounts totalled £665,626 (2022: £851,323) and £692,204 respectively (2022: £851,323).

Included within Sundry payables is £158,479 (2022: £nil) owed to the PIDG Trust in relation to grant amounts repayable.

15. Financial instruments - Risk Management

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

- Credit risk;
- Market risk;
- Interest rate risk;
- Foreign exchange 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.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

15. Financial instruments - Risk Management (continued)

Group financial instruments by category:

	Financial assets at fair value through profit or loss		Financial assets not measured at fair value through profit or loss	
	2023 Group £	2022 Group £	2023 Group £	2022 Group £
Financial assets				
Cash and cash equivalents	-	-	13,717,885	22,871,388
Trade and other receivables	-	-	4,138,236	696,696
Other loans receivable	6,672,796	5,514,694	-	-
Investments in unquoted equity securities and loans	77,541,990	72,314,916	-	-
Total financial assets	84,214,786	77,829,610	17,856,121	23,568,084

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2023 Group £	2022 Group £	2023 Group £	2022 Group £
Financial liabilities				
Trade and other payables	-	-	5,090,385	4,581,166
Total financial liabilities	-	-	5,090,385	4,581,166

Company financial instruments by category:

	Financial assets at fair value through profit or loss		Financial assets not measured at fair value through profit or loss	
	2023 Company £	2022 Company £	2023 Company £	2022 Company £
Financial assets				
Cash and cash equivalents	-	-	13,421,543	22,757,533
Trade and other receivables	-	-	4,324,500	622,177
Other loans receivable	6,672,796	5,514,694	-	-
Investments in unquoted equity securities and loans	77,567,114	72,340,040	-	-
Total financial assets	84,239,910	77,854,734	17,746,043	23,379,710

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2023 Company £	2022 Company £	2023 Company £	2022 Company £
Financial liabilities				
Trade and other payables	-	-	4,653,486	4,589,436
Total financial liabilities	-	-	4,653,486	4,589,436

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

15. Financial instruments - Risk Management (continued)

(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 of the fair value hierarchy, as they are not traded and their valuation contains unobservable inputs.

The Group considers that, typically for projects in Development and Construction, a risk-adjusted multiple of external costs disbursed is representative of fair value measurement. For assets in Operation, valuation techniques include discounted cash flow, comparison with similar instruments for which observable market prices exist and comparable multiples.

The Group's fair value methodology, as documented in the Group valuation policy and supported by IPEV guidelines, is detailed in Note 2 to the accounts.

The fair value hierarchy of financial instruments measured at fair value by the Group is provided below. Additional investments held by the Company, in respect of consolidated subsidiaries, are held at cost of £25,124 (2022: £25,124).

Group	Level 1 £	Level 2 £	Level 3 £
31 December 2023			
Financial assets			
Investments in Development and Construction	-	-	70,977,633
Investments in Operation	-	-	6,564,357
Loan receivables	-	-	6,672,796
	-	-	84,214,786
31 December 2022			
Financial assets			
Investments in Development and Construction	-	-	57,297,770
Investments in Operation	-	-	15,017,146
Loan receivables	-	-	5,514,694
	-	-	77,829,610

There were no transfers between levels during the period.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

15. Financial instruments - Risk Management (continued)

The following table shows the closing fair values of InfraCo Africa's asset portfolio held by the Group and categorised by sector:

	Fair value 2023 £	Fair value 2022 £
Agriculture	8,411,915	5,514,693
Geothermal Energy	4,008,813	12,781,232
Hydro irrigation	-	1,503,990
Hydropower	20,080,087	11,515,344
Logistics	7,229,911	5,690,734
Mini-Grid	18,438,827	6,440,515
Solar Power	21,258,618	28,074,598
Transport	4,786,615	6,308,504
	84,214,786	77,829,610

Although multiple valuation techniques are considered in arriving at a fair value range on an investment-by-investment basis, the following three methodologies have relied on as at 31 December 2023: Multiple of Costs, Price of Recent Investment (PORI) and Discounted Cash Flow (DCF).

