



**ENERGY UTILITY CORPORATION LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2023**

	Page
Table of contents	
Company Information	3
Directors' Report	4
Statement of Directors' Responsibilities	4
<b>Financial statements:</b>	
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes	8 - 38

<b>Company Information</b>	
<b>Members of the Board of Directors (Board):</b>	
Dr. Didacienne Mukanyiligira	Chairperson (From 14/12/2020 to date)
Mr. Jean Claude ILIBONEYE	Member (From 29/07/2014 to date)
Mr. Viateur Mugenzi	Member (From 14/12/2020 to date)
Ms. Rita Clemence Mutabazi	Member ( From 14/12/2020 to date)
Mr. Charles Kalinda	Member ( From 14/12/2020 to date)
Mr. Ron WEISS	Board Secretary (From 15/05/2017 to date)
Registered office:	
KN82 ST 3, Nyarugenge District	
P.O Box 5964	
Kigali, Rwanda	
<b>Banks</b>	
National Bank of Rwanda	Ecobank Rwanda Plc
P. O. Box 6219	P. O. Box 3268
Kigali	Kigali
Bank of Kigali Plc	I and M Bank (Rwanda) Plc
P. O. Box 259	P. O. Box 354
Kigali	Kigali
Guaranty Trust Bank (Rwanda) Plc	Access Bank (Rwanda) Plc
P. O. Box 331	3rd Floor, UTC Building
Kigali	Kigali
Equity Bank Rwanda Plc	BPR Bank Plc
P. O. Box 494	P. O. Box 1348
Kigali	Kigali
Compagnie Générale de Banque Plc	NCBA Bank Rwanda Plc
P. O. Box 3477	P. O. Box 6774
Kigali	Kigali

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## Directors' Report

The Directors present their report together with the unaudited financial statements of the Energy Utility Corporation Limited (the “Company”) for the year ended 30 June 2023, which show the state of the Company’s affairs.

### Principal activities.

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

### Results for the Year ended 30 June 2023

**Rwf**

Profit/Loss before income tax	(51,927,825,084)
Income tax Credit/ Expense	<u>15,946,472,834</u>
Profit/ Loss for the Year ended 30 June 2023	(35,981,352,250)

### Dividends

The Board of Directors do not recommend payment of dividends in respect of the year ended 30 June 2023.

### Reserves

The reserves of the Company are set out on page 7 of these financial statements.

### Directors

The directors who served during the year and to the date of this report are as shown on page 3.

### Statement of Directors' Responsibilities

The Law n°007/2021 of 05/02/2021 relating to 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 unaudited financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting standards and the requirements of the law n°007/2021 of 05/02/2021 relating to companies. 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 International Financial Reporting Standards. 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, financial statements continue to be prepared on the going concern basis.

### Endorsement of the audited financial statements


The unaudited financial statements on pages 2 to 38 were endorsed to be shared to shareholder by the Board of Directors on ..... and signed on its behalf by;

  Digitally signed by EUCL(MD) Date: 2023.08.16 20:18:08 +02'00'	Pen Weiss  Digitally signed by Ron WEISS (CEO) Date: 2023.08.16 21:33:32 +02'00'	 16/08/2023
.....	.....	.....
Managing Director/EUCL	Chief Executive Officer/REG	Chairperson of Board of Directors

Statement of Comprehensive Income		Rwf	Rwf
	Notes	June 2023	June 2022
Revenue	6	164,857,798,475	144,282,955,741
Cost of sales	7	(185,240,114,017)	(150,571,483,028)
<b>Gross profit/Loss</b>		<b>(20,382,315,542)</b>	<b>(6,288,527,287)</b>
Grants and subsidies	8	37,159,669,427	39,352,863,859
Other income	9	13,804,492,552	11,017,186,600
Distribution costs	10	(19,363,537,222)	(14,897,720,233)
Administrative expenses	11	(25,266,335,410)	(23,628,908,056)
<b>Operating profit/Loss before interest, tax, depreciation and amortization</b>		<b>(14,048,026,194)</b>	<b>5,554,894,883</b>
Depreciation and amortization	12	(30,557,599,609)	(28,638,006,488)
<b>Operating Profit/loss</b>		<b>(44,605,625,803)</b>	<b>(23,083,111,605)</b>
Interest income	13(a)	26,441,246	26,728,728
Finance costs	13(b)	(7,348,640,527)	(8,245,897,033)
<b>Profit/Loss before income tax</b>		<b>(51,927,825,084)</b>	<b>(31,302,279,910)</b>
Income tax credit/Expense	14	15,946,472,834	(21,202,421,041)
<b>Profit/ Loss for the Year ended 30 June 2023</b>		<b>(35,981,352,250)</b>	<b>(52,504,700,951)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year ended 30 June 2023</b>		<b>(35,981,352,250)</b>	<b>(52,504,700,951)</b>

