InfraCo Africa Limited

Company Registration No: 05196897

Annual Report

For the year ended 31 December 2021

INFRACO AFRICA LIMITED

COMPANY INFORMATION

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

INFRACO AFRICA LIMITED

CONTENTS

The Directors present their Annual Report together with the financial statements of the InfraCo Africa Group (the “Group”) and InfraCo Africa Limited (the “Company”) for the year ended 31 December 2021.

Directors

The Directors who served during the year were:

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

Principal activities

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

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 £7,693,966 (2020: loss of £14,714,522). Shareholders’ funds of the Group, set out on page 8, were £68,306,108 (2020: £48,962,812).

Dividends

No dividends were declared or paid by the Company during the year (2020: £nil).

Going concern

The Company meets its day to day working capital predominantly 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 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 share capital to be issued, which the Directors feel is sufficient for the financial statements to be prepared on the going concern basis. The financial statements do not include any adjustments that would result were funding to be withdrawn.

The above assessment is supported by the following:

- The Company has significant liquid cash available at year end and expects further cash from the 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

The Group's operating geographies continue to face considerable challenges. Even as governments, businesses and individuals contend with the aftermath of the pandemic and evolve to a post-covid environment, risks from outbreaks driven by new variants persist. Sooner than expected monetary policy tightening in key developed economies presents credit and market risks to InfraCo Africa and its projects. Equally, rising conflict and political instability in the Sahel remains an area of concern and presents financial and security risks to Group operations. Finally, the ongoing Russia-Ukraine conflict and resultant rise in commodity and food prices could adversely impact macroeconomic fundamentals for select countries, impact individual livelihoods as inflation rises, and potentially affect commercial viability of Group projects as input costs increase. All of these factors may impact the Group's ability to manage the delivery of performance targets agreed with its members. The Directors will continue to work with senior management to closely monitor these emerging risks and assess the impact on operations, projects and its performance targets in the short and long-term.

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

30 March 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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

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 2021 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 2021 which comprise the Consolidated Income Statement and Statement of Comprehensive Income, the Consolidated Financial Position, the Company Statement of Financial Position, the Consolidated Change Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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's and 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 annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 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.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

A further description of our responsibilities 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:

Peter Smith

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Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
30 March 2022

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Income	**3**	3,141,607	3,442,728
Fair value gains/(losses) through profit or loss	**8**	1,666,252	(6,834,102)
Project development fees		(6,621,371)	(3,612,528)
Gain on disposal of investment	**9**	27	24,537
Administrative expenses		(7,898,660)	(7,007,504)
Operating loss	**4**	**(9,712,145)**	**(13,986,869)**
Net foreign exchange differences	**5**	419,023	(797,007)
Interest receivable	**7**	1,614,115	145,565
Loss on ordinary activities before taxation		**(7,679,007)**	**(14,638,311)**
Tax on loss on ordinary activities	**10**	(14,959)	(76,211)
Loss for the financial year		**(7,693,966)**	**(14,714,522)**

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 £7,762,749 (2020: loss £14,740,806).

The amounts above all relate to continuing operations.

There were no other items of comprehensive income.

The notes on pages 15 to 47 form part of these financial statements.

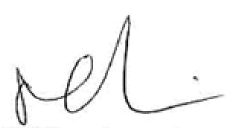
INFRACO AFRICA LIMITED

Registered number: 05196897

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Assets					
Non-current assets					
Property, plant and equipment	**12**	188,573	19,180	265,200	29,269
Right-of-use Asset	**19**	170,938	-	254,480	-
Investments at FVTPL	**11**	56,720,138	56,745,263	23,792,762	23,817,886
Other loan receivables	**13**	5,173,448	5,173,448	5,276,746	5,276,746
Total non-current assets		**62,253,097**	**61,937,891**	**29,589,188**	**29,123,901**
Current assets					
Trade and other receivables	**13**	1,112,077	997,922	1,532,892	1,416,877
Cash at bank and in hand	**15**	10,461,312	10,354,372	22,387,357	22,315,193
Total current assets		**11,573,389**	**11,352,294**	**23,920,249**	**23,732,070**
Total assets		**73,826,486**	**73,290,185**	**53,509,437**	**52,855,971**
Equity and liabilities					
Capital and reserves					
Share capital	**17**	198,743,050	198,743,050	176,923,050	176,923,050
Shares to be issued	**17**	5,217,262	5,217,262	-	-
Retained earnings		(135,654,204)	(135,887,855)	(127,960,238)	(128,125,106)
Total Shareholders' Funds - Equity		**68,306,108**	**68,072,457**	**48,962,812**	**48,797,944**
Current liabilities					
Trade and other payables	**14**	5,340,085	5,217,728	4,278,456	4,058,027
Non-current liabilities					
Lease liability	**19**	180,293	-	268,169	-
Total equity and liabilities		**73,826,486**	**73,290,185**	**53,509,437**	**52,855,971**

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



Michael Barry Chilton
Director

30 March 2022

The notes on pages 15 to 47 form part of these financial statements.

INFRACO AFRICA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share Capital - Group £	Retained Earnings - Group £	Shares to be issued - Group £	Attributable to owners of the parent - Group £
Balance at 1 January 2020		156,011,190	(113,245,716)	-	42,765,474
Loss for the year		-	(14,714,522)	-	(14,714,522)
Total comprehensive loss for the year		-	(14,714,522)	-	(14,714,522)
Issue of shares	**17**	20,911,860	-	-	20,911,860
Balance at 31 December 2020		**176,923,050**	**(127,960,238)**	**-**	**48,962,812**
Balance at 1 January 2021		176,923,050	(127,960,238)	-	48,962,812
Loss for the year		-	(7,693,966)	-	(7,693,966)
Total comprehensive loss for the year		-	(7,693,966)	-	(7,693,966)
Issue of shares	**17**	21,820,000	-	-	21,820,000
Shares to be issued	**17**	-	-	5,217,262	5,217,262
Balance at 31 December 2021		**198,743,050**	**(135,654,204)**	**5,217,262**	**68,306,108**

The notes on pages 15 to 47 form part of these financial statements.

