

Office of the Auditor General of Rwanda



ENERGY DEVELOPMENT CORPORATION LIMITED (EDCL)

Audit Report and Audited Financial Statements

For the year ended 30 June 2024

OAG Core Values

Integrity

In public Interest

Innovation

Objectivity

Professionalism

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1. BACKGROUND, MANDATE & GOVERNANCE

1.1 Background information

Energy Development Corporation Limited (EDCL) is a private company domiciled in the Republic of Rwanda and wholly owned by the Government of Rwanda. It was established in August 2014 as a subsidiary of Rwanda Energy Group (REG) that was formed after dissolution of the Energy, Water and Sanitation Authority (EWSA) through Prime Minister's Order N° 87/03 of 16 August 2014 determining modalities of transfer of responsibilities and property of Energy, Water and Sanitation Authority (EWSA). The core business of the company is development of energy projects funded by Government and other partners.

1.2 Mandate of EDCL

The company is mandated to increase investment in development of new energy generation projects in a timely and cost-efficient manner to expand supply in line with NST 1 and other national targets; develop appropriate transmission infrastructure to evacuate new plants and deliver energy to relevant distribution nodes; plan and execute energy access projects to meet the national access targets.

Development and implementation of the least cost energy development plan in line with the Government Policy and strategic objectives; Direct the Electricity Access Roll-Out Program by establishing and implementation plan and strategy in line with the overall sector strategy; undertake economic and technical studies needed for the development of the infrastructure required new electric power plants, transmission and distribution network, oil and gas infrastructure, primary and social energy resources development projects; establish appropriate project and contract management policies and procedures; advise on the development of social energy projects.

EDCL core activities comprise of generation, transmission and distribution of electricity across Rwanda through construction of various power plants and electrical lines. Once each project is completed, it is transferred to Energy Utility Corporation Limited (EUCL) a sister company which is also a subsidiary of REG.

- **Vision of EDCL**

To be the leading regional provider of innovative and sustainable energy solutions for national development

- **Mission of EDCL**

Developing and providing reliable and affordable energy while creating value for its stakeholders

1.3 Governance of EDCL

1.3.1. Board of Directors

The Board of Directors served during the year ended 30 June 2024 and to the date of this report were as follows:

**ENERGY DEVELOPMENT CORPORATION LIMITED (EDCL)
BACKGROUND, MANDATE AND GOVERNANCE**

N°	Name of Board member	Responsibility	Service period
1	Dr. Didacienne MUKANYILIGIRA	Chairperson	From 14/12/2020
2	Mr. Viateur MUGENZI	Member	From 14/12/2020
3	Mr. Jean Claude ILIBONEYE	Member	From 29/07/2014
4	Mr. Charles KALINDA	Member	From 14/12/2020
5	Ms. Clemence Rita MUTABAZI	Member	From 14/12/2020
6	Mr. Ron WEISS	Former Board Secretary	From 15/05/2017
7	Mr. Armand ZINGIRO	Board Secretary	From 04/09/2023

1.3.2. Management

The management who held the office during the year ended 30 June 2024 and to the date of this report were as follows:

N°	Name	Position
1	Felix GAKUBA	Managing Director
2	Steven GAHAMANYI	Director of Finance
3	UWERA RUTAGARAMA	Director of Primary and Social Energies Development
4	Frederick KAZUNGU	Director of Engineering Procurement Construction
5	Theoneste HIGANIRO	Director of Generation and Transmission
6	Esdras RUGIRA	Director of Planning
7	Frank BAHIZI	Director of Monitoring, Evaluation and Reporting
8	Chantal NGWINONDEBE	Director of Corporate Services
9	Joseph NTWALI	Advisor to the Managing Director
10	Gentile UMUSHASHI	Head of Procurement
11	Honorine UMWIZERWA	Head of Legal Unit
12	Rachel UMUTONI	Head of Finance
13	Joseph MUTANGANA	Head of Company Financial Reporting
14	RUHIGURA Jackson	Head of Human Resources
15	Vincent BAHINGANA	Head of Logistics
16	Renatus MUGISHA	Financial Controller
17	Ernest NDAYISABA	Manager Budgeting and Project Reporting

**ENERGY DEVELOPMENT CORPORATION LIMITED (EDCL)
STATEMENT OF MANAGEMENT RESPONSIBILITIES**

2. STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements that give a true and fair view of EDCL comprising the statement of financial position as at 30 June 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages **8 to 31**, in accordance with International Financial Reporting Standards and in the manner required by the provisions of the Law N°019/2023 of 30/03/2023 amending Law N° 007/2021 of 05/02/2021 Governing Companies in Rwanda.