Multiple of Costs method

A summary of assets valued under this methodology as at 31 December 2023 is provided in the table below:

	Fair value 2023 £	Fair value 2022 £
Agriculture	8,411,915	-
Hydro irrigation	-	1,503,990
Hydropower	20,080,087	11,515,344
Logistics	7,229,911	5,690,734
Solar power	18,438,827	244,183
Transport	7,158,779	536,032
Mini-grid	600,067	6,440,515
	61,919,586	25,930,798

In line with the Group valuation policy, fair value on a Multiple of Costs basis is arrived at through risk assessing the investment portfolio on a case-by-case basis and accounting for the time value of money. This involves determining reasonable recovery dates and risk factors which is inherently subjective, and it yields ranges of possible outputs and estimates of fair value. Professional judgement is therefore required to select the most appropriate point in the range. Discount rates applied to the investments valued using this approach range between 8.20% and 21.96%. Recoverability dates applied to the investments valued using this approach range between 3 and 70 months.

Due to the high level of professional judgement involved, the Company performed a sensitivity analysis to assess the impact fluctuations in these factors may have on the fair value of the investment portfolio. The results of this analysis are set out in the tables below.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

15. Financial instruments - Risk Management (continued)

<i>Risk factor applied</i>	Variance - 5% £	Variance + 5% £
Agriculture	884,352	(764,629)
Hydropower	1,417,365	(1,312,922)
Solar power	110,024	(105,733)
Transport	1,275,982	(964,218)
Mini-grid	63,208	(57,177)
	3,750,931	(3,204,679)
<i>Recovery date applied</i>	Variance - 6 months	Variance + 6 months
Agriculture	774,044	(693,588)
Hydropower	651,741	(623,601)
Logistics	297,566	(284,580)
Solar power	1,140,779	(1,050,165)
Transport	121,661	(118,633)
Mini-grid	(5,384)	5,433
	2,979,900	(2,764,633)

For the year ended 31 December 2023, the fair value arrived at for certain investments valued under this methodology was deemed to be equivalent to cost. In all these cases, the fair value is considered against other methods including DCF, PORI and Market Multiples to arrive at a range of appropriate fair values where cost is within this range. Where the Company has invested both debt and equity, and the debt attracts a coupon, any interest accrued has been capitalised and contributes to the value of the asset.

A summary of investments fair valued at PORI:

	Fair value 2023 £	Fair value 2022 £
Geothermal power	-	12,781,232
Solar power	-	27,830,414
Transport	1,141,800	5,772,473
	1,141,800	46,384,119

As at 31 December 2023, the fair value of investments valued using PORI was £1,141,800 (2022: £46,384,119). These are investments where there has been a recent transaction either involving the Company or a third party that has been relied on for the purpose of arriving at fair value.

Fair value considers the value at which a market participant would buy the Company's interest in a project at reporting date. From a risk perspective, this methodology applies a reduced level of professional judgment and estimate where a recent transaction is being relied on, however in all cases, this valuation will be considered against other methods to ensure it represents fair value. Movements between transaction date and valuation date are assessed to ensure there have been no material events that might impact the fair value being equal to PORI.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

15. Financial instruments – Risk Management (continued)

A summary of investments fair valued applying DCF:

	Fair value 2023 £	Fair value 2022 £
Transport	12,958,039	-
Mini-grid	4,186,548	-
Multi-sector	-	-
	17,144,587	-

As at 31 December 2023, the fair value of investments valued using DCF methodology was £17,144,587 (2022: £nil) and comprised three investments (2022: one). Where the DCF method has been relied on in reaching fair value, significant level of judgment is required in calculating a risk adjusted Weighted Average Cost of Capital (WACC). The table below therefore sets out sensitivity analysis for fluctuations to these inputs for the investments fair valued using this method.

