Rwanda Energy Group Ltd

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th JUNE 2023

KN82 ST3, Nyarugenge District, Kigali City, P.O. Box 537 Kigali, Rwanda
Tel.: +(250) (0) 788385025, email: info@reg.rw, website: www.reg.rw

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COMPANY INFORMATION

MEMBERS OF THE BOARD OF DIRECTORS (BOARD):

Dr Didacienne MUKANYILIGIRA	Chairperson	From 14 December 2020
Pacifique TUYISHIME	Vice Chairperson	From 14 December 2020 to May 2023
Ms. Carine UMUTONI	Member	From 14 December 2020 to November 2022
Mr. Viateur MUGENZI	Member	From 14 December 2020
Mr. Jean Claude ILIBONEYE	Member	From 29 July 2014 to date
Mr. Charles KALINDA	Member	From 14 December 2020
Ms. Clemence Rita MUTABAZI	Member	From 14 December 2020
Mr. Ron WEISS	Board Secretary	From 15 May 2017 to date

REGISTERED OFFICE:

KN82 ST 3, Nyarugenge District

P.O Box 5964

Kigali, Rwanda

BANKERS:

National Bank of Rwanda

P. O. Box 6219

Kigali

Ecobank Rwanda Limited

P. O. Box 3268

Kigali

Bank of Kigali

P. O. Box 259

Kigali

I and M Bank (Rwanda) Limited

P. O. Box 354

Kigali

Guaranty Trust Bank (Rwanda) Limited

P. O. Box 331

Kigali

Access Bank (Rwanda) Limited

3rd Floor, UTC Building

Kigali

Equity Bank Rwanda Limited

P. O. Box 494

Kigali

Banque Populaire du Rwanda Limited

P. O. Box 1348

Kigali

Compagnie Générale de Banque Limited

P. O. Box 3477

Kigali

ESTABLISHMENT OF RWANDA ENERGY GROUP LTD (REG)

Rwanda Energy Group Ltd was created after winding up of EWSA operations, to take on electricity transmission and distribution responsibilities previously undertaken by EWSA. The Company was established as a limited liability company fully owned by the Government of Rwanda. Share capital was paid through transfer of assets and liabilities previously owned by EWSA at the time of winding up of EWSA operations. Assets and liabilities transferred to REG were determined by Government through Prime Minister's Order No 87/03 of 16/8/2014 gazetted on 18/08/2014, verified, and revalued by an Independent Consultant in accordance with the provisions of the Prime Minister's Order. The winding up of EWSA operations was done through Law No 97/2013 of 30/01/2014 repealing Law n°43/2010 of 07/12/2010 establishing Rwanda Energy, Water and Sanitation Authority (EWSA) and determining its responsibilities, organization and functioning that was published in the official Gazette on 12/02/2014.

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

	Consolidated	
For year ended 30 June	**2023 Rwf**	**2022 Rwf**
(Loss)/Profit	**(36,178,059,245)**	**(51,757,008,845)**

Reserves

The reserves of the institution are stated on pages 27.

Directors

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

ANNUAL REPORT/ 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 2022 which show the state of the Company's affairs.

Ron Weiss

Digitally signed by
Ron WEISS (CEO)
Date: 2023.08.16
22:09:39 +02'00'

....
Ron WEISS
Chief Executive Officer

Date .

....
Dr Didacienne MUKANYILIGIRA
Chairperson

Date 16/08/2023

FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Law No. 007/2021 of 05/02/2021 governing companies as modified and complemented to date 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 profit or loss for the financial year. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the annual 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 Law No. 007/2021 of 05/02/2021 governing companies as modified and complemented 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 profit in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that 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

Digitally signed by Ron WEISS (CEO)
Date: 2023.08.16 22:10:50 +02'00'

....
Ron WEISS
Chief Executive Officer

Date .

....
Dr Didacienne MUKANYILIGIRA
Chairperson

Date 16/08/2023 .