Statement of Financial Position		Rwf	Rwf
ASSETS	Notes	June 2023	June 2022
<b>Non-current assets</b>			
Plant and equipment	15	569,302,117,085	558,080,477,182
Concession intangible asset	16	64,035,483,095	61,222,913,175
Intangible assets	17	5,071,601,598	4,159,896,288
Amounts due from related parties	26(a)	7,937,660,485	7,917,672,587
		<b>646,346,862,261</b>	<b>631,380,959,231</b>
<b>Current assets</b>			
Concession intangible asset	16		
Inventory	18	13,794,351,679	12,592,894,977
Trade and other receivables	19	17,261,061,102	16,190,090,210
Bank and cash balances	20	8,371,897,043	11,987,368,504
		<b>39,427,309,825</b>	<b>40,770,353,691</b>
<b>TOTAL ASSETS</b>		<b>685,774,172,085</b>	<b>672,151,312,923</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	40,000,000,000	40,000,000,000
Revenue reserves		(122,254,413,793)	(78,489,335,701)
Re-organization reserve	28	15,900,415,897	15,900,415,897
		<b>(66,353,997,895)</b>	<b>(22,588,919,804)</b>
<b>Non-current liabilities</b>			
Concession intangible obligation	22(a)	64,035,483,095	61,222,913,175
Deferred income tax liability	23	25,128,745,486	41,075,218,320
Grants	24	414,877,964,490	392,532,929,326
Borrowings: Non- current portion	25	159,265,258,120	122,603,675,245
Amounts due to related parties	26(b)i	4,665,504,012	3,038,490,586
<b>Total non-current liabilities</b>		<b>667,972,955,203</b>	<b>620,473,226,652</b>
<b>Current liabilities</b>			
Concession intangible obligation	22(b)	-	-
Amounts due to related parties	26(b)ii	-	-
Borrowings: Current portion	25	4,494,633,415	2,872,262,719
Trade and other payables	27	79,660,581,362	71,394,743,356
		<b>84,155,214,778</b>	<b>74,267,006,075</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>685,774,172,085</b>	<b>672,151,312,923</b>

The unaudited financial statements on pages 2 to 38 were endorsed to be shared to shareholder by the Board of Directors on..... and signed on its behalf by;





Digitally signed by  
EUCL(MD)  
Date: 2023.08.16 20:16:07  
+02'00'

Pen Weiss



Digitally signed by  
Ron WEISS (CEO)  
Date: 2023.08.16  
21:34:11 +02'00'



16/08/2023

.....  
**Managing Director/EUCL Chief Executive Officer/REG Chairperson of Board of Directors**

## Statement of Changes in Equity

	Share capital	Retained earnings	Reorganisation reserves	Total
	Rwf	Rwf	Rwf	Rwf
<b>At 30 June 2022</b>	40,000,000,000	(78,489,335,701)	15,900,415,897	(22,588,919,804)
<b>At 1 July 2022</b>	40,000,000,000	(78,489,335,701)	15,900,415,897	(22,588,919,804)
<b>Adjustment</b>		(7,783,725,842)		(7,783,725,842)
<b>Profit/Loss for the year</b>		(35,981,352,250)		(35,981,352,250)
<b>At 30 June 2023</b>	<b>40,000,000,000</b>	<b>(122,254,413,793)</b>	<b>15,900,415,897</b>	<b>(66,353,997,895)</b>

The notes on pages 8 to 38 are an integral part of these financial statements.

<b>Statement of Cash Flows</b>	<b>Rwf</b>	<b>Rwf</b>
	<b>June 23</b>	<b>June 22</b>
Profit/Loss before income tax	(51,927,825,084)	(31,302,279,910)
<b>Adjustments for:</b>		
Depreciation	30,584,451,403	33,373,838,866
Gain on disposal	-	-
Loss on disposal	-	-
Prior period adjustment	(7,783,725,842)	2,148,184,212
Increase in provision for obsolete stocks	-	-
Increase in provision for bad and doubtful debts	-	-
Realised grants	(22,894,905,785)	(25,332,982,678)
Amortisation of intangible assets	852,579,610	479,680,824
Interest income	(26,441,246)	(26,728,728)
<b>Cash flows before working capital movements</b>	<b>(51,195,866,944)</b>	<b>(20,660,287,414)</b>
<b>Changes in:</b>		
- Inventory	(1,201,456,702)	(1,586,000,271)
- Trade and other receivables	(1,070,970,892)	3,119,729,100
- Trade and other payables	8,265,838,006	27,212,822,014
- Related parties	1,607,025,528	(2,984,133,303)
- Grants	-	-
Cash generated from operations	<b>(43,595,431,001)</b>	<b>5,102,130,127</b>
Interest received	26,441,246	26,728,728
<b>Net cash generated from/(used in) operating activities</b>	<b>(43,568,989,755)</b>	<b>5,128,858,855</b>
<b>Cash flows from investing activities</b>		
Receipt of grants	45,239,940,949	119,733,730,354

Disposal proceeds	-	-
Purchase/Release of software	(1,764,284,921)	1,336,384,029
Purchase of property and equipment	(41,806,091,304)	(145,283,220,097)
Net cash used investing activities	<b>1,669,564,724</b>	<b>(24,213,105,713)</b>
<b>Cash flows from financing activities</b>		
Repayment of Bank of Kigali_Gishoma Loan	(478,824,891)	(224,171,842)
Proceeds from borrowings from RESSP project	1,149,915,738	16,324,354,634
Repayment of Equity Bank Loan	(524,113,789)	(463,128,224)
Repayment of borrowings from Bank of Kigali	(1,455,413,821)	(1,288,643,435)
Proceeds from borrowings from Cogebank	(372,209,666)	(326,628,488)
Proceeds from borrowings from NCBA/MINECOFIN	19,964,600,000	
Proceeds from borrowings from BK/MINECOFIN	20,000,000,000	
Net cash from investing activities	<b>38,283,953,571</b>	<b>14,021,782,645</b>
	<b>(3,615,471,460)</b>	<b>(5,062,464,279)</b>
<b>Cash and cash equivalents</b>		
At beginning of year	11,987,368,504	17,049,832,783
<b>At end of the year</b>	<b>8,371,897,044</b>	<b>11,987,368,504</b>

The notes on pages 8 to 38 are an integral part of these financial statements.