	Actual WACC %	Variance - 5% £	Variance + 5% £	Actual growth rate %	Variance - 1.5% £	Variance +1.5% £
Transport	18.20%	21,445,540	(8,769,910)	6.30%	(1,469,701)	1,893,392
Mini-grid	15.54%	2,729,570	(1,632,819)	4.60%	(315,918)	416,345
Multi-sector	17.50%	-	-	0.00%	-	-

Loan receivables

As detailed in Note 13, 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. As at 31 December 2023, the fair value of this receivable was £6,672,796 (2022: £5,514,693).

The discount rate of 21.96% (2022: 25.17%) 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 £772,029 (2022: £784,802) in the fair value. A 5% decrease in the discount factor would, on the same basis, increase the asset value by £891,723 (2022: £931,077).

The repayment dates are stipulated in the agreement between parties. These repayment dates have been applied when determining the multiple of costs disbursed in arriving at the fair value of this loan. The Company has carried out a sensitivity analysis to assess the impact a 6-month accelerated or delayed repayment would have on the fair value of this asset. If repayment occurred 6 months earlier than anticipated, this would lead to an increase in fair value of £774,044 (2022: £743,591) where a delay of 6 months would result in a decrease to the fair value of £693,588 (2022: £648,535).

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. With regards to credit risk arising from the sale of investments, management conducts an internal “know your customer” check on all potential purchasers prior to entering into sales agreements.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

15. Financial instruments – Risk Management (continued)

Holding cash and cash equivalents and deposits with banks and financial institutions also exposes the Company to considerable credit risk. For banks and financial institutions, the risk is mitigated as the Company transacts with institutions with high credit ratings. Where possible, cash is deposited with financial institutions that have a long-term credit rating ascribed by major rating agencies of "A" or above. Major rating agencies include Fitch, Moody's and S&P.

Cash in bank and short-term deposits

Group and Company cash is held with the following institutions:

	2023 Rating	2023 Group £	2023 Company £	2022 Rating	2022 Group £	2022 Company £
Barclays Bank plc	A+	3,403,833	3,403,833	A+	22,757,533	22,757,533
Fidelity Institutional Liquidity Fund plc	AAA- mf	12,671,107	12,671,107	-	-	-
ABSA Bank Kenya	BB-	104,503	-	BB-	4,348	-
BMCE Bank (Morocco)	BB	191,839	-	BB	109,507	-
		16,371,282	16,074,940		22,871,388	22,757,533

Included in the table above, and within the amounts held with Barclays Bank plc, is a balance of £2,653,397 (2022: £nil) which is held as security in relation to the Company's hedging facility provided by the bank and included within Other receivables, as detailed in Note 13. The total balance in the table above, is there greater than the cash and cash equivalents disclosed in the Statement of Financial Position by this amount.

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to Credit Risk as at 31 December 2023 was:

	2023 Group £	2023 Company £	2022 Group £	2022 Company £
Investments at FVTPL	58,788,677	58,788,677	66,260,637	66,260,637
Other loan receivables	6,672,796	6,672,796	5,514,694	5,514,694
Trade and other receivables	5,077,178	5,216,673	1,190,379	1,079,942
Cash and cash equivalents	13,717,885	13,421,543	22,871,388	22,757,533
Total	84,256,536	84,099,689	95,837,098	95,612,806

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).

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

15. Financial instruments - Risk Management (continued)

Interest rate risk

The Group is not susceptible to interest rate risk from issuing debt as it is not in receipt of any loans. However, the Group holds debt paid out to projects and these loans attract a rate of interest that is reflective of the market rate in which the project is operating. All interest rates applied to issued debt instruments have fixed interest rates which minimises interest rate risk driven by changing market conditions and the impact of LIBOR migration.