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For year ended 30 June	Notes	Consolidated 2023 Rwf	Consolidated 2022 Rwf
Revenue	**6**	**164,857,798,475**	**144,282,955,741**
Cost of Sales	7	(185,240,114,017)	(150,571,483,028)
Gross profit		**(20,382,315,542)**	**(6,288,527,287)**
Grants and subsidies	**8**	55,322,622,551	58,989,219,996
Other income	**9**	16,301,902,412	8,970,944,825
Distribution costs	**10**	(19,363,537,222)	(14,997,725,233)
Administrative expenses	**11**	(42,697,502,839)	(37,035,799,899)
Operating profit before interest, tax, depreciation and amortisation		(10,818,830,640)	9,638,112,401
Depreciation and amortisation	**12**	(32,334,176,240)	(29,707,388,349)
Operating (loss)/profit		(43,153,006,880)	(20,069,275,948)
Interest income	**13(a)**	26,441,246	26,728,728
Finance costs	**13(b)**	(8,997,966,444)	(10,512,040,584)
(Loss)/profit before income tax		**(52,124,532,079)**	**(30,554,587,804)**
Income tax credit/(expense)	**14**	15,946,472,834	(21,202,421,041)
(Loss)/profit for year		**(36,178,059,245)**	**(51,757,008,845)**
Other comprehensive income (net of tax)			
Other comprehensive income		-	-
Total comprehensive loss for the year		**(36,178,059,245)**	**(51,757,008,845)**

The notes on pages 29 to 57 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Consolidated	**Consolidated**
As at		**30-Jun-23**	**30-Jun-22**
ASSETS	**Notes**	**Rwf**	**Rwf**
Non-current assets			
Plant and equipment	**15**	836,025,043,769	768,385,492,736
Concession intangible asset	**16**	64,035,483,095	61,222,913,175
Intangible assets	**17**	5,225,275,603	4,354,315,547
Investment in EUCL			
Investment in EDCL			
Amounts due from related parties	**25(a)**	-	-
		905,285,802,467	**833,962,721,458**
Current assets			
Concession intangible asset	**16**		
Inventory	**18**	40,391,225,728	32,857,415,384
Trade and other receivables	**19**	106,020,231,893	79,397,941,314
Amounts due from related parties	**25(a)**	308,820,055	74
Bank and cash balances	**19**	24,475,540,105	42,317,932,719
		171,195,817,781	**154,573,289,492**
Total assets		**1,076,481,620,248**	**988,536,010,950**
EQUITY AND LIABILITIES			
Equity			
Share capital	**21**	3,000,000	3,000,000
Retained earnings		(129,736,208,320)	(85,568,372,087)
Re-organisation reserve	**27**	67,325,649,125	67,325,649,125
		(62,407,559,195)	**(18,239,722,962)**
Non-current liabilities			
Concession intangible obligation	**21(a)**	64,035,483,095	61,222,913,175
Deferred income tax liability	**22**	25,128,745,486	41,075,218,320
Grants	**23**	631,227,835,840	591,396,223,936
Borrowings	**24 ii**	260,824,210,073	201,239,496,565
Amounts due to related parties	**25(b)i**	-	-
Total non-current liabilities		**981,216,274,493**	**894,933,851,996**
Current liabilities			
Concession intangible obligation	**21(b)**		
Borrowings	**24 i**	4,494,633,415	2,872,262,719
Amounts due to related parties	**25(b)ii**	318,129,998	(0)
Trade and other payables	**26**	152,860,145,521	108,969,619,197
		157,672,908,934	111,841,881,916
Total Equity and Liabilities		**1,076,481,624,248**	**988,536,010,950**

The notes on pages 29 to 57 are an integral part of these financial statements.

The audited consolidated financial statements of Rwanda Energy Group limited as set out on pages 25 to 57 were endorsed to be shared to shareholder by the board of directors on_________ and signed on its behalf by:

Ron Weiss

Digitally signed by Ron WEISS (CEO)
Date: 2023.08.16 22:11:38 +02'00'

....

Ron WEISS
Chief Executive Officer

Date: .

....

Dr Didacienne MUKANYILIGIRA
Chairperson

Date: ..16/08/2023......