INFRACO AFRICA LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share Capital - Company £	Retained Earnings - Company £	Shares to be issued - Company £	Attributable to owners of the parent - Company £
Balance at 1 January 2020		156,011,190	(113,384,300)	-	42,626,890
Loss for the year		-	(14,740,806)	-	(14,740,806)
Total comprehensive loss for the year		-	(14,740,806)	-	(14,740,806)
Issue of shares	**17**	20,911,860	-	-	20,911,860
Balance at 31 December 2020		**176,923,050**	**(128,125,106)**	**-**	**48,797,944**
Balance at 1 January 2021		176,923,050	(128,125,106)	-	48,797,944
Loss for the year		-	(7,762,749)	-	(7,762,749)
Total comprehensive loss for the year		-	(7,762,749)	-	(7,762,749)
Issue of shares	**17**	21,820,000	-	-	21,820,000
Shares to be issued	**17**	-	-	5,217,262	5,217,262
Balance at 31 December 2021		**198,743,050**	**(135,887,855)**	**5,217,262**	**68,072,457**

The notes on pages 15 to 47 form part of these financial statements.

INFRACO AFRICA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Loss for the year		(7,693,966)	(14,714,522)
Add/(deduct):			
Depreciation of plant and equipment	**12**	81,291	55,312
Amortisation of Right-of-use Assets	**19**	83,543	74,838
Other foreign exchange (gains)/losses		(424,840)	798,270
Other income receivable	**3**	(28,511)	(48,906)
Gain on disposal of investments	**9**	(27)	(24,537)
Loss on disposal of fixed assets	**12**	-	2,795
Foreign exchange losses on financial assets	**8**	318,532	814,080
Change in fair value on investments	**11**	(2,147,585)	4,893,339
Change in fair value on other loan receivables	**13**	162,802	1,126,683
Interest receivable	**7**	(1,614,115)	(145,565)
Interest payable on lease liabilities	**19**	12,721	15,508
Tax payable	**10**	14,959	76,211
		(11,235,196)	(7,076,494)
Movement in working capital			
Decrease in debtors		461,093	346,092
Increase/(decrease) in creditors		1,088,641	(332,468)
Movement in accrued income		(882)	-
Changes in movement in working capital		1,548,852	13,624
Taxes paid		(82,249)	(43,588)
Cash used in operations		**(9,768,594)**	**(7,106,458)**

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2021

Cash flows from investing activities	**Note**	**2021** **£**	**2020** **£**
Payments for property, plant and equipment	**12**	(4,664)	(206,103)
Payments for investments	**11**	(36,583,253)	(12,745,744)
Payments for other loan receivables	**13**	(44,358)	(1,962,934)
Repayments of loans, development fees and interest	**11**	7,083,900	1,552,735
Other income received		23,549	-
Proceeds from sale of investments	**9**	27	24,537
Deposit interest received		5,844	48,906
Net cash used in investing activities		**(29,518,955)**	**(13,288,602)**

Cash flows from financing activities			
Issue of ordinary shares	**17**	21,820,000	20,911,860
Shares to be issued	**17**	5,217,262	-
Principal paid on lease liabilities	**19**	(94,781)	(82,919)
Net cash generated by financing activities		**26,942,481**	**20,828,941**

Net (decrease)/increase in cash and cash equivalents		(12,345,068)	433,881
Cash and cash equivalents at the beginning of the year		22,387,357	22,750,483
Exchange gains/(losses) on cash and cash equivalents	**5**	419,023	(797,007)
Cash and cash equivalents at the end of the year		**10,461,312**	**22,387,357**

The notes on pages 15 to 47 form part of these financial statements.

INFRACO AFRICA LIMITED

COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Loss for the year		(7,762,749)	(14,740,806)
Add/(deduct):			
Depreciation	**12**	14,213	15,732
Other foreign exchange (gains)/losses	**5**	(419,023)	797,007
Other income receivable		(28,511)	(48,906)
Gain on disposal of investments	**9**	(27)	(24,537)
Loss on disposal of fixed assets	**12**	-	2,795
Foreign exchange loss on financial assets	**8**	318,532	815,312
Change in fair value on investments	**11**	(2,147,585)	4,893,339
Change in fair value on other loan receivables	**13**	162,802	1,126,683
Interest receivable	**7**	(1,614,115)	(145,565)
		(11,476,463)	(7,308,946)
Movement in working capital			
Decrease in debtors		418,955	325,349
Decrease in creditors		1,159,701	(443,760)
Movement in accrued income		(882)	-
Changes in movement in working capital		1,577,774	(118,411)
Net cash used in operating activities		**(9,898,690)**	**(7,427,357)**
Cash flows from investing activities			
Payments for property, plant and equipment	**12**	(4,125)	(14,633)
Payments for investments	**11**	(36,583,253)	(12,770,788)
Payments for other loan receivables	**13**	(44,358)	(1,962,934)
Repayments of loans, development fees and interest	**11**	7,083,900	1,552,735
Other income received		23,549	-
Proceeds from sale of investments	**9**	27	24,537
Deposit interest received		5,844	48,906
Net cash used in investing activities		**(29,518,416)**	**(13,122,176)**

INFRACO AFRICA LIMITED

COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Cash flows from financing activities			
Issue of ordinary shares	**17**	21,820,000	20,911,860
Shares to be issued	**17**	5,217,262	-
Net cash generated by financing activities		**27,037,262**	**20,911,860**
Net (decrease)/increase in cash and cash equivalents		(12,379,844)	362,327
Cash and cash equivalents at the beginning of the year		22,315,193	22,749,873
Exchange gains/(losses) on cash and cash equivalents	**5**	419,023	(797,007)
Cash and cash equivalents at the end of the year		**10,354,372**	**22,315,193**

The notes on pages 15 to 47 form part of these financial statements.

