Rwanda Energy Group Ltd

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th JUNE 2016

CONTENTS

CONTENTS 1
COMPANY INFORMATION 2
DIRECTORS REPORT 3
REPORT OF THE INDEPENDENT AUDITORS 5
STATEMENT OF COMPREHENSIVE INCOME 8
STATEMENT OF FINANCIAL POSITION 9
STATEMENT OF CHANGES IN EQUITY 11
STATEMENT OF CASH FLOWS 12
NOTES TO THE FINANCIAL STATEMENTS 13

COMPANY INFORMATION

MEMBERS OF THE BOARD OF DIRECTORS (BOARD):

Prof. Manasse MBONYE	Chairperson
Mr. Robert NYAMVUMBA	Vice Chairperson (appointed 19 January 2018)
Ms. Rose BAGUMA	Member
Mr. Jean Claude ILIBONEYE	Member
Mr. Francis KAREMERA	Member
Ms. Christelle KAYIHURA	Member (appointed 19 January 2018)
Mr. Samuel MPORANZI	Member (resigned 19 January 2018)
Mr. Jean Bosco MUGIRANEZA	Board Secretary (resigned 14 May 2017)
Ms. Rehema NAMUTEBI	Member
Ms. Alice RWEMA	Vice Chairperson (resigned 19 January 2018)
Mr. Ron WEISS	Board Secretary (appointed 15 May 2017)

REGISTERED OFFICE:

KN82 ST 3, Nyarugenge District
P.O Box 5964
Kigali, Rwanda

AUDITORS:

Ernst and Young
Certified Public Accountants Kigali - Rwanda
P.O Box 3638
Kigali

BANKERS:

National Bank of Rwanda
P. O. Box 6219
Kigali

Bank of Kigali
P. O. Box 259
Kigali

Guaranty Trust Bank (Rwanda) Limited
P. O. Box 331
Kigali

Equity Bank Rwanda Limited
P. O. Box 494
Kigali

Compagnie Générale de Banque Limited
P. O. Box 3477
Kigali

Ecobank Rwanda Limited
P. O. Box 3268
Kigali

I and M Bank (Rwanda) Limited
P. O. Box 354
Kigali

Access Bank (Rwanda) Limited
3rd Floor, UTC Building
Kigali

Banque Populaire du Rwanda Limited
P. O. Box 1348
Kigali

DIRECTORS REPORT

The Directors present their report together with the audited financial statements of the Rwanda Energy Group Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2016 which show the state of the Company's affairs.

Principal activities

The core business of the Company is managing the subsidiaries namely Energy Utility Corporation Ltd (EUCL) and Energy Development Corporation Limited (EDCL)

EUCL

The core business of the EUCL subsidiary is generation, transmission, distribution and retail of electricity generated by Government owned power plants under concession arrangement to different players including the Company and also power purchased from independent power producers.

EDCL

The core business of the EDCL subsidiary is development of energy projects funded by the Government and other partners.

Results

	Company		Consolidated	
For year ended 30 June	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf
(Loss)/Profit	(179,784,852)	(188,375,487)	1,690,508,349	529,838,171

Reserves

The reserves of the institution are stated on pages 11.

Directors

The directors who served during the year and to the date of this report are as shown on page 2.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Law N°27/2017 of 31/05/2017 Governing Companies requires the directors to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure that the company keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared on the Accruals basis of accounting as required for Government Business Enterprises under Article 31 of the Financial Regulations established by the Ministerial Order No.002/07 of 9 February 2007 and the requirements of the Law N°27/2017 of 31/05/2017 Governing Companies as amended to date. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results in accordance with the Accruals basis of accounting. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Ron WEISS
Chief Executive Officer

Robert NYAMVUMBA
Ag Chairperson Board of Directors

Ernst & Young Rwanda Limited
Certified Public Accountants
M-Peace Plaza, Executive Wing 6th floor
KN 4 Avenue
P.O. Box 3638
Kigali, Rwanda

Tel: +250 788309977 / 250 788303322
Email: info@rw.ey.com
www.ey.com

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF RWANDA ENERGY GROUP HOLDING LIMITED

OPINION

We have audited the accompanying consolidated financial statements of Rwanda Energy Group Holding Limited ("the Company") and its subsidiaries (together "the group") which comprise the consolidated statement of financial position as at 30 June 2016 and the consolidated statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, together with the statement of financial position of the company standing alone as at 30 June 2017 and the statements of profit or loss, cash flows and changes in equity of the company for the year ended and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 39

In our opinion, the financial statements present fairly, in all material respects, the financial position Rwanda Energy Group Holding Limited as at 30 June 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Law No. 27/2017 of 31/05/2017 relating to Companies as amended

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical requirements applicable to performing the audit of Rwanda Energy Group Holding Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, as required by Law No. 27/2017 of 31/05/2017 relating to Companies as amended which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit. or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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

Building a better working world

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by Law No. 27/2017 of 31/05/2017 relating to Companies as amended and for such internal control as management determines 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, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 control.
- Obtain 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 purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Building a better working world

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.
- We communicate with the directors 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 our audit.
- We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Law No. 27/2017 of 31/05/2017 as amended relating to companies, we report to you based on our audit that: -

i) We have no relationship, interests and debts in the company;

ii) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

iii) In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books;

iv) We have communicated to you through the management letter, internal control weaknesses identified in the course of our audit including our recommendations with regard to those matters.

Allan Gichuhi
For Ernst & Young Rwanda Limited
Kigali

08/05/2019

STATEMENT OF PROFIT OR LOSS

For year ended 30 June	Notes	Company 2016 Rwf	Company 2015 Rwf	Consolidated 2016 Rwf	Consolidated Restated 2015 Rwf
Revenue	6	-	-	78,104,201,502	58,786,166,854
Cost of Sales	7	-	-	(67,665,381,424)	(60,546,292,695)
Gross profit		-	-	10,438,820,078	(1,760,125,841)
Grants and subsidies	8	-	-	27,542,131,189	28,138,489,732
Other income	9	-	-	3,813,544,036	5,356,265,677
Distribution costs	10	-	-	(9,484,102,750)	(9,879,840,660)
Administrative expenses	11	-	-	(15,735,592,428)	(11,150,715,484)
Operating profit before interest, tax, depreciation and amortisation		-	-	16,574,800,125	10,704,073,424
Depreciation and amortisation	12	(179,784,852)	(188,375,487)	(11,084,835,997)	(10,861,457,407)
Operating (loss)/profit		(179,784,852)	(188,375,487)	5,489,964,128	(157,383,983)
Interest income	13(a)	-	-	97,729,663	5,262,674
Finance costs	13(b)	-	-	(2,008,661,225)	(763,082,687)
(Loss)/profit before income tax		(179,784,852)	(188,375,487)	3,579,032,566	(915,203,996)
Income tax credit/(expense)	14	-	-	(1,888,524,217)	1,445,042,167
(Loss)/profit for year		(179,784,852)	(188,375,487)	1,690,508,349	529,838,171

The notes on pages 13 to 39 are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

		Company		Consolidated	
					Restated
As at 30 June		2016	2015	2016	2015
ASSETS	Notes	Rwf	Rwf	Rwf	Rwf
Non-current assets					
Plant and equipment	15	7,657,051,152	7,064,431,785	374,520,092,867	291,519,122,540
Concession intangible asset	16	-	-	77,300,611,343	81,595,089,752
Intangible assets	17	-	-	1,181,514,038	1,382,847,013
Investment in EUCL		55,733,051,430	55,733,051,430		
Investment in EDCL		1,500,000	1,500,000		
Amounts due from related parties	25(a)	-	-	-	-
		63,391,602,582	62,798,983,215	453,002,218,248	374,497,059,305
Current assets					
Concession intangible asset	16	-	-	4,294,478,409	4,294,478,409
Inventory	18	-	-	14,653,715,243	16,397,518,981
Trade and other receivables	19	-	-	14,088,487,107	11,163,633,851
Amounts due from related parties	25(a)	-	-	-	-
Bank and cash balances	20	-	-	23,321,096,432	13,564,182,514
		-	-	56,357,777,191	45,419,813,755
Total assets		63,391,602,582	62,798,983,215	509,359,995,439	419,916,873,060