## Notes

### 1. General information

The Energy Utility Corporation Ltd (EUCL) is a private company domiciled in the Republic of Rwanda and wholly owned by Government. It was established in August 2014 as a subsidiary of Rwanda Energy Group (REG) that was formed after desolution 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 Company is transmission, distribution and retail of electricity generated by Government owned power plants under concession arrangement to different participants including the Company and also power purchased from independent power producers.

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

Energy Utility Corporation Ltd (EUCL)  
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'

#### **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 recognizes 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

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estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**Revenue is recognized as follows:**

• **Sales of electricity - external**

Electricity sales revenue is recognized 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 recognized when customers purchase electricity units. Electricity sales revenue is recognized 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 recognized 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 utilized for the construction of the installation paid for.

• **Dark fiber revenue**

This represents income from rental of Company fiber optic cable lines to third parties. The revenue from renting the lines is recognized 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 recognized 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 recognized as it accrues in Statement of Comprehensive Income, using the effective interest method.

• **Subsidies**

Subsidies are recognized at the actual amounts received from Government. These amounts are deposited directly to the company's accounts in order to compensate the cash shortfall arising from a capped regulated tariff.

• **Realized grants**

Grants are recognized in statement of comprehensive income on a systematic basis over the periods in which the Company recognizes 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

recognized 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.

#### **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.

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, write-offs 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 labor 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:

Intangible Assets 10%

Buildings 5%

Generation assets 5%

Transmission assets 5%

Distribution assets 5%

Motor vehicles 25%

Computer equipment 33.3%

Furniture and fittings 12.5%

**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.
- 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 – Amortization Schedule” over the useful-life of each generation plant concessioned.

**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.

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## **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 cash flows 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 licenses.

They are initially capitalized 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 recognized as an expense when incurred.

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

The amortization period and amortization method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognized in Statement of Comprehensive Income when the changes arise.

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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.

**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**

As per IAS 2, Inventories are valued at the lower of cost and net realisable value. However EUCL inventory is valued at cost due to the fact EUCL inventory is kept for the purpose of maintenance of electricity assets rather than sale, further more having net realisable value would involve hiring an independent value every quarter to determine the estimated selling price in the ordinary course of business after allowing for the cost of realisation which can also involve a lot of funds to execute the exercise to comply with the standard. Therefore, in respect of value for money EUCL inventory is valued and recorded on cost. Cost of inventories comprises purchase price, import duties, transport and handling charges and is determined on weighted average basis.

**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 classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized 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.

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## **I. 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 non-current liabilities unless the Company has to make 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.

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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 amortized 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. Application of new and revised International Financial Reporting Standards (IFRS).**

**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.

<p>Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets</p>	<p>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.</p>
<p>Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets</p>	<p>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.</p>
<p><b>New and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2016.</b></p>	
<p>Amendments to standards</p>	<p>Effective for annual periods beginning</p>
<p>IFRS 15 Revenue from contracts with customers</p>	<p>January-17</p>
<p>IFRS 9</p>	<p>January-19</p>
<p>IFRS 16 Leases</p>	<p>January-19</p>
<p>All Standards and Interpretations were adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity). Sale or Contribution of Assets between</p>	

### 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,

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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 recognize:

(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 recognizes 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 recognizes 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 recognize 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 were effective for annual periods that began on or after 1 January 2019. Early application was permitted in so far as the issued revenue Standard (IFRS 15 Revenue from Contracts with Customers) was also applied).

#### **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.

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The definition of a business is key to determining the extent of the gain to be recognised. The amendments were effective from annual periods that commenced on or after 1 January 2016.

**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 applied prospectively for annual periods that commenced on or after 1 January 2016 and early adoption was permitted.

**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 were effective from 1 January 2016, with earlier adoption permitted.

No impact 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.

**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 authorized body.

The standard was 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 applied for annual periods beginning on or after 1 January 2016 and early application was permitted. The company assessed the potential impact on its financial statements resulting from the application of the amendment.

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**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 applied prospectively for annual periods beginning on or after 1 January 2016 and early adoption was permitted.

The company assessed 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 applied 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.

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.

### **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.

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### **IFRS 15 Revenue from Contracts with Customers.**

The core principle of IFRS 15 is that an entity should recognize 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: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes 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 Amortization.**

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 summarized below:

### **Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization (continued).**

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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.

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



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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.