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.

The financial statements 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 with are recognised at fair value through profit or loss.

Basis of consolidation

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

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

- The Group has more than one investment (see note 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 invest funds solely for the returns from capital appreciation and investment income.

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

The Group invests in development projects with the intention of overseeing project lifecycle from development through into construction and then 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.

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 2021.

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 2021 are not expected to impact the Group. This is because they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies. These are listed below.

Other standards, amendments and interpretations adopted in the current financial year ended 31 December 2021

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**
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16).	30 June 2021
Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

1. Accounting Policies (continued)

1.1 Basis of preparation of financial statements (continued)

Standards, amendments and interpretations in issue but not yet effective

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

	Effective date **Periods beginning on or after**
Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022
Annual Improvements to IFRS Standards 2018-2020: Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022
References to Conceptual Framework: Amendments to IFRS 3	1 January 2022
Disclosure of Accounting Policies: Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates: Amendments to IAS 8	1 January 2023
Deferred Tax Related to Assets and Liabilities arising from a Single Transaction: Amendments to IAS 12	1 January 2023

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

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a Tentative Agenda Decision, analysing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalise the agenda decision and referred the matter to the IASB. In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year.

InfraCo Africa Limited is currently assessing the impact of these new accounting standards and amendments. The Group will assess the impact of the final amendments to IAS 1 on classification of its liabilities once they are issued by the IASB. The Group does not believe that the amendments to IAS 1, in their present form, 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. Accounting Policies (continued)

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 share capital to be issued which the Directors feel is sufficient for the financial statements to be prepared on the going concern basis. The financial statements do not include any adjustments that would result were funding to be withdrawn.

The above assessment is supported by the following:

- The Company has significant liquid cash available at year-end together with undrawn promissory notes as disclosed in note 20;
- 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.

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. Although the business model within which the asset is held is deemed to be for the purpose of collection at a specified date in the future, management have performed the Solely Payments of Principal and Interest ‘SPPI’ test and note the nature of this loan currently accruing 0% interest, below market rate, and there being profit linked elements, means the contractual cash flows do not reflect only payments of principal and interest that consist of only the time value of money and credit risk. The loan would therefore fail the requirements for amortised cost classification and is recognised at FVTPL, as disclosed in note 13.

1.8 Subsidiaries

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

1. Accounting Policies (continued)

1.8 Subsidiaries (continued)

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

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

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

1. Accounting Policies (continued)

1.13 Cash and cash equivalents

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

2. Critical accounting estimates and judgements

The Company makes certain estimates and 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.

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.

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.

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

2. Critical accounting estimates and judgements (continued)

The three 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.

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.

2. Critical accounting estimates and judgements (continued)

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 2021 £**	**Fair value 2020 £**
Investments in Development	Market or cost approach	18,893,816	13,113,032
Investments in Construction	Market or cost approach	27,733,475	9,663,993
Investments in Operation	Income, market or cost approach	10,092,847	1,015,737
	Total Investments at FVTPL	**56,720,138**	**23,792,762**
Other loan receivables (Chiansi Farming)	Cost approach	5,173,448	5,276,746

3. Income

	2021 Group £	**2020 Group £**
Grant income	2,370,753	2,231,331
Recharged costs	159,961	314,797
Management fee income	582,382	432,059
Development costs repaid	-	413,452
Other income	28,511	51,089
Total	**3,141,607**	**3,442,728**

In 2021, 76.2% of income relates to non-UK income (2020: 76.8%).

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

4. Operating loss

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

	2021 Group £	2020 Group £
Depreciation of property, plant and equipment	81,291	55,312
Depreciation of right-of-use asset	83,543	74,838
Loss/(gain) on foreign exchange	44,819	(39,105)
Fees payable to the auditor:		
Audit of the financial statements	38,950	31,000
Taxation services	4,100	4,000
All other services	-	5,000

5. Net foreign exchange differences

	2021 Group £	2020 Group £
Exchange (gains)/losses arising on cash and cash equivalents	(419,023)	797,007

These are unrealised exchange differences arising on the USD denoted deposit holdings and current accounts. Foreign exchange rate risk and sensitivity is detailed in note 15.

6. Employee benefit expenses

	2021 Group £	2020 Group £
Employee benefit expenses comprise:		
Wages and salaries	3,887,729	3,680,561
Defined contribution pension cost	225,417	114,597
Social security contributions and similar taxes	329,649	281,668
	4,442,795	**4,076,826**

6. Employee benefit expenses (continued)

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.

	2021 Group £	2020 Group £
Wages and salaries	355,791	380,372
Defined contribution pension cost	21,657	19,079
Social security contributions and similar taxes	27,140	28,512
	404,588	**427,963**

Directors' remuneration

	2021 Group and Company £	2020 Group and Company £
Wages and salaries	181,466	202,348
Defined contribution pension cost	7,782	5,129
Social security contributions and similar taxes	1,538	1,577
	190,786	**209,054**

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

	2021 Group No.	2020 Group No.
Employees	43	39

7. Interest receivable

	2021 Group £	2020 Group £
Interest receivable from subsidiary and associated undertakings	3,215,749	3,880,801
Interest provision	(1,601,634)	(3,735,236)
	1,614,115	**145,565**

For projects in Development, the Group typically provides for all interest accrued on loans disbursed to project companies unless it is deemed probable the interest is recoverable.