The notes on pages 13 to 39 are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June EQUITY AND LIABILITIES	Notes	2016 Rwf	2015 Rwf	2016 Rwf	Restated 2015 Rwf
Equity					
Share capital	21	3,000,000	3,000,000	3,000,000	3,000,000
Retained earnings		(356,410,339)	(188,375,487)	2,232,096,519	529,838,171
Re-organisation reserve	27	62,937,358,702	62,984,358,702	62,937,358,702	62,984,358,702
		62,583,948,363	62,798,983,215	65,172,455,221	63,517,196,873
Non-current liabilities					
Concession intangible obligation	21(a)	-	-	77,300,611,343	81,595,089,752
Deferred income tax liability	22	-	-	27,995,198,023	26,106,673,807
Grants	23	-	-	266,859,258,661	170,803,465,411
Borrowings	24	-	-	29,328,911,615	29,730,984,897
Amounts due to related parties	25(b)i	807,654,219		400,000,000	
Total non current liabilities		807,654,219		401,883,979,642	308,236,213,867
Current liabilities					
Concession intangible obligation	21(b)	-	-	4,294,478,409	4,294,478,409
Amounts due to related parties	25(b)ii	-	-	-	-
Trade and other payables	26	-	-	38,009,082,168	43,868,983,911
		-	-	42,303,560,577	48,163,462,320
Total Equity and Liabilities		63,391,602,582	62,798,983,215	509,359,995,439	419,916,873,060

The notes on pages 13 to 39 are an integral part of these financial statements

The separate and consolidated financial statements of Rwanda Energy Group limited as set out on pages 8 to 39 were approved by the Board of Directors on 2 May 2018 and signed on its behalf by:

Ron Weiss
....
Ron WEISS
Chief Executive Officer

....
Robert NYAMVUMBA
Ag Chairperson Board of Directors

STATEMENT OF CHANGES IN EQUITY

Company	Share capital	Retained earnings	Reorganisation reserves	Total
For year ended 30 June 2016	Rwf	Rwf	Rwf	Rwf
At 1 July 2016	3,000,000	(188,375,487)	62,984,358,702	62,798,983,215
Reorganisation adjustments		11,750,000	(47,000,000)	(35,250,000)
Profit/(loss) for the year		(179,784,852)		(179,784,852)
At 30 June 2016	3,000,000	(356,410,339)	62,937,358,702	62,583,948,363
For year ended 30 June 2015				
At 1 July 2014				
Transfer on reorganization			3,441,729,400	3,441,729,400
Reorganisation adjustments			59,545,629,302	59,545,629,302
Loss for the year		(188,375,487)		
Reallocation to share capital	3,000,000		3,000,000	
At 30 June 2015	3,000,000	(188,375,487)	62,984,358,702	62,798,983,215

Consolidated	Share capital	Retained earnings	Reorganisation reserves	Total
For year ended 30 June 2016	Rwf	Rwf	Rwf	Rwf
At 1 July 2016	3,000,000	529,838,171	62,984,358,702	63,517,196,873
Reorganisation adjustments		11,750,000	(47,000,000)	(35,250,000)
Loss for the year		1,690,508,349		1,690,508,349
At 30 June 2016	3,000,000	2,232,096,519	62,937,358,702	65,172,455,221
For year ended 30 June 2015				
Restated				
At 1 July 2014				
Transfer on reorganization			3,441,729,400	3,441,729,400
Reorganisation adjustments			59,545,629,302	59,545,629,302
Loss for the year		529,838,171		529,838,171
Reallocation to share capital	3,000,000		3,000,000	
At 30 June 2015	3,000,000	529,838,171	62,984,358,702	63,517,196,873

The notes on pages 13 to 39 are an integral part of these financial statements

STATEMENT OF CASH FLOWS

		Company		Consolidated	
For year ended 30 June		2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf
Cash flows from operating activities					
(Loss)/profit before income tax		(179,784,852)	(188,375,487)	3,579,032,566	(915,203,996)
Adjustments for:		-	-	-	
Reorganisation		-	-	-	66,221,232,848
Adjustment in property and equipment		-	-	-	315,345,411,352
Adjustments in OFID loan balance		-	-	-	(6,712,100,288)
Prior year adjustments -net		-	-	-	(545,470,051)
Depreciation	12	179,784,852	188,375,487	10,820,571,356	10,242,826,503
Loss on disposal		-	-	109,128,294	-
Impairment of plant and machinery	15	-	-	-	-
(Decrease)/increase in provision		-	-	568,874,982	568,874,982
Write back of customer deposits		-	-	-	2,859,614,931
Increase in provision for obsolete stocks		-	-	-	128,973,068
Increase in provision for bad and doubtful debts				217,183,008	-
Realised grants		-	-	(6,044,198,980)	(6,644,099,568)
Amortisation of intangible assets	12	-	-	264,264,641	570,026,070
Interest income		-	-	(85,022,108)	3,965,982
Cash flows before working capital movements		-	-	9,429,833,759	380,555,176,851
Changes in:					
- Inventories	18	-	-	1,174,928,755	(1,923,333,915)
- Trade and other receivables	19	-	-	(3,142,036,264)	(861,371,360)
- Trade and other payables	26	-	-	(5,859,901,743)	69,128,350
- Related parties	25(b)i		-	(649,960,939)	-
- Grants				824,315,575	-
Cash generated from operations		-	-	1,777,179,143	377,839,599,926
Interest received		-	-	85,022,108	(3,965,982)
Net cash generated from operating activities		**-**	**-**	**1,862,201,251**	**377,835,633,944**
Cash flows from investing activities					
Amounts due from related parties	25(b)i		-	779,388,318	-
Proceeds on disposals		-	-	20,459,425,340	-
Purchase of software	17	-	-	(62,931,666)	-
Purchase of property and equipment				(93,386,844,054)	-
-Net cash used investing activities		**-**	**-**	**(72,210,962,062)**	-
Cash flows from financing activities					-
Proceeds/(repayment) loan facilities				(402,073,282)	-
Grants received	24			80,507,748,010	-
-Proceeds from related party borrowings				-	-
Net cash used Financing activities		**-**	**-**	**80,105,674,728**	-
Net cash in/(out) flow for the period		**-**	**-**	**9,756,913,917**	**1,371,719,230**
Cash and cash equivalents					-
At beginning of year		-	-	13,564,182,514	12,192,463,285
At end of the year	20	**-**	**-**	**23,321,096,431**	**13,564,182,515**

The notes on pages 13 to 39 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 General information

"The Rwanda Energy Group Ltd (REG) is a private company domiciled in the Republic of Rwanda and wholly owned by Government. It was established in August 2014 and has two subsidiary companies Energy Utility Corporation Ltd (EUCL) and Energy Development Corporation Limited (EDCL) It was formed after dissolution of the Energy, Water and Sanitation Authority (EWSA) through Prime Minister's Order N°87/03 of 16/08/2014.

The core business of the REG is managing the subsidiaries namely Energy Utility Corporation Ltd (EUCL) and Energy Development Corporation Limited (EDCL)
EUCL.