The Directors' responsibility includes the maintenance of accounting records that may be relied upon in the preparation of financial statements, overseeing and endorsing the designing, implementing and maintenance of internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances and is also responsible for safeguarding the assets of the company.

The Directors have made an assessment of the ability of EDCL to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead from the date of this statement.

In our opinion, the financial statements of EDCL for the year ended 30 June 2024 give a true and fair view of the state of financial affairs of EDCL. We further accept responsibility for maintenance of accounting records that may be relied upon in the preparation of financial statements and ensuring adequate system of internal controls to safeguard assets of EDCL.

Approval of the financial statements

The financial statements of EDCL for the year ended 30 June 2024, on pages **8 to 31** were approved by the Board of Directors and signed on its behalf by:

 Digitally signed by EDCL(Managing Director)2 Date: 2024.12.31 15:30:13 +02'00'	 Digitally signed by Rwanda Energy Group(CEO) Date: 2024.12.31 16:07:01 +02'00'	 Digitally signed by Didacienne Mukanyiligira
<hr/> Felix GAKUBA Managing Director EDCL	<hr/> Armand ZINGIRO Chief Executive Officer REG	<hr/> Dr. Didacienne MUKANYILIGIRA Chairperson Board of Directors
Date.....202420242024

**ENERGY DEVELOPMENT CORPORATION LIMITED (EDCL)
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2024**

3. REPORT OF THE AUDITOR GENERAL

REPORT ON THE FINANCIAL STATEMENTS

**Mr. Felix GAKUBA,
Managing Director**

3.1. Opinion

As required by Article 166 of the Constitution of the Republic of Rwanda, and Articles 6 and 14 of Law N° 79/2013 of 11/09/2013 determining the mission, organization and functioning of the Office of the Auditor General of State Finances (OAG), I have audited the financial statements of EDCL for the year ended 30 June 2024. These financial statements comprise the statement of financial position as at 30 June 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies. These financial statements are set out on pages **8 to 31**.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of Energy Development Corporation Limited as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance International Financial Reporting Standards (IFRS) and the Law N° 019/2023 of 30/03/2023 amending Law N° 007/2021 of 05/02/2021 Governing Companies in Rwanda.

3.2. Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under ISSAIs are described in section 3.4 of this report.

I am independent of EDCL and have fulfilled my ethical responsibilities in accordance with the ethical requirements that are relevant to my audit of financial statements of public entities as determined by the *Code of ethics* for International Organization of Supreme Audit Institutions (INTOSAI). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

Without further qualifying my opinion, I draw attention to **note 17** of the financial statements the financial statements for the year ended 30 June 2024 that in my judgement are of such importance to user's understanding of the financial statements EDCL.

i) Tax liabilities

Concerns over tax liabilities

The financial position of EDCL as at 30 June 2024 includes other payable balance of **Frw 34,274,043,606**. This balance includes tax liabilities amounting of **Frw 21,348,697,246**.

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AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2024

These tax liabilities include **Frw 16,838,128,216** which were outstanding for a period ranging between **91** days and **365** days.

Accordingly, I recommend EDCL management to liaise with the Ministry of Finance and Economic Planning (MINECOFIN) as well as other relevant stakeholders to find out a lasting solution to budget constraint and pay taxes when they fall due.

3.3. Responsibility of Management and those charged with governance for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of Law N° 019/2023 of 30/03/2023 amending Law N° 007/2021 of 05/02/2021 Governing Companies in Rwanda.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Directors are responsible for assessing the EDCL'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 Government either intends to discontinue the operations of EDCL.

Those charged with Governance are the Board of Directors and they are responsible for overseeing the Company's financial reporting process.

3.4. Auditor General's responsibilities for the audit of the financial statements

My objective when conducting an audit is 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 my opinion. Misstatements can arise from fraud or error and are considered material if individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

An audit conducted in accordance with ISSAIs requires an auditor to exercise professional judgment and maintain professional skepticism throughout the audit and involves:

- The identification and assessment of the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform procedures responsive to those risks and to obtain sufficient and appropriate audit evidence to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of internal control.

**ENERGY DEVELOPMENT CORPORATION LIMITED (EDCL)
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2024**

- Evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern as well as evaluating the presentation of the financial statements.
- Evaluation of the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieved fair presentation.
- Obtaining sufficient and appropriate audit evidence regarding the financial information of the entities or activities within the group to express an opinion on the group financial statements.
- The auditor is responsible for the direction, supervision and performance of a group audit.
- The auditor remains solely responsible for the auditor's opinion.
- I have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

**KAMUHIRE Alexis
AUDITOR GENERAL**

KIGALI, 31st December, 2024