7. Interest receivable (continued)

During the year ended 31 December 2021, a number of projects reached significant milestones resulting in interest being recognised. This is where the Group deem interest recovery to be supported by future cashflows and typically contributes to the fair value assessment of the underlying asset.

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

	2021 Group £	2020 Group £
Investments	2,147,585	(4,893,339)
Loans	(162,802)	(1,126,683)
Foreign exchange loss	(318,532)	(814,080)
Total fair value gain/(loss)	**1,666,252**	**(6,834,102)**

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

9. Gain on disposal of investment

	2021 Group £	2020 Group £
Gain on disposal	27	24,537

During the year ended 31 December 2021, the Company made a partial sale on the D'jermaya Solar project on reaching equity close. This resulted in a dilution of the Company's shareholding for proceeds of £27 (€32). During the year ended 31 December 2020, the Company sold 48.9% of its interest in Lake Albert Infrastructure Project for proceeds of £24,537.

10. Taxation

	2021 Group £	2020 Group £
Current tax	-	-
Foreign tax	14,959	76,211
Deferred tax	-	-
Total tax charge	**14,959**	**76,211**

10. Taxation (continued)

Factors affecting the tax charge for the year:

	2021 £	2020 £
Loss before tax	(7,679,007)	(14,638,311)
Tax at the standard UK rate of tax of 19.00% (2020: 19.00%)	(1,459,011)	(2,781,279)
Effect of:		
Non-deductible expenses	186,324	(16,033)
Income not taxable for tax purposes	(27,462)	(8,393)
Impact of profits earned in territories with different statutory tax rates to the UK	24,415	13,867
Deferred tax not recognised	1,290,693	2,868,049
	14,959	**76,211**

On the basis of the results of the Company for the year, there is no charge for corporation tax. In the Budget of 3 March 2020, the Chancellor of the Exchequer announced the planned increase in corporation tax to 25% from 1 April 2023.

The Company has estimated losses of £110,953,781 (2020: £117,767,517) available to carry forward against future profits. A deferred tax asset has not been provided as there is no certainty to its recoverability.

11. Investments at FVTPL

	Group £	Company £
Fair value at 1 January 2020	18,061,187	18,061,267
Movement in the year	5,731,577	5,756,621
Fair value at 31 December 2020	**23,792,762**	**23,817,886**
Fair value at 1 January 2021	23,792,262	23,817,886
Movement in the year	32,927,376	32,927,376
Fair value at 31 December 2021	**56,720,138**	**56,745,263**

11. Investments at FVTPL (continued)

	Group £	Company £
Fair value at 1 January 2020	18,061,187	18,061,267
Movement in the year:		
Additions	12,745,744	12,770,788
Repayments	(1,552,735)	(1,552,735)
Disposals	-	-
Interest accrued	3,880,801	3,880,801
Interest provision	(3,735,236)	(3,735,236)
Foreign exchange movement	(713,658)	(713,658)
Fair value adjustment	(4,893,339)	(4,893,339)
Total movement in the year	5,731,577	7,756,621
Fair value at 31 December 2020	**23,792,762**	**23,817,886**
Fair value at 1 January 2021	23,792,762	23,817,886
Movement in the year:		
Additions	36,583,253	36,583,253
Repayments	(7,083,900)	(7,083,900)
Disposals	-	-
Interest accrued	3,197,286	3,197,286
Interest provision	(1,583,170)	(1,583,170)
Foreign exchange movement	(333,678)	(333,678)
Fair value adjustment	2,147,585	2,147,585
Total movement in the year	32,927,376	32,927,376
Fair value at 31 December 2021	**56,720,138**	**56,745,263**

11. Investments at FVTPL (continued)

Subsidiary and associated undertakings

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

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%
IAWA S.A.R.L.A.U	Morocco	Covers the group's business development activities in West Africa.	Subsidiary	Ordinary Shares	100%
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	34.209%
Chanyanya Infrastructure Company Limited	Republic of Zambia	Pilot farming project implemented in the village community of Chanyanya in Zambia.	Subsidiary	Ordinary Shares	80%
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%
Western Power Company Limited	Republic of Zambia	Hydro project in Zambia.	Subsidiary	Ordinary Shares	54.79%
Lake Albert Infrastructure Services Limited	Uganda	Ugandan entity created for the development of the Lake Albert Infrastructure Project.	Subsidiary	Ordinary Shares	51%
JCM Matswani Solar Corp Limited	Malawi	Solar plant in the Salima region of Malawi.	Associate	Ordinary Shares	25%
Djermaya Holdings Limited	Chad	Solar project in Chad.	Associate	Ordinary Shares	30%
East Africa Marine Transport Company Limited	Uganda	Marine transport project in Kenya, Tanzania and Uganda.	Subsidiary	Ordinary and Preference Shares	87.5%
Hidroeléctrica De Pavua, SA	Mozambique	Hydropower plant and reservoir in Mozambique.	Subsidiary	Ordinary Shares	69%
Golomoti JCM Solar Corporation Limited	Malawi	Solar plant in the Golomoti region of Malawi.	Associate	Ordinary Shares	25%
Off Grid Power (SL) Limited	Sierra Leone	Solar mini-grid project in Sierra Leone.	Subsidiary	Ordinary Shares	70%
Liberia Inland Storage and Distribution Services Inc.	Liberia	Storage and distribution facility incorporated in and operating from Liberia.	Subsidiary	Ordinary Shares	70.4%
Marine Transport Services Limited	The Gambia	Marine infrastructure project to operate a scheduled marine transport service on the River Gambia.	Subsidiary	Ordinary Shares	99%
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%
Kudura Power (EA) Limited	Kenya	Solar plant in Kenya.	Associate	Ordinary Shares	40%
Rift Valley Geothermal HoldCo Limited	Mauritius	The Holding Company of the Corbetti Geothermal SPV in Ethiopia.	Associate	Ordinary and Preference Shares	40%