The core business of the EUCL is generation, transmission, distribution and retail of electricity generated by Government owned power plants under concession arrangement to different players including the Company and also power purchased from independent power producers.
EDCL
The core business of the EDCL is development of energy projects funded by the Government and other partners.

The address of the Company's registered office is as follows:

Rwanda Energy Group Ltd (REG)
KN82 ST 3, Nyarugenge District, Kigali City,
P.O Box. 537 Kigali, Rwanda."

2 Going Concern

The Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3 Summary of significant accounting policies

a) Basis of accounting and statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

For the Rwandan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account is presented by the Statement of Comprehensive Income in these financial statements.

b) Summary of significant accounting policies

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Rwanda Francs (Rwf) which is the Company's functional currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in Statement of Comprehensive Income within 'finance income or cost'. All other foreign exchange gains and losses are presented in Statement of Comprehensive Income within 'other income or expenses'.

NOTES TO THE FINANCIAL STATEMENTS

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services or goods supplied, stated net of value-added tax (VAT), returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement."
Revenue is recognised as follows:

- Sales of electricity - external
  Electricity sales revenue is recognised when customers on post-paid metering are billed for the power consumed. The billing is done for each monthly billing cycle based on the units consumed as read on the customers' electricity meters and the approved consumer tariffs. Electricity sales revenue for customers on prepaid metering is recognised when customers purchase electricity units. Electricity sales revenue is recognised in the financial statements net of Value Added Tax ("VAT").

Sale of electricity - internal refers to revenue from consumption by Company offices and installations. These revenues are billed and recognised on the same basis described above.

- Revenue from works
  Customers are required to fully or part-fund the cost of new installations to their facilities. This amount is paid in advance to the Company as a non-refundable capital contribution. The non-refundable capital contribution is treated as an advance payment until utilised for the construction of the installation paid for."

- Dark fibre revenue
  This represents income from rental of Company fibre optic cable lines to third parties. The revenue from renting the lines is recognised on a monthly basis for the period the contract is effective.

- Connections and other non-energy sales
  Other revenues include reconnection fees, meter replacement fees, fines, penalties, tender fees and other sundry incomes. They are recognised as they are earned at the rates prescribed by applicable rates or at the amounts agreed with the customers.

- Interest income
  Finance revenue comprises interest receivable from bank deposits and other deposits. Finance revenue is recognised as it accrues in Statement of Comprehensive Income, using the effective interest method.

- Subsidies
  Subsidies are recognised at the actual amounts received from Government. These amounts are paid directly to the fuel supplier and the tax authorities in order to compensate the cash shortfall arising from a capped regulated tariff.

- Realised grants
  Grants are recognised in statement of comprehensive income on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Grants used to purchase, construct or otherwise acquire non-current assets are recognised in the statement of financial position and transferred to statement of comprehensive income on a systematic and rational basis over the useful lives of the related assets.

- Penalties – Relates to penalties charged to customers and is recognised upon billing of customer or default of the contract.
- Other sundry income – this relates to connection fees charged by EUCL on behalf of EARP project. Revenue is recognised once EUCL acknowledges the amount charged on behalf of EARP.

d) Plant and equipment

"Property, plant and equipment are stated at cost or valuation, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and for qualifying assets, borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS

d) Plant and equipment (continued)

"Property, plant and equipment are stated at cost or valuation, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and for qualifying assets, borrowing costs.

The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Residual value, useful life and depreciation methods are reviewed at least annually at the reporting date. Changes in the residual value and expected useful life are accounted for by changing the depreciation charge for the year and treated as changes in accounting estimates. Freehold land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve, all other decreases are charged to Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to Statement of Comprehensive Income) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings."
Capital work in progress
Capital work-in-progress is included under property and equipment and comprises costs incurred on ongoing capital works relating to both customer and internal works. These costs include material, transport and labour cost incurred."
Land is not depreciated.

Depreciation on other assets is calculated using the reducing balance method to allocate their cost or revalued amounts to their residual values over their estimated useful lives using the annual depreciation rates as follows:

Buildings - 5%
Generation assets -5%
Transmission assets - 5%
Distribution assets - 5%
Motor vehicles - 25%
Computer equipment - 33.3%
Furniture and fittings - 12.5%
Laboratory Equipment - 25%

e) Service concession agreement

The concession arrangement is governed by the provisions in the Prime Ministers Order N°87/03 of 16/08/2014 Determining Modalities of Transfer of Responsibilities and Property of Energy, Water and Sanitation Authority (EWSA) ("PMO").

Article 5 of the PMO stated that power plants shall remain property of the Government but shall be managed by the companies through concession agreements with the Government. Under this article, Government concessioned eight (8) power plants to EUCL.

The significant terms of the agreement are the following:
- The concession agreement for the eight plants is for twenty (20 years) years;
- As a transitional arrangement for the first 5 years from 18/08/2014 (effective date), the annual concession fee will be restricted to zero (0) Frw to allow for progressive reduction in the weighted cost of generation (weighted average cost of the energy mix);
- After the grace period, monthly payments to Government will be effected by as guided by "Schedule B - Amortisation Schedule" over the useful-life of each generation plant concessioned.

NOTES TO THE FINANCIAL STATEMENTS

e) Service concession agreement (continued)

The key obligations of EUCL in this arrangement are:

- Refurbish, operate the plants in accordance with this agreement, prudent utility practices, relevant permits and all laws/regulations;
- adhere to and observe at all times standards and practices concerning the protection of health, safety and the environmental regulations which are then in force and are legally binding in Rwanda;
- Employ staff or engage contractors of high repute and competence to guarantee the smooth operation and maintenance of these plants.

EUCL's rights under this concession agreement are summarized as follows:

- the right to operate, maintain and develop the Plants;
- the right to generate power from the Plants; and
- the right to control and sell power generated by the Plants pursuant to the provisions in this Agreement and other relevant laws and regulations governing the electricity supply industry.

Renewal of the concession agreement

Either party may elect to have the concession renewed for another term whose length, terms and conditions thereof are agreed to by the other party. Once such renewal arrangements have been triggered, the existing terms and conditions remain in force beyond the expiring term albeit on transitional basis until the renewal or lack of it have been fully determined and the rights and obligations have been transferred to an appropriate party.

Expiration without prejudice

The expiration or earlier termination of this Agreement shall be without prejudice to all rights and obligations of the Parties accrued under this Agreement prior to such expiration or earlier termination but otherwise the Parties shall have no further obligations hereunder following such expiration or earlier termination except for obligations which are expressed to survive such expiration or earlier termination pursuant to this Agreement.

EUCL's cashflows are not specified in this contract and vary according to the usage of the concessioned assets.

In accordance with IFRIC 12 , Service Concession Arrangements, the concession asset was classified as an intangible concession asset and the obligation as an intangible concession obligation.

f) Intangible assets

This relates to acquired computer software licences.

They are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to Statement of Comprehensive Income using the straight-line method over their estimated useful lives of 10 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in Statement of Comprehensive Income when the changes arise."
Computer software is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from unforeseeable changes of such software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statement of comprehensive income when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Comprehensive Income on a straight-line basis over the period of the lease.

h) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transport and handling charges and is determined on weighted average basis. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for the costs of realisation. Obsolete and defective inventories are fully written off.

i) Trade receivables

Trade receivables are amounts due from customers for services rendered or merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are a classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment."

j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

k) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds.

l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in Statement of Comprehensive Income over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period."

m) Income tax

i) Current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable Statement of Comprehensive Income.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The Company reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss at reporting date, or when there are indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised in Statement of Comprehensive Income whenever the carrying amount of the asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the asset's or cash-generating unit's (CGU's) fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Where it is not possible to estimate the recoverable amount of an individual asset, the directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

n) Retirement benefits obligations

The employees and the Company contribute to the Rwanda Social Security Board, a national defined contributions retirement benefits scheme. Contributions are determined by the country's statutes and the Company's contributions are charged to the income statement.

o) Government and other grants

Government and other grants are recognised where there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments."

p) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

q) Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

r) Impairment of Assets

The Company reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss at reporting date, or when there are indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised in Statement of Comprehensive Income whenever the carrying amount of the asset exceeds its recoverable amount.