## 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 minimize 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 analysed 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:

	Neither past due not impaired	Past due not impaired	Impaired	
		Over 60 days	Over 365 days	Total
	Rwf	Rwf	Rwf	Rwf
<b>At 30 June 2023</b>				
Trade receivables	4,285,902,274	7,487,791,767	20,626,446,263	32,400,140,305
Other receivables	3,987,542,977	-	-	3,987,542,977
Bank balances	11,972,370,178	-	-	11,972,370,178
	<b>20,245,815,430</b>	<b>7,487,791,767</b>	<b>20,626,446,263</b>	<b>48,360,053,460</b>
<b>At 30 June 2023</b>				
Trade receivables	4,285,902,274	7,667,281,912	21,786,524,401	33,739,708,587



Other receivables	4,626,418,761	-	-	4,626,418,761
Bank balances	8,352,348,002	-	-	8,371,897,043
	<b>17,264,669,038</b>	<b>7,667,281,912</b>	<b>21,786,524,401</b>	<b>46,718,475,351</b>

## 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 optimize the funding of business operations and facilitate capital expansion. The Company is exposed to the following risks:

### (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:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	
	Rwf	Rwf	Rwf	Rwf
<b>At 30 June 2023</b>				
Trade payables	59,259,972,772	-	-	59,259,972,772
Other payables	12,134,770,580	-	-	12,134,770,580
Amount due to related parties	2,400,000,000	2,400,000,000	1,056,145,652	5,856,145,652
	73,794,743,352	2,400,000,000	1,056,145,652	77,250,889,004
<b>At 30 June 2022</b>				
Trade payables	71,374,382,649	-	-	71,374,382,649
Other payables	8,286,198,710	-	-	8,286,198,710
Amount due to related parties	2,400,000,000	2,400,000,000	2,265,504,012	7,065,504,012
	82,060,581,359	2,400,000,000	2,265,504,012	86,726,085,371

	June 2023	June 2022
	Rwf	Rwf
<b>6. Revenue</b>		
Sales of electricity - external	164,857,798,475	144,282,955,741
Sale of electricity - internal	-	-
	<b>164,857,798,475</b>	<b>144,282,955,741</b>
<b>7. Cost of sales</b>		
Purchase of electricity	162,215,081,561	125,655,774,025
Fuel and lubricating oils	19,699,719,932	21,894,768,537
Amortisation of concession asset (note 16)	-	-
Repairs and maintenance - generation	3,325,312,524	3,020,940,466
	185,240,114,017	150,571,483,028
Realisation of concession obligation (note 22)	-	-
	<b>185,240,114,017</b>	<b>150,571,483,028</b>
<b>8. Grants and subsidies</b>		
Subsidies	15,438,329,782	14,341,563,123
Realised grants	21,721,339,645	25,011,300,736
	<b>37,159,669,427</b>	<b>39,352,863,859</b>
<p>Subsidies are received from Government as part of compensation for amounts not received under the tariff setting methodology. The Government, through the Rwanda Regulatory Authority, determines the tariffs to be charged to end users and a contribution to cover the shortfall between the Company's revenue requirement and the set tariff is given through subsidies.</p> <p>Grants amounting to Rwf 21.7 billion (2022: Rwf 25 billion) were realized as income proportionate to the write down of value of asset acquired and/or constructed.</p>		
	<b>June 2023</b>	<b>June 2022</b>

<b>9. Other income</b>	<b>Rwf</b>	<b>Rwf</b>
Connections and other non-energy sales	4,778,643,667	2,809,378,806
Revenue from works	4,328,644,416	2,458,181,682
Dark fiber revenue	916,886,997	891,287,983
Loan Interest paid by MINECOFIN	1,829,395,761	-
Grant Income	1,950,921,711	4,858,338,128
Decrease in provision for bad and doubtful debts	-	-
	<b>13,804,492,552</b>	<b>11,017,186,600</b>
<b>10. Distribution costs</b>		
Repairs and maintenance	7,110,598,941	6,916,581,541
Electricity and connection works - internal	7,705,401,383	4,878,952,859
Commissions	2,311,197,004	1,955,969,933
Motor vehicle running expenses	1,135,579,499	1,086,898,157
Provision for bad and doubtful debts	1,100,760,395	59,317,743
	<b>19,363,537,222</b>	<b>14,897,720,233</b>

	<b>June 2023</b>	<b>June 2022</b>
<b>11. Administrative expenses</b>	<b>Rwf</b>	<b>Rwf</b>
Salaries and other related costs	11,779,658,720	11,880,196,752
Consultancy and professional fees	2,029,008,678	2,003,367,850
Support to EDCL	1,776,543,216	1,294,678,000
License and other taxes	212,177,645	97,856,220
Telephone charges	472,890,266	495,441,215
Insurance	1,944,989,079	1,321,205,991
Mission and travelling	992,427,758	907,298,321
Office Supplies	159,310,753	139,649,002
Advertising and promotions	31,501,900	28,796,133
Journals and Newspapers	2,567,550	-
Refreshment and reception expenses	175,277,062	192,446,224
Repairs and maintenance of buildings	866,998,945	331,021,530
Security expenses	383,835,939	341,334,564
Rents and rates	342,341,273	340,408,103
Bank Charges and commissions	127,365,937	50,229,651
Participations and contributions	140,367,848	14,299,689
Gain on disposal of assets	422,102	251,651,967
Legal fees and damages	351,610,634	1,450,757,565
Cleaning expenses	132,209,361	65,613,065
Donations and charity	12,000,000	15,031,000
Recovery expenses	-	100,005,000
REG Facilitation	3,277,055,013	2,200,000,013
EAPP Contribution	55,775,732	106,039,691