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Reorganisation reserves	Total
For year ended 30 June 2023	Rwf	Rwf	Rwf	Rwf
At 1 July 2023	3,000,000	(85,568,372,087)	67,325,649,125	(18,239,722,962)
Reorganisation adjustments				-
Prior period adjustment		(7,989,776,989)		(7,989,776,989)
Profit/(loss) for the year		(36,178,059,245)		(36,178,059,245)
At at 30 June 2023	**3,000,000**	**(129,736,208,320)**	**67,325,649,125**	**(62,407,559,195)**
For year ended 30 June 2022				
At 1 July 2021	3,000,000	(35,959,546,848)	66,423,495,945	30,466,949,097
Reorganisation adjustments			906,800,000	906,800,000
Prior period adjustment		2,148,183,606	(4,646,820)	2,143,536,786
Profit/(loss) for the year		(51,757,008,845)		(51,757,008,845)
At at 30 June 2022	**3,000,000**	**(85,568,372,087)**	**67,325,649,125**	**(18,239,722,962)**

The notes on pages 29 to 57 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For year ended 30 June		Consolidated 2023 Rwf	Consolidated 2022 Rwf
Cash flows from operating activities			-
(Loss)/profit before income tax		(52,124,532,049)	(30,554,587,803)
Adjustments for:		-	-
Prior period adjustment		(7,783,725,842)	2,148,735,158
Depreciation	**12**	32,320,282,775	29,177,829,667
Impairment, loss/(profit) of plant and machinery	**15**	301,396,507	5,350,287,088
(Decrease)/increase in provision		-	-
Realised grants		(23,651,864,976)	(25,724,991,231)
Amortisation of intangible assets	**12**	893,324,869	529,558,831
Interest income		(26,441,246)	(26,728,728)
Cash flows before working capital movements		(50,071,559,961)	(19,099,897,018)
Changes in:			
- Inventories	**18**	(7,533,810,345)	(3,539,039,643)
- Trade and other receivables	**19**	(26,622,290,579)	(38,697,952,073)
- Trade and other payables	**26**	43,890,526,923	33,300,840,026
- Related parties	**25(b)i**	1,278,324,105	(2,861,577,158)
- Grants		-	-
Cash generated from operations		(39,058,809,857)	(30,897,625,865)
Interest received		26,441,246	26,728,728
Net cash generated from operating activities		**(39,032,368,611)**	**(30,870,897,137)**
Cash flows from investing activities			
Receipt of grants		-	-
Amounts due from related parties	**25(b)i**	(1,271,382,687)	2,861,577,780
Proceeds on disposals		-	-
Purchase of software	**17**	(1,764,284,921)	1,336,384,029
Transfer of assets		44,092,392,878	52,212,160,321
Purchase of property and equipment		(144,491,955,261)	(249,045,456,652)
Net cash used investing activities		**(103,435,229,991)**	**(192,635,334,522)**
Cash flows from financing activities			
Proceeds/(repayment) loan facilities		61,207,084,204	59,825,080,223
Grants received	**23**	63,418,121,781	174,618,217,115
Proceeds from related party borrowings		-	-
Net cash used Financing activities		**124,625,205,985**	**234,443,297,338**
Net cash in/(out) flow for the period		**(17,842,392,617)**	**10,937,065,679**
Cash and cash equivalents			
At beginning of year		42,317,932,725	31,380,867,046
At end of the year	**19**	**24,475,540,108**	**42,317,932,725**

The notes on pages 29 to 57 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.

c) 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 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.

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.

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.

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.

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

(i) Changes in accounting policy and disclosures

The company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2020. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in on 30 September 2021, they did not have a material impact on the annual financial statements of the company. The nature and the impact of each new standard or amendment is described below:

The following amendments did not have an impact on the company

1. IFRS 17 (including the June 2020 amendments to IFRS 17) Insurance Contracts
2. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
3. Amendments to IAS 1 Classification of Liabilities as Current or Non-current
4. Amendments to IFRS 3 Reference to the Conceptual Framework
5. Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
6. Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
7. Annual Improvements to IFRS Standards 2018-2020 Cycle Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

8. Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies
9. Amendments to IAS 8 Definition of Accounting Estimates
10. Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(ii) Standards issued but not yet effective

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent

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

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the

contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018-2020—Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Annual Improvements include amendments to four Standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier

application permitted.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The

amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

• A change in accounting estimate that results from new information or new developments is not the correction of an error

• The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

• A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the

deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

– Right-of-use assets and lease liabilities

– Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

• The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

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.