An asset's recoverable amount is the higher of the asset's or cash-generating unit's (CGU's) fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, an appropriate valuation model is used. Where it is not possible to estimate the recoverable amount of an individual asset, the directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

s) Application of new and revised International Financial Reporting Standards (IFRS)

i) Relevant new standards and amendments to published standards effective to the year ended 30 June 2017
The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements.
IFRIC 21 Levies	IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.
Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets	The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. As the Company does not have any cash generating units (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements.
Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets	The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. As the Company does not have any cash generating units (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2016.

New and Amendments to standards	Effective for annual periods beginning
IFRS 15 Revenue from contracts with customers	January-17
IFRS 9	January-19
IFRS 16 Leases	January-19

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity). Sale or Contribution of Assets between

NOTES TO THE FINANCIAL STATEMENTS

s) Application of new and revised International Financial Reporting Standards (IFRS) (Cont)
IFRS 16: Leases
On 13 January 2016 the IASB issued IFRS 16 Leases, completing the IASB's project to improve the financial reporting of leases. IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor').

The standard defines a lease as a contract that conveys to the customer ('lessee') the right to use an asset for a period of time in exchange for consideration. A company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time.

The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model. All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise:"
(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A company recognises the present value of the unavoidable lease payments and shows them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments.

(b) depreciation of lease assets and interest on lease liabilities in Statement of Comprehensive Income over the lease term; and

(c) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the statement of cash flows."

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, compared to IAS 17, IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases.

The standard does not require a company to recognise assets and liabilities for:
(a) short-term leases (i.e. leases of 12 months or less) and;
(b) leases of low-value assets.

The new Standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted insofar as the recently issued revenue Standard(IFRS 15 Revenue from Contracts with Customers is also applied).

The company is assessing the potential impact on its financial statements resulting from the application of IFRS 16. "
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (Continued)
The definition of a business is key to determining the extent of the gain to be recognised. The amendments will be effective from annual periods commencing on or after 1 January 2016.

The company is assessing the potential impact on its financial statements resulting from the application of amendments to IFRS 10 and IAS 28."
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured. The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

The company is assessing the potential impact on its financial statements resulting from the application of amendments to IFRS 11.

NOTES TO THE FINANCIAL STATEMENTS

s) Application of new and revised International Financial Reporting Standards (IFRS) (Cont)

The company is assessing the potential impact on its financial statements resulting from the application of amendments to IFRS 11.

Amendments to IAS 41- Bearer Plants (Amendments to IAS 16 and IAS 41)

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture require a bearer plant (which is a living plant used solely to grow produce over several periods) to be accounted for as property, plant and equipment in accordance with IAS 16 Property, Plant and Equipment instead of IAS 41 Agriculture. The produce growing on bearer plants will remain within the scope of IAS 41. The new requirements are effective from 1 January 2016, with earlier adoption permitted.

No impact is expected from amendments to IAS 41- The Company does not have any bearer plants."

Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures but also for
subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with early adoption permitted.

The company is assessing the potential impact on its financial statements resulting from the application of amendments to IAS 27.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

The standard is effective for financial reporting years beginning on or after 1 January 2016 with early adoption is permitted.

No impact is expected from this amendment.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted. The company is assessing the potential impact on its financial statements resulting from the application of the amendment.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured. The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

NOTES TO THE FINANCIAL STATEMENTS

s) Application of new and revised International Financial Reporting Standards (IFRS) (Cont)

The company is assessing the potential impact on its financial statements resulting from the application of amendments to IFRS 11.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendment to IFRS 10 Consolidated Financial Statements clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through Statement of Comprehensive Income. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through Statement of Comprehensive Income in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to IFRS 12 Disclosure of Interests in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through Statement of Comprehensive Income in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 Investments in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through Statement of Comprehensive Income measurement applied by the associate or joint venture to its subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted.

No impact is expected from this amendment as the Company is not an investing entity."
The amendments to IAS 19 clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

The amendment to IAS 34 clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

IFRS 9 Financial Instruments
IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:
All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.

All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in Statement of Comprehensive Income."

With regard to the measurement of financial liabilities designated as at fair value through Statement of Comprehensive Income, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in Statement of Comprehensive Income.

Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to Statement of Comprehensive Income. Under IAS 39, the entire amount of the change
in the fair value of the financial liability designated as fair value through Statement of Comprehensive Income is presented in Statement of Comprehensive Income.

s) Application of new and revised International Financial Reporting Standards (IFRS) (Cont)

'The directors of the Company do not anticipate that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practical to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

iii) Relevant new and revised IFRSs in issue but not yet effective for the year ended 30 June 2015.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

IFRS 15 Revenue from Contracts with Customers

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:
"

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation"
Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

"The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue; or

b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Company uses the reducing balance method for depreciation and amortisation for its property and equipment, and intangible assets respectively. The directors of the Company do not anticipate that the application of the standard will have a significant impact on the Company's financial statements.
Annual Improvements 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarised below:

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (continued)
The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

NOTES TO THE FINANCIAL STATEMENTS

s) Application of new and revised International Financial Reporting Standards (IFRS) (Cont)

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:"
a) the property meets the definition of investment property in terms of IAS 40; and b) the transaction meets the definition of a business combination under IFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

Annual Improvements 2012-2014 Cycle

The amendments to IFRS 5 adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendments to IFRS 7 adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

"The amendments to IAS 19 clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

The amendment to IAS 34 clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

4 Critical accounting estimates and judgements
In the application of the Company's accounting policies, which are described in note 3 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the periods of the revision and future periods if the revision affects both current and future periods."
"In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:
Deferred tax asset and liability
A deferred tax asset is recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. A deferred tax liability is recognised on timing differences between the carrying amount of assets and the tax written down values. The deferred tax asset is netted off with the deferred tax liability.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as are follows:

Property and equipment
Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
Impairment of assets

Property and equipment are assessed for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

NOTES TO THE FINANCIAL STATEMENTS

5 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Directors. The board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The Company has exposure to the following risks as a result of its financial instruments:

a) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit risk is managed by the Board. The credit risk for each new client is analyzed before standard payment and service terms are offered. Credit risk arises from cash at bank and short-term deposits with banks, as well as trade and other receivables. The Company does not have any significant concentrations of credit risk.

For trade receivables, customers are assessed for credit quality, taking into account the financial position, nature of their business, past experience and other factors. The Company does not grade the credit quality of receivables.

The carrying amount of financial assets recorded in the financial statements representing the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Consolidated	Neither past due nor impaired	Past due not impaired Over 60 days	Impaired Over 365 days	Total
	Rwf	Rwf	Rwf	Rwf
At 30 June 2016				
Trade receivables	12,150,168,287	-	-	12,150,168,287
Other receivables	1,938,318,820	-	-	1,938,318,820
Bank balances	23,321,096,432	-	-	23,321,096,432
Amounts due from related parties	12,134,127,505	-	-	12,134,127,505
	49,543,711,044	-	-	49,543,711,044
At 30 June 2015				
Trade receivables	7,209,732,571	-	-	7,209,732,571
Other receivables	3,953,901,280	-	-	3,953,901,280
Bank balances	13,564,182,514	-	-	13,564,182,514
Amounts due from related parties	12,513,515,823	-	-	12,513,515,823
	37,241,332,188	-	-	37,241,332,188

b) Market risk

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes in foreign exchange rates, commodity prices and interest rates.