Printing Consumables	-	1,580,508
Tender committee costs	-	-
	<b>25,266,335,410</b>	<b>23,628,908,056</b>
<b>12. Depreciation and amortisation</b>		
Depreciation of assets	29,897,847,717	28,158,325,813
Amortisation of intangible assets	659,751,892	479,680,675
	<b>30,557,599,609</b>	<b>28,638,006,488</b>
<b>13. Interest income and finance costs</b>		
<b>a. Interest income</b>		
Bank interest income	26,441,246	26,728,728
<b>b. Finance costs</b>		
Interest on loans		
Exchange losses	1,386,469,809	3,771,230,851
Interest on loan	5,962,170,718	4,474,666,182
	<b>7,348,640,527</b>	<b>8,245,897,033</b>
<b>14. Income tax expense</b>		
Current income tax		
Deferred income tax		
- charge for the year	15,946,472,834	(21,202,421,041)
- over provision in respect of prior years	-	-
	<b>15,946,472,834</b>	<b>(21,202,421,041)</b>



15	Property, plant and equipment							
	Generation Assets	Transmission assets	Distribution assets	Motor vehicles	Furniture and fittings	Computer equipment	Assets under construction	Total
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
<b>COST/VALUATION</b>								
At 1 July 2022	41,829,836,599.00	422,782,480,759.00	202,659,673,156.73	5,424,878,999.00	1,772,024,292.50	4,678,402,525.00	22,371,398,438.93	701,518,694,770
Reclassification	-	(17,664,803,042)	17,358,576,303		239,364,676	66,862,063	-	-
Assets transfers	-	31,877,807,853	8,073,921,778	-	8,768,441	65,250,316	-	40,025,748,388
Additions	-	-	2,458,144,190	437,717,373	73,013,512	174,676,769	7,658,146,564	10,801,698,406
Adjustments	-	-	97,552,663			(1,729,926,601)	388,924,600	(1,243,449,338)
WIP Capitalization	-	14,654,751,908	1,598,927,113	-	19,905,420	155,142,138	(23,684,497,363)	(7,255,770,784)
Disposals & Write off	-	-	(522,135,370)	-	-	-	-	(522,135,370)
<b>At 30 June 2023</b>	<b>41,829,836,599</b>	<b>451,650,237,478</b>	<b>231,724,659,833</b>	<b>5,862,596,372</b>	<b>2,113,076,341</b>	<b>3,410,407,210</b>	<b>6,733,972,240</b>	<b>743,324,786,074</b>
<b>DEPRECIATION</b>								
At 1 July 2022	9,462,713,228.16	75,833,491,735	50,373,470,777	3,868,486,136	924,820,451.43	2,975,235,261	-	143,438,217,588
Adjustment OB	-	(64,231,338)	1,288,634,283	-	69,891,831	(497,039,657)	-	797,255,119
Charge for the period	1,618,357,463	18,579,236,709	8,833,499,486	462,954,992.00	138,838,690	264,960,377	-	29,897,847,717
Disposals	-	-	(110,651,433)	-	-	-	-	(110,651,433)
<b>At 30 June 2023</b>	<b>11,081,070,691</b>	<b>94,348,497,106</b>	<b>60,384,953,114</b>	<b>4,331,441,128</b>	<b>1,133,550,972</b>	<b>2,743,155,981</b>	<b>-</b>	<b>174,022,668,991</b>
<b>NET BOOK VALUE</b>								
<b>At 30 June 2023</b>	<b>30,748,765,908</b>	<b>357,301,740,374</b>	<b>171,339,706,720</b>	<b>1,531,155,244</b>	<b>979,525,369</b>	<b>667,251,229</b>	<b>6,733,972,240</b>	<b>569,302,117,085</b>

### Revaluation of property plant and equipment

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”) required valuation of assets to determine the value of assets to be allocated to the new entities including EUCL. Accordingly all assets in each category were valued except assets under construction (WIP) which was valued at cost.

The valuation was conducted by PwC Kenya who subcontracted Integrated Property Consultants Limited, a registered value in Rwanda. The results of the valuation and adjustments were incorporated in the financial statement after approval by the Board. The revalued amounts were recorded as opening balances of property plant and equipment of EUCL. Assets acquired after valuation were recorded at cost.