12. Property, plant and equipment

	Group			Company	
	Computer Equipment £	**Leasehold Improvements £**	**Total £**	**Computer Equipment £**	**Total £**
Cost					
At 1 January 2020	98,448	98,616	197,064	63,525	63,525
Additions	20,772	185,331	206,103	14,633	14,633
Disposals	(4,766)	-	(4,766)	(4,766)	(4,766)
At 31 December 2020	**114,454**	**283,947**	**398,401**	**73,391**	**73,391**
At 1 January 2021	114,454	283,947	398,401	73,391	73,391
Additions	4,664	-	4,664	4,125	4,125
Disposals	-	-	-	-	-
At 31 December 2021	**119,118**	**283,947**	**403,065**	**77,516**	**77,516**
Depreciation					
At 1 January 2020	44,884	34,976	79,860	30,362	30,362
Charge for the year	25,365	29,947	55,312	15,732	15,732
Disposals	(1,971)	-	(1,971)	(1,971)	(1,971)
At 31 December 2020	**68,278**	**64,923**	**133,201**	**44,123**	**44,123**
At 1 January 2021	68,278	64,923	133,201	44,123	44,123
Charge for the year	20,883	60,408	81,291	14,213	14,213
Disposals					
At 31 December 2021	**89,161**	**125,331**	**214,492**	**58,336**	**58,336**
Net Book Value					
At 31 December 2021	**29,957**	**158,616**	**188,573**	**19,180**	**19,180**
At 31 December 2020	**46,176**	**219,024**	**265,200**	**29,269**	**29,269**

13. Trade and other receivables

	2021 Group	2021 Company	2020 Group	2020 Company
CURRENT ASSETS	£	£	£	£
Prepayments & accrued income	96,585	75,333	317,935	289,255
Corporation tax asset	40,278	-	-	-
Other taxation	265,140	261,112	311,940	265,301
Other receivables	713,098	664,501	903,017	862,321
Bad debt provision	(3,024)	(3,024)	-	-
	1,112,077	**997,922**	**1,532,892**	**1,416,877**

	2021 Group	2021 Company	2020 Group	2020 Company
NON - CURRENT ASSETS	£	£	£	£
Fair value loan receivables brought forward	5,276,746	5,276,746	4,542,148	4,542,148
Additions	44,358	44,358	1,962,934	1,962,934
Fair value adjustment	(162,802)	(162,802)	(1,126,683)	(1,126,683)
Foreign exchange loss	15,146	15,146	(101,653)	(101,653)
Fair value loan receivables carried forward	**5,173,448**	**5,173,448**	**5,276,746**	**5,276,746**

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 definition 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 20. As at 31 December 2021, the fair value of this receivable is deemed to be £nil (2020: £nil) based on assessment of recoverability.

14. Trade and other payables

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Trade payables	718,068	707,833	787,955	774,290
Grants not yet utilised (note 16)	1,837,897	1,837,897	2,318,152	2,318,152
Amounts owed to subsidiary and associated undertakings	-	259,462	-	49,360
Corporation tax payable	-	-	27,012	-
Other taxation and social security	338,912	123,491	204,287	106,020
Accruals	1,766,225	1,610,062	674,270	543,425
Sundry payables	678,983	678,983	266,780	266,780
	5,340,085	**5,217,728**	**4,278,456**	**4,058,027**

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

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.

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**	
	2021 Group £	**2020 Group £**	**2021 Group £**	**2020 Group £**
Financial assets				
Cash and cash equivalents	-	-	10,461,312	22,387,357
Trade and other receivables	5,173,448	5,276,746	746,624	1,060,027
Investments in unquoted equity securities and loans	56,720,138	23,792,762	-	-
Total financial assets	**61,893,587**	**29,069,508**	**11,207,936**	**22,447,384**

	Financial liabilities at fair value through profit or loss		**Financial liabilities at amortised cost**	
	2021 Group £	**2020 Group £**	**2021 Group £**	**2020 Group £**
Financial liabilities				
Trade and other payables	-	-	5,340,085	4,278,456
Total financial liabilities	**-**	**-**	**5,340,085**	**4,278,456**

(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.

15. Financial instruments - Risk Management (continued)

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

	Level 1 £	Level 2 £	Level 3 £
31 December 2021			
Financial assets			
Investments in Development and Construction	-	-	46,627,291
Investments in Operation	-	-	10,092,847
Loan receivables	-	-	5,173,448
	-	**-**	**61,893,586**
31 December 2020			
Financial assets			
Investments in Development and Construction	-	-	22,777,025
Investments in Operation	-	-	1,015,737
Loan receivables	-	-	5,276,746
	-	**-**	**29,069,508**

There were no transfers between levels during the period.

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

	Fair value 2021 £	Fair value 2020 £
Agriculture	5,173,448	5,276,746
Geothermal Energy	6,442,191	3,427,678
Hydro irrigation	950,089	218,094
Hydropower	6,568,231	4,708,334
Logistics	3,066,695	185,522
Mini-Grid	5,247,781	2,107,348
Solar Power	21,239,529	10,529,576
Transport	13,205,622	2,616,210
	61,893,586	**29,069,508**

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 2021: Multiple of Costs, Price of Recent Investment (PORI) and Discounted Cash Flow (DCF).