The objective of market risk management policy is to protect and enhance the balance sheet and income statement by managing and controlling market risk exposures within acceptable parameters and to optimise the funding of business operations and facilitate capital expansion. The Company is exposed to the following risks:

NOTES TO THE FINANCIAL STATEMENTS

5 **Financial risk management objectives and policies (Cont)**
b) Market risk (cont)

(i) Currency risk

Currency risk arises primarily from purchasing imported goods and services directly from overseas or indirectly via local suppliers. The Company is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities that are denominated in a currency other than the functional currency of the Company.

(ii) Commodity risk

The Company is exposed to price risk on the fuel that is used for the generation of electricity.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

The Board performs cash flow forecasting and monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs. The Company's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The carrying amount of financial assets recorded in the financial statements representing the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

F. Financial

(c)Liquidity risk (continued)

Company	Less than 1 year Rwf	Between 1 and 2 years Rwf	Between 2 and 5 years Rwf	Over 5 years Rwf	Total Rwf
At 30 June 2016					
Trade payables	-	-	-	-	-
Other payables and provisions	-	-	-	-	-
Amount due to related parties	807,654,219	-	-	-	807,654,219
	807,654,219	-	-	-	807,654,219
At 30 June 2015					
Trade payables	-	-	-	-	-
Other payables and provisions	-	-	-	-	-
Amount due to related parties					

Consolidated	Less than 1 year Rwf	Between 1 and 2 years Rwf	Between 2 and 5 years Rwf	Over 5 years Rwf	Total Rwf
At 30 June 2016					
Trade payables	34,065,361,882	-	-	-	34,065,361,882
Other payables and provisions	2,697,477,201	-	-	-	2,697,477,201
Amount due to related parties	3,207,654,219	2,400,000,000	7,200,000,000	534,127,505	13,341,781,724
	39,970,493,302	2,400,000,000	7,200,000,000	534,127,505	50,104,620,807
At 30 June 2015					
Trade payables	31,765,461,408	-	-	-	31,765,461,408
Other payables and provisions	12,103,522,503	-	-	-	12,103,522,503
Amount due to related parties	2,400,000,000	2,400,000,000	7,200,000,000	513,515,823	12,513,515,823
	46,268,983,911	2,400,000,000	7,200,000,000	513,515,823	56,382,499,734

Consolidated

	For year ended 30 June	2016 Rwf	Restated 2015 Rwf
6	**Revenue**		
	Sales of electricity - external	77,758,421,700	57,946,688,414
	Sale of electricity - internal	345,779,802	839,478,440
		78,104,201,502	58,786,166,854
7	**Cost of sales**		
	Purchase of electricity	32,221,731,386	15,244,024,689
	Fuel and lubricating oils	30,182,764,654	43,633,757,799
	Repairs and maintenance - generation	5,260,885,384	1,668,510,207
		67,665,381,424	60,546,292,695
8	**Grants and subsidies**		
	Subsidies received GoR & EUCL	22,711,049,737	40,053,304,624
	Subsidies received Donors	2,104,688,114	47,550,482
	Inter-entity transfer (Budget agencies)	302,446,455	403,551,171
	Contribution to private power projects	(4,078,412,458)	(21,363,351,351)
	Realised grants	6,502,359,341	8,997,434,806
		27,542,131,189	28,138,489,732
9	**Other income**		
	Revenue from works	1,254,218,862	581,510,724
	Other income	107,370,297	4,251,108,984
	Dark fibre revenue	384,034,188	70,009,256
	Connections and other non-energy sales	2,067,920,689	453,636,713
		3,813,544,036	5,356,265,677
10	**Distribution costs**		
	Electricity and connection works - internal	2,973,791,723	3,876,733,834
	Commissions	2,634,286,725	2,739,880,336
	Repairs and maintenance	3,531,316,501	2,420,807,537
	Motor vehicle running expenses	344,707,801	486,346,473
	Consumables - distribution	-	39,965,758
	Contribution to EARP Project	-	274,251,381
	Other rentals on distribution of electricity	-	26,083,248
	Costs of takeover of land	-	15,772,093
	Provision for bad and doubtful debts	-	-
		9,484,102,750	9,879,840,660

		Consolidated	
		2016	Restated 2015
11	Administrative expenses	Rwf	Rwf
	Salaries and other related costs	8,500,854,390	6,315,916,025
	Consultancy and professional fees	3,762,266,120	1,183,905,552
	Insurance	375,709,017	343,611,942
	Office Supplies	128,392,668	202,800,399
	Telephone charges	336,695,657	199,175,145
	Mission and travelling	520,345,029	871,913,912
	Licence and other taxes	363,886,655	834,800,758
	Security expenses	192,577,437	151,193,907
	Support to EDCL	-	-
	Advertising and promotions	174,917,947	83,684,473
	Refreshment and reception expenses	185,285,991	20,300,502
	Audit fees	-	-
	Legal fees and damages	68,330,195	193,974,764
	Rents and rates	302,411,834	68,518,993
	Newspapers, subscriptions and periodicals	-	190,472,879
	Repairs and maintenance of buildings	130,392,174	126,148,703
	Participations and contributions	49,424,325	-
	Loss on disposal of assets	109,128,305	-
	Cleaning expenses	47,752,886	34,740,234
	Board and ITC meeting fees	13,223,270	12,073,827
	Bank Charges and commissions	163,723,029	221,649,734
	Donations and charity	7,421,500	934,304
	Printing, postage and stationery	1,797,448	6,038,616
	Public Relations & Awareness	81,637,660	-
	Fuel & Lubricants	40,110,134	-
	Utilities - Water & Electricity	10,765,268	-
	Training and related costs	167,511,561	-
	Other use of goods & services	1,031,929	-
	General supplies & expenses		82,537,861
	Stock handling expenses		8,640
	Miscellaneous expenses		6,314,314
	Clothing & Uniforms	-	-
		15,735,592,428	11,150,715,484

		Company 2016	2015	Consolidated 2016	2015
12	Depreciation and amortisation				
	Depreciation of assets	179,784,852	188,375,487	10,820,571,356	10,291,431,337
	Amortisation of intangible assets			264,264,641	570,026,070
		179,784,852	188,375,487	11,084,835,997	10,861,457,407
13	Interest income and finance costs				
(a)	Interest income				
	Bank interest income			97,729,663	5,262,674
(b)	Finance costs				
	Interest on overdrawn balance			-	1,296,692
	Exchange losses			2,008,661,225	761,785,995
			-	2,008,661,225	763,082,687
14	Income tax expense				
	Current income tax			-	-
	Deferred income tax			-	-
	- charge for the year			1,888,524,217	(1,445,042,167)
	- Adjustment on reclassification of assets			-	-
			-	1,888,524,217	(1,445,042,167)