	<b>June 2023</b>	<b>June 2022</b>
<b>16. Concession intangible assets</b>	<b>Rwf</b>	<b>Rwf</b>
At beginning of year	61,222,913,175	58,533,877,102
Movement	2,812,569,920	2,689,036,073
Adjustment		
<b>At end of year</b>	<b>64,035,483,095</b>	<b>61,222,913,175</b>
<b>Maturity analysis of the concession intangible asset</b>		
Current	-	
Non-current	64,035,483,095	61,222,913,175
	<b>64,035,483,095</b>	<b>61,222,913,175</b>
<b>Non-current portion of financial asset</b>		
The financial asset is recoverable as analyzed below:		
Between one and two years	-	
Between two and three years	-	
Between three and four years	-	
Between four and five years	-	
After five years	64,035,483,095	61,222,913,175
	<b>64,035,483,095</b>	<b>61,222,913,175</b>
<p>Article 5 of the Prime Minister Order on transfer from public domain to private domain stated power plants shall remain property of the Government of Rwanda but shall be managed by the companies through concession agreements with the Government. In prior year the concessioned power plants had been treated as concessioned intangible assets from the beginning of the concession period until the concession agreements are concluded. On the 5th of December 2017 the Cabinet of Rwanda approved the concessioned assets, and on the 28th of September 2018, the Government of Rwanda and the Company agreed on the amounts to be paid for the concession (Which is in a signed concession agreement) with payments commencing in August 2019, shareholders meeting of 19th November 2020 resolved to defer the payment of concession fees until 2030 other terms remaining the same.</p>		
	<b>June 2023</b>	<b>June 2022</b>
<b>17. Intangible assets</b>	<b>Rwf</b>	<b>Rwf</b>
At 1 July	7,558,142,527	8,894,526,556
Additions	34,358,321	4,142,168,636
Work-in-progress	-	-
Adjustments & Capitalization	1,729,926,600	(5,478,552,665)
<b>Amortisation</b>		
At 1 July	3,398,246,240	2,918,565,416
OB Adjustment	192,827,718	-
Charge for year	659,751,892	479,680,824
	4,250,825,850	3,398,246,240
At end of year	<b>5,071,601,598</b>	<b>4,159,896,288</b>



SCADA system started to serve the company since 09th February 2012 under the contract: 11.07.029/2545/08/CTX-DIR/JM/j.p.s between ELECTROGAZ as beneficiary and DRAKA COMTEQ CABLE SOLUTIONS B.V. As per accounting standards the system was fully amortized in June 2020 and it is still serving the company. The Management took a decision to upgrade the system through SCADA/EMS/ADMS Project in the contract No 000001/W/ICB/2020/2021/EDCL between EDCL and GE Digital services Europe on 17th November 2022 for design, supply, and installation commissioning and training to continue supporting the Company. The project is expected to be completed by 17th November 2024. Then after the cost incurred to upgrade SCADA will be capitalized.

	Jun-23	Jun-22
18. Inventory	Rwf	Rwf
Inventories comprise the following items:		
Generation and other network materials	11,478,968,689	10,412,647,050
Fuel and lubricating oils	1,861,809,018	1,995,725,476
Other stock items	479,377,589	404,823,722
	<b>13,820,155,296</b>	<b>12,813,196,248</b>
Less : Provision for obsolete stock	(25,803,618)	(220,301,270)
	<b>13,794,351,679</b>	<b>12,592,894,977</b>
19. Trade and other receivables		
Trade receivables	33,739,708,587	32,400,140,305
Less: Provision for bad and doubtful debts	(21,786,524,401)	(20,685,764,006)
Net trade receivables	11,953,184,186	11,714,376,299
Other receivables	4,626,418,761	3,987,542,977
Assets held for sale	-	8,639,467
Prepayments	681,458,154	479,531,467
	<b>17,261,061,102</b>	<b>16,190,090,210</b>
In 2015, determination of the balances due from trade debtors was completed and this receivable was received as part of equity contribution from the shareholder. Recoverability of trade debtors of approximately Rwf. 13.9 billion was extremely doubtful based on the quality of evidence available. Accordingly, a provision of the entire amount was made.		
	June 2023	June 2022
20. Bank and cash balances	Rwf	Rwf
Cash at bank	8,352,348,002	11,972,370,178
Cash in hand	19,549,041	14,998,326
	<b>8,371,897,043</b>	<b>11,987,368,504</b>
The bank holds no collateral in respect of bank balances. Bank balances are short term deposits made for varying periods depending on cash requirements of the Company.		
	Jun-23	June 2022
21. Share capital	Rwf	Rwf
Issued and paid	40,000,000,000	40,000,000,000

The Company's share capital at registration date was Rwf 3,000,000 made up of 3,000,000 shares of Rwf 1 each. The registration was done pending the reform process through the PMO which was to determine the share capital of the Company based on the valuation of assets. The net asset after valuation of Rwf 62.4 billion was recorded under reorganisation reserves as at 1 July 2014 awaiting capitalisation. Subsequently, adjustments of Rwf 6.7 billion were made to arrive at net reorganisation of Rwf 55.7 billion at 30 June 2015. A transfer of Rwf 40 billion from reorganisation reserve to share capital has been made to arrive at a share capital of Rwf 40 billion and registered with the Rwanda Development Board. The balance Rwf 15.7 billion in the reorganisation reserve was maintained to allow for future adjustment of transactions affecting prior periods and the residual amount shall be capitalised by the Directors upon a reasonable assessment.