15. Financial instruments - Risk Management (continued)

Multiple of Costs method

A summary of assets valued under this methodology as at 31 December 2021 is provided in the table below:

	Fair value 2021 £	Fair value 2020 £
Geothermal power	-	3,427,678
Hydro irrigation	950,089	218,094
Hydropower	6,568,231	4,708,334
Logistics	3,066,695	185,522
Solar power	21,239,528	10,529,576
Transport	814,777	1,600,474
Mini-grid	5,247,781	2,107,348
	37,887,101	**22,777,026**

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.

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.

Risk factor applied

	Variance - 5% £	Variance + 5% £
Hydro irrigation	90,636	(79,983)
Hydropower	541,212	(494,405)
Logistics	410,263	(362,056)
Solar power	292,424	(274,424)
Transport	55,605	(51,861)
	1,390,140	**(1,262,729)**

Recovery date applied

	Variance - 6 months	Variance + 6 months
Hydro irrigation	42,171	(40,349)
Hydropower	77,470	(816,066)
Logistics	321,161	(295,446)
Solar power	554,778	(515,661)
Transport	77,470	(71,284)
	1,073,050	**(1,738,806)**

15. Financial instruments - Risk Management (continued)

For the year ended 31 December 2021, 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 2021 £	Fair value 2020 £
Geothermal power	6,442,191	-
Transport	12,390,845	-
	18,833,036	**-**

As at 31 December 2021, the fair value of investments valued using PORI was £18,833,036 (2020: £nil). 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.

As 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 as 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.

A summary of investments fair valued applying DCF:

	Fair value 2021 £	Fair value 2020 £
Multi-sector	-	1,015,737
	-	**1,015,737**

During the year, all development costs due from this investment were repaid in line with the agreed repayment schedule, therefore valued at £nil as at 31 December 2021 (2020: £1,015,737).

For the equity portion, a DCF valuation was prepared but resulted in a value of £nil (2020: £nil) due to uncertainty over the strategic direction of this investment.

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 2021, the fair value of this receivable was £5,173,448 (2020: £5,276,746).

Sensitivity

The discount rate of 20.39% has been determined through analysis of country and company risk profile, including operational sector and company performance.

15. Financial instruments – Risk Management (continued)

The effect of a 5% increase in discount factor in the valuation of the asset would result in a decrease of £855,156 in the fair value. A 5% decrease in the discount factor would, on the same basis, increase the asset value by £1,039,837.

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 £551,549 where a delay of 6 months would result in a decrease to the fair value of £505,118.

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. 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:

	2021			2020		
	Rating	**Cash at bank Group**	**Cash at bank Company**	**Rating**	**Cash at bank Group**	**Cash at bank Company**
		£	**£**		**£**	**£**
Barclays Bank plc	A	10,354,372	10,354,372	A	22,315,193	22,315,193
ABSA Bank Kenya	A	1,848	-	A	454	-
BMCE Bank (Morocco)	BB+	105,092	-	BB+	71,710	-
		10,461,312	**10,354,372**		**22,387,357**	**22,315,193**

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 2021 was:

	2021	**2020**
	£	**£**
Loan receivable	5,173,448	5,276,746
Trade and other receivables	1,112,077	1,532,892
Cash and cash equivalents	10,461,312	22,387,357
Total	**16,746,837**	**29,196,995**

15. Financial instruments – Risk Management (continued)

Market risk

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

Interest rate risk

The 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 2021, the Company held €17,513 and $7,785,171 (2020: €62,744 and $26,901,866) as well as KES283,108 and MAD1,317,347 (2020: KES66,716 and nil MAD869,123).

Taking the closing rate as the baseline, and keeping all other variables held constant, the below table sets out the impact a 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 £	
	2021	2020	2021	2020
€	3,680	14,192	(2,453)	(9,461)
$	1,437,885	4,953,501	(958,590)	(3,302,334)
MAD	26,273	18,169	(17,515)	(12,112)
KES	462	113	(308)	(76)

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 180 days.

The Company has promissory notes of £40.1 million issued in its favour by the UK government which, if needed, can be drawn down on demand.

15. Financial instruments - Risk Management (continued)

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 2021					
Trade and other payables	1,397,051	-	-	-	-
Total	**1,397,051**	**-**	**-**	**-**	**-**
At 31 December 2020					
Trade and other payables	1,054,735	-	-	-	-
Total	**1,054,735**	**-**	**-**	**-**	**-**

Capital Disclosures

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

The Company manages the capital structure and makes adjustments 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 Company may adjust its returns to shareholders or new share issues. The Company monitors its capital and assets requirements for activities on a monthly basis and manages its financing and capital accordingly.

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

16. Reconciliation of movement in grants during the year

	2021 Group and Company	**2020 Group and Company**
	£	**£**
Opening balance	2,318,152	2,664,423
Received during the year	1,350,820	1,124,568
Released to profit and loss account	(1,434,556)	(1,454,861)
Foreign exchange translation	12,357	(80,976)
Reversed grant income	(117,142)	64,998
Grants refunded	(291,735)	-
Closing balance	**1,837,897**	**2,318,152**

Total grant income released to the profit and loss account in the year was £2,370,753 (2020: £2,231,331). The difference relates to Service Level Agreement (SLA) income received from its parent company, the PIDG Trust, which is separately disclosed in note 21. 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

	2021 Group and Company £	2020 Group and Company £
Opening allotted and fully paid share capital	176,923,050	156,011,190
Additions – fully paid share capital	21,820,000	20,911,860
Closing allotted and fully paid share capital	**198,743,050**	**176,923,050**
Additions – shares to be issued	5,217,262	-

During the year 21,820,000 Ordinary £1 shares were issued at par to the Company (2020: 20,911,860). Owner funding of £5,217,262 ($7,000,000) was received from the Netherlands Directorate-General for International Cooperation (DGIS) in November 2021 but the process of issuing the shares has been delayed due to the replacement of a trustee of the PIDG Trust as disclosed in note 24 (2020: £nil). The shares were issued on 23 February 2022.