15 Property plant and equipment movement schedule

Company 2016

	Land Rwf	Buildings Rwf	Transmission assets Rwf	Distribution assets Rwf	Motor vehicles Rwf	Furniture and fittings Rwf	Computer equipment Rwf	Laboratory equipment Rwf	Assets under construction Rwf	Total Rwf
Cost/Valuation										
At 1 July 2015	3,889,382,082	3,216,750,689			70,800,000	20,829,821	21,702,679		33,342,001	7,252,807,272
Additions	510,173,000	295,515,219					1,966,000			807,654,219
Transfer/Disposal					(47,000,000)					(47,000,000)
Capitalisation of WIP										-
At 30 June 2016	**4,399,555,082**	**3,512,265,908**	-	-	**23,800,000**	**20,829,821**	**23,668,679**	-	**33,342,001**	**8,013,461,491**
Depreciation										
At 1 July 2015		160,837,534			17,700,000	2,603,727	7,234,226			188,375,487
Transfer/Disposal					(11,750,000)					(11,750,000)
Charge for the year		167,571,418			4,462,500	2,278,262	5,472,672			179,784,852
Impairment Loss										-
At 30 June 2016	-	**328,408,952**	-	-	**10,412,500**	**4,881,989**	**12,706,898**	-	-	**356,410,339**
Net Book Value										
At 30 June 2016	**4,399,555,082**	**3,183,856,956**	-	-	**13,387,500**	**15,947,832**	**10,961,781**	-	**33,342,001**	**7,657,051,152**

Company 2015

	Land Rwf	Buildings Rwf	Transmission assets Rwf	Distribution assets Rwf	Motor vehicles Rwf	Furniture and fittings Rwf	Computer equipment Rwf	Laboratory equipment Rwf	Assets under construction Rwf	Total Rwf
Cost/Valuation										
At 1 July 2014	3,889,382,082	3,216,813,189			70,800,000	20,477,321	23,402,679		33,342,001	7,254,217,272
Adjustments to revaluation		(62,500)				352,500	(1,700,000)			(1,410,000)
Transfer/Disposal										
Capitalisation of WIP										-
At 30 June 2015	**3,889,382,082**	**3,216,750,689**	-	-	**70,800,000**	**20,829,821**	**21,702,679**	-	**33,342,001**	**7,252,807,272**
Depreciation										
At 1 July 2014										-
Transfer/Disposal										-
Charge for the year		160,837,534			17,700,000	2,603,727	7,234,226			188,375,487
Impairment Loss										-
At 30 June 2015	-	**160,837,534**	-	-	**17,700,000**	**2,603,727**	**7,234,226**	-	-	**188,375,487**
Net Book Value										
At 30 June 2015	**3,889,382,082**	**3,055,913,155**	-	-	**53,100,000**	**18,226,094**	**14,468,453**	-	**33,342,001**	**7,064,431,785**

15 Property plant and equipment movement schedule (continued)

Consolidated 2016	Land Rwf	Buildings Rwf	Transmission assets Rwf	Distribution assets Rwf	Motor vehicles Rwf	Furniture and fittings Rwf	Computer equipment Rwf	Laboratory equipment Rwf	Assets under construction Rwf	Total Rwf
Cost/Valuation										
At 1 July 2015	3,889,382,082	3,216,750,689	75,491,170,506	111,128,177,298	5,117,543,138	886,166,111	840,524,304	127,212,870	101,282,142,829	301,979,069,827
Additions	510,173,000	295,515,219	8,264,599	310,909,236	547,206,228	36,662,922	45,281,485	-	92,377,469,958	94,131,482,647
Transfer/Disposal	-	-	7,483,152,092	12,884,776,553	(314,500,000)	-	-	-	(20,505,010,243)	(451,581,598)
Capitalisation of WIP	-	-	-	-	-	-	-	-	-	-
At 30 June 2016	**4,399,555,082**	**3,512,265,908**	**82,982,587,197**	**124,323,863,087**	**5,350,249,366**	**922,829,033**	**885,805,789**	**127,212,870**	**173,154,602,544**	**395,658,970,876**
Depreciation										
At 1 July 2015	-	160,837,534	3,359,490,126	5,154,854,805	1,277,299,235	100,353,801	259,715,039	84,381,124	-	10,396,931,664
Transfer/Disposal	-	-	-	-	(78,625,012)	-	-	-	-	(78,625,012)
Charge for the year	-	167,571,418	3,794,061,750	5,621,467,263	923,892,498	99,999,703	202,870,786	10,707,939	-	10,820,571,357
Impairment Loss	-	-	-	-	-	-	-	-	-	-
At 30 June 2016	-	**328,408,952**	**7,153,551,876**	**10,776,322,068**	**2,122,566,721**	**200,353,504**	**462,585,825**	**95,089,063**	-	**21,138,878,009**
Net Book Value										
At 30 June 2016	**4,399,555,082**	**3,183,856,956**	**75,829,035,321**	**113,547,541,019**	**3,227,682,645**	**722,475,530**	**423,219,964**	**32,123,807**	**173,154,602,544**	**374,520,092,867**

Restated

Consolidated 2015	Land Rwf	Buildings Rwf	Transmission assets Rwf	Distribution assets Rwf	Motor vehicles Rwf	Furniture and fittings Rwf	Computer equipment Rwf	Laboratory equipment Rwf	Assets under construction Rwf	Total Rwf
Cost/Valuation										
At 1 July 2014	3,889,382,082	3,216,813,189	46,364,619,982	109,484,189,539	4,560,350,000	565,555,460	5,224,304,144		316,448,041,726	489,753,256,122
Adjustment		(62,500)	16,730,832,189	(11,281,194,307)	253,518,058	290,280,965	(4,422,500,820)		(224,464,936,074)	(222,894,062,489)
Additions			26,682,308	253,975,320	280,524,890	13,159,052	37,738,721		100,762,603,392	101,374,683,683
Transfer/Disposal			12,266,357,629	12,296,538,737					(91,684,881,401)	(67,121,985,035)
Reclassification			102,678,398	374,668,009		-	-	-	221,315,189	698,661,596
At 30 June 2015	**3,889,382,082**	**3,216,750,689**	**75,491,170,506**	**111,128,177,298**	**5,094,392,948**	**868,995,477**	**839,542,045**	-	**101,282,142,832**	**301,810,553,877**
Depreciation										
At 1 July 2014	-	-	-	-	-	-	-	-	-	-
Transfer/Disposal	-								-	-
Charge for the year	-	160,837,534	3,359,490,126	5,154,854,805	1,259,155,066	98,207,461	258,886,346		-	10,291,431,337
Impairment Loss	-								-	-
At 30 June 2015	-	**160,837,534**	**3,359,490,126**	**5,154,854,805**	**1,259,155,066**	**98,207,461**	**258,886,346**	-	-	**10,291,431,337**
Net Book Value										
At 30 June 2015	**3,889,382,082**	**3,055,913,155**	**72,131,680,380**	**105,973,322,493**	**3,835,237,883**	**770,788,017**	**580,655,699**	-	**101,282,142,832**	**291,519,122,540**

	As at 30 June	Consolidated 2016 Rwf	2015 Rwf
16.	Intangible assets		
	Nyabarongo Hydro Power Plant	61,234,517,447	64,457,386,786
	Jabana II Thermal Power Plant	6,167,052,590	6,491,634,305
	Mukungwa I Hydro Power Plant	4,429,871,097	4,663,022,207
	Ntaruka Hydro Power Plant	4,237,722,304	4,460,760,320
	Jabana I Thermal Power Plant	3,880,628,296	4,084,871,890
	Nshili Micro Hydro Power Plant	599,144,019	630,677,915
	Nyabahanga Micro Hydro Power Plant	540,964,141	569,435,938
	Gatsata Thermal Power Plant	505,189,858	531,778,800
	Total	81,595,089,752	85,889,568,161
17	**Intangible assets**		-
	At beginning of year	1,382,847,013	118,110,184
	Prior year adjustment	-	1,834,762,899
	Additions	62,931,666	-
	Amortisation	(264,264,641)	(570,026,070)
	At end of year	1,181,514,038	1,382,847,013
18	**Inventory**		
	Inventories comprise the following items:		
	Generation and other network materials	13,425,221,976	16,510,180,737
	Fuel and lubricating oils	1,034,207,362	15,021,413
	Other stock items	892,133,955	1,289,898
		15,351,563,293	16,526,492,048
	Less : Provision for obsolete stock	(697,848,050)	(128,973,067)
		14,653,715,243	16,397,518,981
19	**Trade and other receivables**		
	Trade receivables	27,190,654,505	22,033,035,781
	Less: Provision for bad and doubtful debts	(15,040,486,218)	(14,823,303,210)
	Net trade receivables	12,150,168,287	7,209,732,571
	Other receivables	1,149,977,729	2,516,869,665
	Prepayments/Letter of credit	788,341,091	1,437,031,615
		14,088,487,107	11,163,633,851