	Jun-23	June 2022
	Rwf	Rwf
<b>22. Concession obligation</b>		
At beginning of year	61,222,913,175	58,533,877,102
Movement	2,812,569,920	2,689,036,073
Adjustment		
<b>At 30 June 2023</b>	<b>64,035,483,095</b>	<b>61,222,913,175</b>
<b>Maturity analysis of the financial asset</b>		
Outstanding financial asset	64,035,483,095	61,222,913,175
Concession financial asset: Current portion	-	-
	<b>64,035,483,095</b>	<b>61,222,913,175</b>
<b>Non-current portion of the obligation</b>		
Maturity of concession obligation:		
Between one and two years	-	-
Between two and three years	-	-
Between three and four years	-	-
Between four and five years	-	-
After five years	64,035,483,095	61,222,913,175
	<b>64,035,483,095</b>	<b>61,222,913,175</b>

Article 5 of the Prime Minister Order on transfer from public domain to private domain stated power plants shall remain property of the Government of Rwanda, but shall be managed by the companies through concession agreements with the Government. In prior year the concessioned power plants had been treated as concessioned intangible assets from the beginning of the concession period until the concession agreements are concluded. On the 5th of December 2017 the Cabinet of Rwanda approved the concessioned assets, and on the 28th of September 2018, the Government of Rwanda and the Company agreed on the amounts to be paid for the concession (Which is in a signed concession agreement) with payments commencing in August 2019, shareholders meeting of 19th November 2020 resolved to defer the payment of concession fees until 2030 other terms remaining the same.

<b>23. Deferred income tax liability</b>			
Deferred income tax is calculated using the enacted income tax rate of 30% . The movement on the deferred income tax account is as follows:			
	Note	June 2023	Jun-22
At beginning of year		41,075,218,320	19,872,797,279

Credit/debit to income statement	14	(15,946,472,834)	21,202,421,041
At end of year		<b>25,128,745,486</b>	<b>41,075,218,320</b>
As per IAS 12 "Income taxes" the amount of tax expense(income) relating to those changes in accounting policies and errors that are included in profit or loss in accordance with IAS 8, should be part of current year tax expense and related liability/asset, because they cannot be accounted for retrospectively. Balances of financial year ended 30th June 2023 include correction of prior year errors in accordance with IAS 8.			
Deferred income tax was calculated on all temporary differences using the liability method. The net deferred income tax liability is attributed to the following:			
<b>Deferred income tax liabilities</b>			
	01 July 2022		30 June 2023
Accelerated tax depreciation	56,766,607,971	(1,965,363,926)	54,801,244,045
<b>Deferred income tax assets</b>			
Provisions	(2,592,539,446)	-	(2,592,539,446)
Tax losses carried forward	(13,098,850,205)	(13,981,108,908)	(27,079,959,113)
	<b>41,075,218,320</b>	<b>(15,946,472,834)</b>	<b>25,128,745,486</b>
<b>24. Grants</b>			
<b>At 1 July 2022</b>			493,634,507,716
Additions			27,342,052,096
Adjustment on OB			5,170,218,809
Assets transfer affecting OB			12,727,670,044
<b>At 30 June 2023</b>			<b>538,874,448,665</b>
<b>Cumulative Grant realisation 1 July 2022</b>			101,101,578,390
Adjustments			1,173,566,140
Realized grants- December 2022			21,721,339,645
			<b>123,996,484,175</b>
<b>At 30 June 2023</b>			<b>414,877,964,490</b>
		<b>Jun-23</b>	<b>Jun-22</b>
<b>25. Borrowings</b>		<b>Rwf</b>	<b>Rwf</b>
Term loans			
- Bank of Kigali_Gishoma Loan		15,336,622,905	15,815,447,796
- Equity Bank		3,232,965,537	3,757,079,326
- RESSP		96,729,330,040	95,579,414,302
-Bank of kigali		4,680,049,514	6,135,463,335
-Cogebanque		3,816,323,539	4,188,533,205
NCBA Loan (MINECOFIN)		19,964,600,000	-
Bank of Kigali Loan (MINECOFIN)		20,000,000,000	-
		<b>163,759,891,535</b>	<b>125,475,937,964</b>
<b>Less: Current portion- amount due within one year</b>			

- Bank of Kigali_ Gishoma Loan		(547,801,500)	(478,824,891)
- Equity Bank		(605,122,620)	(529,667,597)
-Bank of kigali		(1,724,487,536)	(1,491,392,113)
-Cogebanque		(423,185,785)	(372,378,118)
NCBA Loan		<u>(1,194,035,974)</u>	=
<b>Amounts due within one year</b>		<b>(4,494,633,415)</b>	<b>(2,872,262,719)</b>
<b>Amounts due in more than one year</b>		<b>159,265,258,120</b>	<b>109,151,583,328</b>

Rwanda Energy Sector Strengthening Project (RESSP) is a project that was commissioned to increase the population's access to electricity and energy capacity strengthening. The project is funded through a loan from World Bank/ the International Development Agency of \$95 million. At 30 June 2023, approximately \$95 million (Rwf. 96.7 billion) had been withdrawn. The loan attracts an interest of 0.75% per annum and a commitment fee of 0.5% per annum of unwithdrawn loan balance. Repayment of this loan will commence in February 2024 with the last loan installment in August 2053.