18. 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 £225,417 for the Group (2020: £114,597) and £177,768 for the Company (2020: £110,013).

19. Operating leases

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

Right-of-use assets:	2021 Group £	2020 Group £
Real estate leases	158,917	234,196
Vehicle parking spaces	12,021	20,284
	170,938	**254,480**

19. Operating leases (continued)

Right-of-use Assets

	Real estate leases	Vehicle parking spaces	Total
	£	£	£
At 1 January 2020	124,438	22,479	146,917
Additions	176,409	5,993	182,402
Depreciation	(66,651)	(8,187)	(74,838)
At 31 December 2020	**234,196**	**20,285**	**254,480**
At 1 January 2021	234,196	20,285	254,480
Additions	-	-	-
Depreciation	(75,279)	(8,263)	(83,543)
At 31 December 2021	**158,917**	**12,021**	**170,938**

Lease liabilities

	Real estate leases	Vehicle parking spaces	Total
	£	£	£
At 1 January 2020	128,336	23,580	151,915
Additions	176,409	5,993	182,402
Interest expense	13,852	1,656	15,508
Lease payments	(73,911)	(9,008)	(82,919)
Foreign exchange movements	1,677	(415)	1,262
At 31 December 2020	**246,363**	**21,806**	**268,169**
At 1 January 2021	246,363	21,806	268,169
Additions	-	-	-
Interest expense	11,584	1,136	12,721
Lease payments	(85,293)	(9,488)	(94,781)
Foreign exchange movements	(5,647)	(169)	(5,816)
At 31 December 2021	**167,008**	**13,285**	**180,293**

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.

19. Operating leases (continued)

In identifying the discount rate to apply, there are no rates implicit in the lease agreements and as the Group does not have any external debt, there is no designated incremental borrowing rate. Based on guidance per 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.

20. Other financial commitments

Date of Agreement	Agreement	Counterparty	Total Commitment	Disbursed at 31.12.2021	Disbursed at 31.12.2020
17th June 2014	Developer Service Agreement	Anergi Africa Developments Limited, UK.	$15.0m	$15.0m	$15.0m
3rd December 2015 and 31 December 2019	Shareholders' Agreement	Western Power Company Limited, Zambia.	$5.4m and $2.0m	$7.4m	$6.5m
17th November 2016	Share Sale and Investment Agreement	Chiansi Farming Company Limited, Zambia.	$12.5m	$12.5m	$12.4m
2nd January 2017	Convertible Loan Agreement	Lilondi Hydropower Limited, Tanzania.	$0.4m	$0.4m	$0.4m
2nd November 2017	Developer Service Agreement	CPCS Transcom Limited, Canada.	$15.0m	$3.0m	$2.4m
22nd December 2017	Shareholders' Agreement	Rift Valley Geothermal Holdco Limited, Mauritius.	$30.0m	$10.5m	$6.3m
26th November 2018	Convertible Loan Agreement	Project Elan 1 SAS, Cameroon.	$1.7m	$0.05m	$0.05m
21st February 2019	Convertible Loan Agreement	Keren Or Gigawatt Global Limited, Kenya.	$1.1m	$0.1m	$nil
21st February 2019	Convertible Loan Agreement	Noga Gigawatt Global Limited, Kenya.	$1.1m	$0.1m	$nil
25th March 2019	Shareholders' Agreement	JCM Matswani Solar Corp Limited, Malawi.	$6.5m	$6.5m	$6.5m
11th June 2019	InfraCo Bridge Loan Agreement	JCM Matswani Solar Corp Limited, Malawi.	$6.0m	$6.0m – fully recovered	$4.9m
23rd August 2019	Shareholders' Agreement	Off Grid Power (SL) Limited, Sierra Leone.	$6.9m	$6.6m	$5.4m
25th August 2021	Loan Agreement	Bonergie Irrigation SAS, Senegal.	€2.0m	€1.0m	€nil
22nd March 2020	Development Funding Agreement	Joule Africa Limited, Mauritius.	$6.0m	$4.7m	$0.6m
31st March 2020	Shareholders' Agreement	Liberia Inland Storage and Distribution Services Inc., Liberia.	$7.5m	$6.5m	$0.5m
1st September 2020	Shareholder Loan Agreement	JCM Matswani Solar Corp Limited, Malawi.	$2.7m	$2.7m	$2.2m
28th September 2020	Investment Agreement	East Africa Marine Transport Company Limited, Uganda.	$16.8m	$16.8m	$nil
14th December 2020	Shareholders' Agreement	Golomoti JCM Solar Corporation Limited, Malawi.	$2.0m equity and $6.0m debt	$2.0m equity and $6.0m debt	$nil equity and $1.9m debt

20. Other financial commitments (continued)

Date of Agreement	Agreement	Counterparty	Total Commitment	Disbursed at 31.12.2021	Disbursed at 31.12.2020
8th September 2021	Shareholders Funding Agreement	JCM Matswani Solar Corp Limited, Malawi.	$2.4m	$2.4m	$nil
30th June 2021	Shareholders' Agreement	Kudura Power (EA) Limited, Kenya.	€3.5m	€3.5m	€nil
10th November 2021	Note Issuance Deed	Zembo SAS, Uganda.	€2.5m	€0.2m	€nil

During the year ended 31 December 2021, the Company terminated its services agreement with eleQtra Limited and CPCS Transcom Limited.