Note		Company 2016 Rwf	2015 Rwf	Consolidated 2015 RWf	2015 Rwf
20	**Bank and cash balances**				
	Cash at bank			23,313,636,005	12,999,675,572
	Cash in hand			7,460,427	247,931
	Shared bank balance				199,259,011
	Short term deposits				365,000,000
		-		23,321,096,432	13,564,182,514
	Share capital				
	Share capital	3,000,000	3,000,000	3,000,000	3,000,000
21	**Concession obligation**				
	At beginning of year			85,889,568,161	73,159,509,250
	Improvement on concessioned assets				15,394,657,160
	Prior year adjustment relating to reversal of records posted on Concession Accounts for Nyabarongo Hydro Power Plant				(2,664,598,249)
	Amortisation	-	-	(4,294,478,409)	-
	At the end of year	-	-	81,595,089,752	85,889,568,161
	Maturity analysis of the financial asset				
	Outstanding financial asset	-	-	81,595,089,752	85,889,568,161
(a)	**Concession financial asset: Current portion**			(4,294,478,409)	(4,294,478,409)
		-		77,300,611,343	81,595,089,752
(b)	**Non-current portion of the obligation**				
	Maturity of concession obligation:			-	4,294,478,409
	Between one and two years	-	-	4,294,478,409	4,294,478,409
	Between two and three years	-	-	4,294,478,409	4,294,478,409
	Between three and four years	-	-	4,294,478,409	4,294,478,409
	Between four and five years	-	-	4,294,478,409	4,294,478,409
	After five years	-	-	60,122,697,707	64,417,176,116
		-	-	77,300,611,343	85,889,568,161
22	**Deferred income tax liability**				
	At beginning of year	-	-	26,106,673,807	27,551,715,974
	Credit /charge to income statement	-	-	1,888,524,216	(1,445,042,167)
	At end of year	-	-	27,995,198,023	26,106,673,807

23 Grants

	Consolidated 2016 Rwf	2015 Rwf
Source of funds		
EDCL Internal Projects	49,881,025,488	74,834,476,125
Interconnection Project	49,886,469,608	-
Electricity Access scale-up and sector wide approach development project (EASSDP)	37,301,452,006	-
Lake Kivu Monitoring Project (LKMP)	1,340,852,679	-
Three Hydroelectric Power Plants Rehabilitation Project Mukungwa, Gihira and Gisenyi (R3CHE)	4,202,849,529	-
Increase Rural Energy Access through Public Private Partnership (IREAPPP)	461,395,323	-
National Domestic Biogas Program (NDBP)	124,828,642	-
Scaling-Up Energy Access Project(SEAP)	4,505,408,818	-
Sustainable Energy Development Project (SEDP)	1,056,963,058	-
Dutch Fund (DF)	5,312,868,822	-
BE1-EARP Project	454,484,868	-
BE2-EARP Project	179,080,073	-
Agence Francaise de Development (AFD)	1,034,545,220	-
Regional Rusumo Falls Hydropower Project-Rwanda Component	-	-
Grants awarded to former EWSA	42,274,128,619	45,593,961,081
Electricity Access Rollout Program (EARP)	68,842,905,907	50,375,028,205
	266,859,258,661	170,803,465,411

24 Borrowings

	2016	2015
Bank of Kigali - Peat to Power Project	18,722,811,681	18,654,711,495
Borrowings from development partners	10,606,099,934	11,076,273,402
	29,328,911,615	29,730,984,897

25 Amounts due to/from related parties

		2016	2015
(a)	Amounts due from related parties	-	-

(b)

	Company		Consolidated	
Amounts due to related parties	2016	2015	2016	2015
Amounts advanced from EUCL	807,654,219	-	-	-
Amounts collected on behalf of REG	-	-	-	-
Amounts collected on behalf of EDCL	-	-	400,000,000	-
Short term borrowing from EDCL	-	-	-	-
	807,654,219	-	400,000,000	
i Current portion			-	-
ii Long term portion	807,654,219		400,000,000	

26	**Trade and other payables**				-
	Trade payables			34,065,361,882	31,765,461,408
	Other payables			3,323,393,351	8,686,682,692
	General provisions			620,326,936	3,416,839,811
	Accruals			-	-
		-		38,009,082,169	43,868,983,911
27	**Re-organisation reserve**				
	Balance at year end	62,937,358,702	62,984,358,702	62,937,358,702	62,984,358,702

28 Prior year adjustments

The company adopted International Financial Reporting Standards (IFRS) to improve the quality of information shared with stakeholders. A detailed review of the financial statements necessitated effecting additional adjustments to fully comply with IFRS reporting. Some of these adjustments required effecting prior year adjustments. These adjustments are detailed below:

a) **Cost of sales**
In 2016, the directors commissioned a detailed review of the reported amounts in the fuel and lubricant oils accounts and determined that the cost was Rwf 43,633 million and not Rwf 42,933 million as previously stated.
Additionally, Rwf 202 million recorded in distribution costs should have been classified as cost of sales. The prior year cost of sales balance has been restated to reflect the changes.

b) **Amounts due to EDCL**
EUCL collects customer payments in respect of EARP and remits to EDCL. In the year 2015, a payment of Rwf 400 million was included in trade payables and not the amounts due to related parties. The financial statements have been restated to reclassify this payment.

c) **Recognition of capitalisation of SCADA software from grants**
During the year, the directors analysed elements of the SCADA monitoring tool used for controlling the distribution network. From the analysis, it was noted that, while the grant received from the Government of Rwanda had been recorded under grant liabilities, the corresponding asset had not been recorded. At the time of the analysis, the asset's cost was Rwf 2,478 million, and accumulated amortisation stood at Rwf 1,189 million. The financial statements have been restated to reflect this change.

d) **Shared bank balance**
The prior year balance of Rwf 199 million relates to amounts in former EWSA bank accounts that were to be shared by EUCL and WASAC. EUCL and WASAC had joint control of the accounts, and the funds could be accessed through mutual consent of both parties. The financial statements have been restated to reclassify the balance from trade and other receivables to bank and cash balances.

e) **Provision for bad and doubtful debts and EWSA debtors**
A balance of Rwf 15,813 million representing doubtful debts had not been recorded in the prior year financial statements. This balance represented debtors inherited from EWSA whose collectability was doubtful. The financial statements have been restated to record these balances. A provision for bad and doubtful debts of Rwf 15,489 million was made against this balance. See customer recoveries below for the difference of Rwf 324 million.

f) **Customer recoveries**
In prior year, the Company recovered amounts originally provided for bad and doubtful debts amounting to Rwf 324 million. The prior year financial statements have been restated to reflect this change.
The company passed adjustments to correct the errors that were discovered subsequently after year end. Some of these adjustments required effecting prior year period are detailed below:

g) **Shared bank balance**

The prior year balance of Rwf 199 million relates to amounts in former EWSA bank accounts that were to be shared by EUCL and WASAC. EUCL and WASAC had joint control of the accounts, and the funds could be accessed through mutual consent of both parties. The financial statements have been restated to reclassify the balance from trade and other receivables to bank and cash balances.

h) **Provision for bad and doubtful debts and EWSA debtors**

A balance of Rwf 15,813 million representing doubtful debts had not been recorded in the prior year financial statements. This balance represented debtors inherited from EWSA whose collectability was doubtful. The financial statements have been restated to record these balances. A provision for bad and doubtful debts of Rwf 15,489 million was made against this balance. See customer recoveries below for the difference of Rwf 324 million.

i) **Customer recoveries**

In prior year, the Company recovered amounts originally provided for bad and doubtful debts amounting to Rwf 324 million. The prior year financial statements have been restated to reflect this change.