Foreign exchange risk

Foreign exchange risk arises when the Company enters 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. As at 31 December 2023, the Company held €1,016,333 and \$10,041,473 (2022: €3,673 and \$25,950,906) as well as the Group holding KES20,842,013 and MAD2,410,134 (2022: KES649,531 and MAD1,382,734).

Taking the closing rate as the baseline, and keeping all other variables held constant, the below table sets out the impact a 20% (2022: 20%) fluctuation in the pound sterling against the foreign currencies the Group holds at reporting date would have on the net assets and, in turn, profitability:

	20% increase in £		20% decrease in £	
	2023	2022	2023	2022
€	176,231	651	(176,231)	(651)
\$	1,577,298	4,288,839	(1,577,298)	(4,288,839)
MAD	38,369	21,901	(38,369)	(21,901)
KES	20,901	870	(20,901)	(870)

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.

As at 31 December 2023, the Company has undrawn promissory notes of £38.4 million (2022: £35.5 million) issued in its favour by the UK government which, if needed, can be drawn down on demand.

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 2023					
Trade and other payables	1,337,683	-	-	-	-
Total	1,337,683	-	-	-	-
At 31 December 2022					
Trade and other payables	1,698,511	-	-	-	-
Total	1,698,511	-	-	-	-

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

15. Financial instruments - Risk Management (continued)

Capital Disclosures

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and safeguard the interest of shareholders.

The Group manages the capital structure and makes adjustments where necessary in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust its returns to shareholders or new share issues. The Group monitors its capital and assets requirements for activities on a monthly basis and manages its financing and capital accordingly. The capital relates to equity which is wholly contained on the face of the Statement of Financial Position.

16. Reconciliation of movement in grants during the year

	2023 Group and Company £	2022 Group and Company £
Grants not yet utilised		
Opening balance	1,045,387	1,837,897
Received during the year	2,118,144	230,022
Administration fees waived by InfraCo Africa	95,313	-
Released to profit and loss account	(1,249,366)	(1,041,938)
Foreign exchange translation	(21,270)	74,663
Grants refunded	(123,399)	(55,257)
Closing balance	1,864,809	1,045,387

Total grant income released to the profit and loss account in the year was £2,772,482 (2022: £2,098,135). The difference relates to Service Level Agreement (SLA) income received from the Company's parent, the PIDG Trust, which is separately disclosed in Note 22. This SLA income is used to finance operating expenditure whereas this note discloses movement in deferred project grant income per the Statement of Financial Position.

17. Share capital

	2023 Group and Company £	2022 Group and Company £
Opening allotted and fully paid share capital	231,073,686	198,743,050
Additions – fully paid share capital	16,011,073	32,330,636
Closing allotted and fully paid share capital	247,084,759	231,073,686
Additions – shares to be issued	-	4,931,372

In December 2022, the Company had received additional Owner funding of £4,931,371 (\$6,000,000) from Directorate-General for International Cooperation (DGIS). The process of issuing the shares was delayed due to changes in personnel at the Vistra Company Secretaries Limited, the company secretary. The shares were issued on 05 January 2023.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

17. Share capital (continued)

The cash inflow recognised in the Consolidated and Company Statement of Cash Flows of £7,147,029 (2022: £27,113,374) in relation to the issue of shares in the year represents the total cash received by the company for shares issued in the year of £12,078,401 (2022: £32,330,636) less amounts received in prior years for the shares of £4,931,372 (2022: £5,217,262).

18. Provisions

	2023 Group £	2023 Company £
Balance at 01 January 2023	531,859	531,859
Additional provision in the year	1,391,698	1,391,698
Reduction of provision in the year	(26,180)	(26,180)
Utilisation of provision	(146,088)	(146,088)
Unwinding of discount	(15,313)	(15,313)
Exchange difference	(26,354)	(26,354)
Balance at 31 December 2023	1,709,622	1,709,622

Provisions recognised in the year relate to estimated future legal fees to be incurred in future periods in relation to commercial disputes in the ordinary course of business. As at 31 December 2023 there is uncertainty regarding the outcomes, however the Company has a constructive and/or legal obligation to continue litigation. The Company has not recognised a contingent asset in relation to the recovery of these fees due to the uncertainty of likelihood and timing of their recovery as at 31 December 2023.