<b>26. Amounts due to related parties</b>	<b>Jun-23</b>	<b>Jun-22</b>
The Company's related parties include Rwanda Energy Group (REG) and Energy Development Corporation Limited (EDCL) which are all managed by one Board of Directors. REG is the parent Company of both EUCL and EDCL. The balances due from and to related parties at year end are:		
<b>a. Amounts due from related parties</b>	<b>Rwf</b>	<b>Rwf</b>
Amounts advanced to EDCL	36,704,516	36,704,589
Amounts advanced to REG	7,900,955,966	7,880,967,998
	<b>7,937,660,482</b>	<b>7,917,672,587</b>
<b>b. Amounts due to related parties</b>		
Amounts due to REG	71,290,911	69,330,911
EARP amounts collected on behalf of EDCL	2,625,164,555	1,354,139,130
Short term borrowing from EDCL	1,969,048,545	1,615,020,545
	4,665,504,012	3,038,490,586
i. Current portion	-	-
ii. Long term portion	<b>4,665,504,012</b>	<b>3,038,490,586</b>
Included in amounts due from related parties is Rwf. 510 million was advanced to REG to purchase land on which the REG headquarters building will be constructed. The balance was advanced for purchase of vehicles, computers, payment of salaries and other administrative expenses. There is no repayment schedule for this amount.		
Amounts due to EDCL relate to amounts collected from customers as repayments of electricity connection charges that were advanced by EARP project managed by EDCL.		
	<b>Jun-23</b>	<b>Jun-22</b>
<b>27. Trade and other payables</b>	<b>Rwf</b>	<b>Rwf</b>
Trade payables	71,374,382,649	59,259,972,772
Other payables	8,286,198,710	12,134,770,580
General provisions	4	4

	<b>79,660,581,362</b>	<b>71,394,743,356</b>
Trade and other payables are non-interest bearing and normally settled between 30 – 60 days terms.		
	<b>Jun-23</b>	<b>Jun-22</b>
<b>28. Re-organization reserve</b>	<b>Rwf</b>	<b>Rwf</b>
Balance at year end	15,900,415,897	15,900,415,897

## 29. Contingent Liabilities

### Legal claims

The Company is a defendant in various legal actions arising in the normal course of business. The Company has been advised by its Legal unit that it is only possible but not probable that cases with claims amounting to Rwf 1.43 billion (2022: Rwf 1.55 Billion) could be decided against the Company. Accordingly, no provision for liabilities relating to these cases has been made in these financial statements. The Company continues to defend itself against these actions and therefore it is not practical to reasonably determine the timing of the contingent liabilities.

## 30. Contingent Assets

### a. Electricity theft cases

Every financial year, the company carries out various campaigns to prevent and fight against electricity theft, identified cases of offenders are sent to prosecution and other relevant authorities, the company has been advised by its revenue protection unit that it is only possible but not probable that cases amounting to Rwf 2,172,972 related to current financial year could be decided in favour of the company. The company continues to follow-up these files, and it is not practical to reasonably determine the timing of the realisation of these cases.

### b. Case against Kibuye power limited

Kibuye power (independent power producer) failed and was put under liquidation when it was still owing EUCL an amount totaling to Rwf. 1.7 Billion. Initially EUCL's claim had not been included on the creditors list to be settled during the liquidation. In court pronouncement of 12 January 2017, the liquidator was ordered to add EUCL on the list of creditors. Government of Rwanda through the ministry of finance and economic planning committed to pay Rwf. 1.2 billion on behalf of the liquidated company, However the amount to be recovered from the claim is dependent on the proceeds from the purchaser (symbion) and it is probable that EUCL may not receive the amount and not practical to determine the timing of this cashflow, accordingly a provision of the full amount KP1 owed EUCL was done, and appropriate adjustments will done once there is a recovered amount and un recoverable amount.

## 31. Prior year adjustments on Retained Earning

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. These adjustments are detailed below:

### **Other Income**

An amount of Rwf 399.7 million related to sale of sludge Oil and fees from public auction were done in previous year. To reflect the true picture of financial statements adjustment has been done through retained earnings.

### **Cost of power**

In 2022-2023 FY an independent power producer (Kivuwatt) has submitted pass through invoices related to previous year amounting to Rwf 28.7 million. Adjustment was done to reflect the true picture of financial statements.

### **Inventory**

In financial year 2022-2023 an amount of Rwf 129.1 million inventory items related to prior year were not appropriately recorded into inventory. Then, correcting entries have been done through retained earnings.

### **Trade and other payables**

In financial year 2022-2023 EUCL has received invoices from suppliers related to the services and supplies done in prior year. This has brought in an adjustment to retained earnings amounting to Rwf 212.5 million.

### **Administrative cost**

An amount of Rwf 38.4 million related to previous year of administration expenditure were adjusted through retained earnings.

### **Staff Cost**

In Financial year 2022-2023, an amount of Rwf 20.7 million related to staff performance bonus was paid to EUCL staff and this has been adjusted through retained earnings to reflect the true picture of financial statement.

### **Assets**

An amount of Rwf 8.01 billion of assets related to prior year assets transfers was adjusted against retained earnings.

Below is a summary of prior year adjustment on retained earnings:

<b>Retained Earnings as previously stated (A)</b>	<b>78,489,335,701</b>
Cost of Power	28,777,084
Inventory	(129,133,573)
Administrative expenses	38,439,963
Staff Bonus	20,674,400
Assets	8,012,155,476
Trade and other payables	212,522,079
Other revenue	(399,709,587)
<b>Total Adjustment (B)</b>	<b>7,783,725,842</b>
<b>Net impact of prior year adjustments (A+B)</b>	<b>86,273,061,543</b>