The company passed adjustments to correct the errors that were discovered subsequently after year end. Some of these adjustments required effecting prior year period are detailed below:

j) **Grant and loan receipts**

In previous balance stated, the balance amounted to 4,739 Million were capitalised but this balances were reported in Contribution to Private Power Projects and Administrative expenses. The unutilized grant relating to those capitalized expenses have to be deferred and the prior year grants and loan receipts have been adjusted to reflect the changes.

	Frw	Frw
Grant and loan receipts as previously stated		(45,244,112,075)
To defer unutilised grant relating to below capitalised expenses		
To reclassify PY balances reported under "Contribution to private power projects and subsidies"	2,175,472,879	-
To reclassify PY balances reported under "Administrative expenses"	2,631,474,518	-
To recognise depreciation charge	67,241,598)	
Net impact of prior year adjustments		4,739,705,799
Grant and loan receipts as restated		40,504,406,276)

k) **Contribution to private power projects and subsidies**

Included in previous balance is an amount of 2,175 Million reported under Contribution to private power projects that were capitalised and the prior year contribution to private power projects have been adjusted to reflect the changes.

	Frw	Frw
Contribution to private power projects and subsidies as previously stated as previously stated		43,859,861,634
To reclassify capitalised expenses reported under "Contribution to private power projects and subsidies"	(2,175,472,879)	
Net impact of prior year adjustments		(2,175,472,879)
Contribution to private power projects and subsidies as restated		41,684,388,755

l) **Administrative expenses**
Including in previous balance, the amount of 2,631 Million reported under Administrative expenses were capitalised and the prior year administrative expenses have been adjusted to reflect the changes.

A detailed review of salaries and wages and determined that approximately Rwf 482 million was erroneously ommitted. The omission had resulted in an understatement of salaries and wages for year 2014/15. The management have restated the 2015 financial statements to reflect the correct position.

	Frw	Frw
Administrative expenses as previously stated as previously stated		13,277,257,190
To reclassify capitalised expenses reported under "Administrative expenses"	(2,631,474,518)	
IN EDCL Adjustment	22,677,129	
Understatement of administrative expenses in EUCL	482,255,683	
Net impact of prior year adjustments		(2,126,541,706)
Administrative expenses as restated		11,150,715,484

m) **Depreciation**
The depreciation have been computed on the wrong net book value, therefore the financial statements have been adjusted to reflect the changes.

	Frw	Frw
Depreciation previously stated		10,175,584,906
To adjust depreciation charge for the prior year EDCL	67,241,598	
Understatement of depreciation EUCL	48,604,834	
Net impact of prior year adjustments		115,846,432
Depreciation as restated		10,291,431,337

n) **Property, plant and equipment (PPE)**
During the year, a fixed asset verification exercise was commissioned to verify amounts carried as property, plant and equipment. The results of the exercise indicated that the cost of property, plant and equipment was Rwf 183,408 million and not RwF 183,111 million as previously determined. Adjustments of Rwf 1,467 million on cost and Rwf 49 million on depreciation have been passed to reflect the correct value for property, plant and equipment. The financial statements have been restated to reflect these changes.
The balance for PPE has been restated due to certain costs which were capitalised and some expensed hence the prior PPE have been adjusted to reflect those changes.

	Frw	Frw
Property, plant and equipment previously stated		288,365,059,468
Adjustment in PP&E EUCL	345,539,603	
Adjustment in PP&E depreciation EUCL	(48,604,834)	
To reclassify PY balances reported under "Contribution to private power projects and subsidies"	2,175,472,879	
To reclassify PY balances reported under "Administrative expenses"	2,631,474,518	
To adjust the NBV for the period	239,157,823	
To expense projects previously capitalised	(2,188,976,920)	
Net impact of prior year adjustments		3,154,063,069
Property, plant and equipment as restated		291,519,122,537

o) Inventory

The balance of Inventory previously stated were understated by the omission of balance available on Vehicle fuel cards, so the prior year inventory has been adjusted to reflect the changes.

	Frw	Frw
Inventory previously stated		16,392,214,991
Balance available on Vehicle fuel cards	5,303,989	
Net impact of prior year adjustments		5,303,989
Inventory as restated		16,397,518,981

p) Cash and cash equivalents

The prior year cash and cash equivalents have been adjusted due to the adjustment wrongly made previously which were reversed and the financials were restated to incorporate this change.

	Frw	Frw
Cash and cash equivalents previously stated		9,414,783,465
Shared bank balance	199,259,011	
To reverse the adjustment passed on EWSA Equity contribution	1,207,533,180	
Net impact of prior year adjustments		1,406,792,191
Cash and cash equivalents as restated		13,564,182,514

q) Grants

Grants previously stated have been adjusted due to the completed assets which were transferred. The balance amounted to 27,462 Million which were reported under grants and some reclassified under borrowings.

	Frw	Frw
Grants previously stated		(176,920,480,495)
Grant on SCADA monitoring	(1,289,292,849)	-
To adjust amounts due from related parties	400,000,000	-
To reclassify borrowing reported as a grant	27,642,108,120	-
Adjustment of inventory	(5,303,989)	-
To reverse the adjustment passed on EWSA Equity contribution	(1,207,533,180)	-
To reclassify transferred assets netted off against grant instead of borrowing	(16,565,834,718)	-
To adjust the NBV for the period	(239,157,823)	-
To expense projects previously capitalised	2,188,976,920	-
To defer unutilised grant relating to capitalised expenses	(4,806,947,397)	-
To adjust depreciation charge for the prior year	(67,241,598)	-
To recognise depreciation charge	67,241,598	-
Net impact of prior year adjustments		6,117,015,084
Grants as restated		(170,803,465,411)

r) **Borrowings**

The net amount for borrrowings has been adjusted to incorporate the the amount of borrowings of 27,462 Million previously reported under grants and the transferred completed assets.

	Frw	Frw
Borrowings previously stated		(18,654,711,495)
To reclassify borrowing reported as a grant	(27,642,108,120)	
To reclassify transferred assets netted off against grant instead of borrowing	16,565,834,718	
Net impact of prior year adjustments		(11,076,273,402)
Borrowings as restated		(29,730,984,897)

The impact of the prior year adjustments on the financial statements is detailed below:

	2016 Rwf 000
Profit before income tax as previously stated	(1,147,522,746)
Adjustments for:	
Overstatement of cost of sales	701,002,526
Understatement of cost of sales	(202,078,973)
Overstatement of distribution expenses	202,078,973
Understatement of administrative expenses	(482,255,683)
Armotisation of grants	1,189,179,622
Recognition of armotisation of SCADA software	(1,189,179,622)
Adjustment for insurance premium in the period ended 2015	(6,465,187)
Being adjustment for unrecorded income relating to dark fiber sales	68,641,927
Understatement of depreciation	(48,604,834)
Net impact of prior year adjustments	232,318,749
Profit before tax as restated	(915,203,996)
Impact on income tax of prior year adjustments	
Income tax expense as restated	1,445,042,167
Profit for the year as restated	529,838,171