19. 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 £381,861 for the Group (2022: £294,111) and £242,732 for the Company (2022: £209,323).

20. Operating leases

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

	2023 Group £	2022 Group £
Right-of-use assets:		
Real estate leases	108,297	180,190
Vehicle parking spaces	17,241	27,525
	125,538	207,715

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

20. Operating leases (continued)

Right-of-use Assets	Real estate leases £	Vehicle parking spaces £	Total £
At 1 January 2022	158,917	12,021	170,938
Additions	102,792	24,896	127,688
Depreciation	(77,980)	(9,033)	(87,013)
Foreign exchange movements	(3,540)	(358)	(3,898)
At 31 December 2022	180,189	27,526	207,715
At 1 January 2023	180,190	27,525	207,715
Additions	-	-	-
Depreciation	(67,018)	(9,058)	(76,076)
Foreign exchange movements	(4,875)	(1,226)	(6,101)
At 31 December 2023	108,297	17,241	125,538

Lease liabilities	Real estate leases £	Vehicle parking spaces £	Total £
At 1 January 2022	167,008	13,285	180,293
Additions	102,792	24,896	127,688
Interest expense	6,654	520	7,174
Lease payments	(91,384)	(11,912)	(103,296)
Foreign exchange movements	4,672	1,061	5,733
At 31 December 2022	189,742	27,850	217,592
At 1 January 2023	189,742	27,850	217,592
Additions	-	-	-
Interest expense	8,544	1,407	9,951
Lease payments	(76,947)	(10,287)	(87,234)
Foreign exchange movements	(3,013)	(783)	(3,796)
At 31 December 2023	118,326	18,187	136,513

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.

There were no new leases identified during the year. Balances brought forward relate to lease contracts identified in subsidiary, InfraCo Africa (East Africa) Limited and IAWA S.A.R.L.A.U. The only identified leases held by the Company fall into the low value category and therefore the Company has elected to apply this exemption.

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 IFRS 16, the Group has 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 Group's operations and structure. This has been carried out for each identified lease.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

21. Other financial commitments

As at 31 December 2023, the total remaining commitment across the Company's project portfolio is £20.0m (2022: £25.7m). The Company has existing cash of £13.7m (2022: £22.8m) and undrawn promissory notes issued by the UK government of £38.4m (2022: £35.5m) 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.

The table below details other financial commitments with outstanding commitments as at 31 December 2023:

Date of Agreement	Agreement	Counterparty	Total Commitment	Disbursed at 31.12.2023	Disbursed at 31.12.2022
3rd December 2015 and 31st December 2019	Shareholders' Agreement	Western Power Company Limited, Zambia.	\$5.4m, \$2.0m, and \$3.0m	\$10.1m	\$8.4m
22nd December 2017	Shareholders' Agreement	Rift Valley Geothermal Holdco Limited, Mauritius.	\$30.0m	\$18.6m	\$17.4m
26th November 2018	Convertible Loan Agreement	Project Elan 1 SAS, Cameroon.	\$1.7m	\$0.1m	\$0.1m
21st February 2019	Convertible Loan Agreement	Keren Or Gigawatt Global Limited, Kenya.	\$1.1m	\$0.1m	\$0.1m
21st February 2019	Convertible Loan Agreement	Noga Gigawatt Global Limited, Kenya.	\$1.1m	\$0.1m	\$0.1m
14 th November 2019 and 25 th November 2021	Joint Development Agreements	Djermaya Holdings Limited, Chad	€4.2m and €6.8m	€10.0m	€8.3m
22nd March 2020 and 13 th March 2023	Development Funding Agreement	Joule Africa Limited, Mauritius.	\$6.3m	\$6.3m	\$6.0m
31st March 2020	Shareholders' Agreement	Liberia Inland Storage and Distribution Services Inc., Liberia.	\$7.8m	\$7.3m	\$6.5m
25th August 2021	Loan Agreement	Bonergie Irrigation SAS, Senegal.	€2.0m	€1.6m	€1.5m
10th November 2021	Note Issuance Deed	Zembo SAS, Uganda.	€2.5m	€1.9m	€0.8m
29th November 2022	Shareholders' Agreement	Mobility For Africa, Mauritius.	\$2.0m	\$2.0m	\$0.8m
22 nd September 2022	Shareholders' Agreement	Equatorial Power BV, The Netherlands.	\$1.5m	\$1.5m	\$nil
20th December 2022	Loan Agreement	Equatorial Power BV, The Netherlands.	\$0.3m	\$0.3m	\$0.3m
22nd September 2022	Shareholders' Agreement	Djermaya Holdings Limited, Chad.	€3.1m	€0.1m	€0.1m
6 th March 2023	Convertible Loan Agreement	Afresco B.V, The Netherlands.	\$1.5m	\$0.7m	\$nil
30 th November 2023	Convertible Loan Agreement	Enterprise Projects Ventures Limited, England & Wales.	€5.0m	€2.0m	€3.0m

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

22. 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 Group received income in the year from related parties to a total of £4,087,988 (2022: £2,868,509). This was in the form of grant income (£2,610,406), management fees (£1,049,471) and in return for services (£428,111) as shown in the following table:

	2023 Group £	2022 Group £
The Private Infrastructure Development Group Limited (PIDG Ltd)	314,081	35,246
PIDG Trust	2,610,406	1,937,832
GuarantCo Management Company Limited	77,915	82,272
InfraCo Africa Investment Limited	1,085,586	813,159
	4,087,988	2,868,509

The income received during the year from the PIDG Trust is in the form of grant income from its Technical Assistance Fund (TA) and amounted to £1,087,290 (2022: £881,635) and grant income from the Trust relating to PIDG Ltd Service Level Agreement (SLA) charges of £1,523,116 (2022: £1,056,197). The TA 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 Group incurred expenses of £3,999,101 due to related parties (2022: £2,884,171). This is in relation to PIDG Ltd SLA charges and other operating expenditure:

	2023 Group £	2022 Group £
PIDG Ltd	3,994,419	2,884,171
GuarantCo Management Company Limited	4,682	4,799
	3,999,101	2,888,970

The following balances were owed by/(owed to) related parties at 31 December and were included in the Group's Statement of Financial Position:

	2023 Group £	2022 Group £
PIDG Ltd	(354,924)	836,632
PIDG Trust	(158,479)	(460,857)
GuarantCo Management Company Limited	43,822	(4,799)
InfraCo Africa Investment Limited	682,555	643,320

The balance due from the PIDG Trust is made up of TA 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. It also includes the balance owed back to the PIDG Trust as a result of the year-end Service Level Agreement (SLA) true-up.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

22. Related party transactions (continued)

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, as presented in the table below. The Company also considers entities in which there is significant influence to be related parties however conclude there are none as disclosed in Note 1 under *Basis of Consolidation*.

	Western Power Company Limited	East Africa Marine Transport Company Limited	Off Grid Power (SL) Ltd	Inland Storage and Distribution Services Inc.	Equatorial Power BV
Shareholding	54.79%	87.50%	70.00%	70.40%	65%
Interest rate	12.50%	6.50%	5.00%	10.00%	N/A
<u>Fair value movements (in £m's)</u>					
Fair value at 01 January 2023	7.88	14.18	6.45	5.69	0.21
Additions	1.50	-	-	0.33	1.21
Interest accrued	1.43	0.32	0.31	0.52	0.03
Repayments	-	-	-	-	-
FX movement	(0.60)	(0.71)	(0.33)	(0.36)	(0.08)
FV movement	2.02	3.42	(1.24)	0.17	-
Interest provision movement	-	(0.63)	(1.0)	0.88	-
Disposals	-	-	-	-	(0.01)
Fair value at 31 December 2023	12.23	16.58	4.19	7.23	1.36