As at 31 December 2021, the total remaining commitment across the Company's project portfolio is £29.1m (2020: £52.3m). The Company has existing cash of £10.5m (2020: £22.4m) and undrawn promissory notes issued by the UK government of £40.1m (2020: £61.9m) 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.

21. Related party transactions

The Board considers the following to be related party transactions:

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

During the year, the Company received income in the year from related parties to a total of £2,841,105 (2020: £2,448,985). This was in the form of grant income (£2,075,080) and in return for services (£766,026) as shown in the following table:

	2021 Group £	2020 Group £
The Private Infrastructure Development Group Limited (PIDG Ltd)	58,244	66,492
PIDG Trust	2,075,080	1,447,155
GuarantCo Limited	52,348	53,559
InfraCo Africa Investment Limited	655,433	881,779
	2,841,105	**2,448,985**

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 £1,139,893 (2020: £670,685) and grant income from the Trust relating to PIDG Ltd Service Level Agreement (SLA) charges of £935,187 (2020: £776,420). 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.

21. Related party transactions (continued)

During the year, the Company paid expenses of £2,321,402 to related parties (2020: £2,364,411). This is in relation to PIDG Limited SLA charges and other operating expenditure:

	2021 Group £	2020 Group £
PIDG Limited	2,317,810	2,360,470
GuarantCo Limited	3,592	3,941
	2,321,402	**2,364,411**

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

	2021 Group £	2020 Group £
PIDG Limited	(271,667)	(192,948)
PIDG Trust	(1,163,988)	(859,023)
GuarantCo Limited	12,816	3,054
InfraCo Africa Investment Limited	223,279	128,185

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.

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.
Shareholding	54.79%	87.50%	70%	70.40%
Interest rate	12%	6.50%	5%	10%
Fair Value at 01 January 2021	2.98	1.40	2.11	0.19
Additions	0.55	12.63	0.84	4.31
Interest Accrued	0.64	-	0.23	0.28
Repayments	-	(1.51)	-	
FX movement	(0.05)	(0.23)	(0.02)	0.05
FV movement	(0.06)	0.11	2.09	(1.76)
Interest Expense	(0.64)	-	-	-
Disposals	-	-	-	-
Fair Value at 31 December 2021	**3.42**	**12.4**	**5.25**	**3.07**

21. Related party transactions (continued)

The Income Notes issued to 80% subsidiary company Chanyanya Infrastructure Company Limited are provided for in full, to an amount of £2,155,739 (2020: £2,076,375), including interest accrued for the year of £71,916 (2020: £77,048). The year-on-year movement relates to foreign exchange revaluation.

Transactions totalling £17,452 (2020: £546,055) took place with Chiansi Irrigation Infrastructure Company Limited. Under the grant agreements, InfraCo Africa Limited was appointed as grant administrator and manages the disbursements of funds to contractors relating to the construction of capital equipment on behalf of the Competent Authority.

Transactions totalling £37,378 (2020: £9,947) took place with Hidroeléctrica De Pavua, SA (Mozambique).

No transactions took place either in the year, or the preceding year, with Marine Transport Services Limited (The Gambia), a 99% owned SPV.

100% owned subsidiaries

The Company was recharged £1,112,785 (2020: £1,215,268) of costs by InfraCo Africa (East Africa) Limited during the year. The Company was recharged £898,170 (2020: £359,560) of costs by IAWA S.A.R.L.A.U during the year.

22. Contingent liability and charges

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

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).

23. Events after the reporting date

On 23 February 2022, 5,217,262 Ordinary £1 shares were issued at par to the Company in exchange for £5,217,262 ($7,000,000) Owner funding received from the Netherlands Directorate-General for International Cooperation (DGIS) during year ended 31 December 2021.

The Group’s operating geographies continue to face considerable challenges. Even as governments, businesses and individuals contend with the aftermath of the pandemic and evolve to a post-covid environment, risks from outbreaks driven by new variants persist. Sooner than expected monetary policy tightening in key developed economies presents credit and market risks to InfraCo Africa and its projects. Equally, rising conflict and political instability in the Sahel, for instance the coup in Burkina Faso on 23rd January 2022, remains an area of concern and presents financial and security risks to Group operations. Finally, the ongoing invasion of Ukraine by Russia, which started on 24th February 2022, is causing a rise in commodity and food prices and could adversely impact macroeconomic fundamentals for select countries, impact individual livelihoods as inflation rises, and potentially affect commercial viability of projects as input costs increase.

23. Events after the reporting date (continued)

All of these factors may impact the Group's ability to manage the delivery of performance targets agreed with its members. The Directors will continue to work with senior management to closely monitor these emerging risks and assess the impact on operations, projects and its performance targets in the short and long-term.

These have all been concluded as immaterial to the Group's financials for 2021 and therefore are considered to be non-adjusting events.

24. Ultimate parent undertaking and controlling party

The Company's immediate and existing joint shareholders are SG Kleinwort Hambros Trust Company (UK) Limited, IQ EQ Trustees (Mauritius) Ltd* and Minimax 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 Limited, which is also a 100% owned subsidiary of the of the PIDG Trust.

*Effective 30 November 2021, IQ EQ Trustees (Mauritius) Ltd replaced Multiconsult Trustees Ltd, as a trustee of the PIDG Trust following an amalgamation pursuant to section 247 (2) of the Mauritius Companies Act 2001.