The Income Notes issued to 80% subsidiary company Chanyanya Infrastructure Company Limited are provided for in full, to an amount of £2,446,986 (2022: £2,492,899), including interest accrued for the year of £79,247 (2022: £80,485). The year-on-year movement relates to foreign exchange revaluation.

Under Chiansi Irrigation Infrastructure Company Limited' 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. No transactions took place in the year (2022: £nil).

100% owned subsidiaries

The Company was recharged £1,811,229 (2022: £1,473,012) of costs by InfraCo Africa (East Africa) Limited during the year. The Company was recharged £1,007,193 (2022: £1,233,597) of costs by IAWA S.A.R.L.A.U during the year.

23. Contingent liability and charges

During the year ended 31 December 2022, a charge was registered by Barclays Bank PLC over US\$3.35m deposit held in a blocked account and generating interest. This charge was created as collateral in respect of hedging facilities provided to the Company by the bank. As at 31 December 2023 the balance held in this account amounted to £2,660,847 (2022: £nil) and is recognised on the Statement of Finance Position within Other receivables as detailed in Note 11.

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.

INFRACO AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

23. Contingent liability and charges (continued)

A charge is being held over one of the Company's accounts in favour of Barclays Bank PLC. This charge relates to a stand-by letter of credit issued by Barclays Bank PLC pursuant to an Engineering Procurement Construction (EPC) contract entered into by East Africa Marine Transport Company Limited. The stand-by letter of credit is for the benefit of the EPC contractor, to guarantee payments under the Vessel Design, Build and Delivery Contract.

A charge has been granted over the Company's rights to be repaid any shareholder loans (or other shareholder support) that it may provide to Djermaya CDEN Energy S.A.S. (being the project company for the Djermaya solar project in which the Company indirectly holds shares) following Financial Close of the project. The charge has been granted to secure the senior debt funding for the Djermaya project company (with BNY Mellon Corporate Trustees Services Ltd acting as offshore security agent for the senior lenders).

24. Events after the reporting date

Post the balance sheet date 15,329,000 Ordinary £1 shares were issued at par to the Company in exchange for £8,252,000 Owner funding received in February 2024 and £7,077,000 Owner funding received in March 2024 from the UK's Foreign, Commonwealth & Development Office (FCDO). This amount was a drawdown of promissory notes issued by the UK Government.

In 2023 many of the countries in which the company works continued to face considerable challenges which have continued into 2024. On a macroeconomic level, our markets and active and potential clients continue to be impacted by ongoing high interest rates and inflation, rises in commodity and food prices and the disruption of global supply chains on the back of ongoing conflicts in Russia-Ukraine and the Middle East.

The Group has also felt the impact of coups and instability in West Africa, which has continued in 2024 following the announcement in January by Burkina Faso, Mali and Niger that these countries would withdraw from membership of the Economic Community of West African States (ECOWAS).

None of these factors have led to any post balance sheet events that would need to be disclosed or reflected in these results. We continue to closely monitor global and regional events and actively consider the impact of these on the Group and its investments.

25. Ultimate parent undertaking and controlling party

The Company's immediate and existing joint shareholders are SG Kleinwort Hambros Trust Company (UK) Limited and IQ EQ Trustees (Mauritius) Ltd as trustees of the Private Infrastructure Development Group Trust (PIDG Trust), a trust established under the laws of Mauritius. The PIDG Trust does not prepare consolidated accounts. The PIDG Trust has delegated the authority to manage the Company to PIDG Ltd, which is also a 100% owned subsidiary of the of the PIDG Trust.