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:

	Neither past due nor impaired	Past due not impaired	Impaired	
		Over 60 days	Over 365 days	Total
	Rwf	Rwf	Rwf	Rwf
At 30 June 2023				
Trade receivables	90,300,893,489	7,667,281,912	47,124,737,875	145,092,913,276
Other receivables	5,562,713,409	-	-	5,562,713,409
Bank balances	24,475,540,105	-	-	24,475,540,105
Amounts due from related parties	12,522,563,638	-	-	12,522,563,638
	132,861,710,641	**7,667,281,912**	**47,124,737,875**	**187,653,730,428**

	Neither past due nor impaired	Past due not impaired	Impaired	
		Over 60 days	Over 365 days	Total
	Rwf	Rwf	Rwf	Rwf
At 30 June 2022				
Trade receivables	66,940,280,402	7,428,474,024	43,115,290,816	117,484,045,243
Other receivables	5,029,186,888	-	-	5,029,186,888
Bank balances	42,317,932,719	-	-	42,317,932,719
Amounts due from related parties	10,886,832,263	-	-	10,886,832,263
	125,174,232,272	**7,428,474,024**	**43,115,290,816**	**175,717,997,112**

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:
b) Market risk (continued)

(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 Rwf	Between 1 and 2 years Rwf	Between 2 and 5 years Rwf	Over 5 years Rwf	Total Rwf
At 30 June 2023					
Trade payables	130,673,172,926	-	-	-	130,673,172,926
Other payables and provisions	22,186,972,595	-	-	-	22,186,972,595
Borrowings	4,494,633,415	4,494,633,415	58,041,294,664	198,288,281,993	265,318,843,488
Amount due to related parties	1,485,691,319	7,344,912,638	2,285,948,324	1,415,321,301	12,531,873,581
	158,840,470,255	**11,839,546,053**	**60,327,242,988**	**199,703,603,294**	**430,710,862,590**
At 30 June 2022					
Trade payables	86,276,058,751	-	-	-	86,276,058,751
Other payables and provisions	22,693,559,847	-	-	-	22,693,559,847
Borrowings	2,872,262,719	2,872,262,719	33,653,949,039	164,713,284,807	204,111,759,284
Amount due to related parties	**1,485,691,319**	**5,717,899,212**	**2,285,948,324**	**1,397,293,333**	**10,886,832,188**
	113,327,572,635	**8,590,161,931**	**35,939,897,363**	**166,110,578,140**	**323,968,210,069**

NOTES

	For year ended 30 June	Consolidated 2023 Rwf	Consolidated 2022 Rwf
6	**Revenue**		
	Sales of electricity - external	164,857,798,475	144,282,955,741
	Sale of electricity - internal	-	-
		164,857,798,475	**144,282,955,741**
7	**Cost of sales**		
	Purchase of electricity	162,215,081,561	125,655,774,025
	Fuel and lubricating oils	19,699,719,932	21,894,768,537
	Exchange loss on Power purchase	-	-
	Repairs and maintenance - generation	3,325,312,524	3,020,940,466
		185,240,114,017	**150,571,483,028**
8	**Grants and subsidies**		
	Subsidies received GoR & EUCL	53,737,405,883	47,212,697,167
	Subsidies received Donors	21,532,529,894	24,207,501,725
	Inter-entity transfer (Budget agencies)	-	-
	Contribution to private power projects	(42,425,612,063)	(37,834,288,185)
	Realised grants	22,478,298,836	25,403,309,289
		55,322,622,551	**58,989,219,996**
9	**Other income**		
	Management fee	3,277,055,002	1,902,046,627
	Revenue from works	4,328,644,416	2,458,181,682
	Rental income	6,595,000	6,540,000
	Other income	2,994,077,330	903,509,726
	Dark fibre revenue	916,886,997	891,287,983
	Connections and other non-energy sales	4,778,643,667	2,809,378,806
		16,301,902,412	**8,970,944,825**
10	**Distribution costs**		
	Electricity and connection works - internal	7,705,401,383	4,878,952,859
	Commissions	2,311,197,004	1,955,969,933
	Repairs and maintenance	7,110,598,941	6,916,581,541
	Impairment of property plant and equipment	-	-
	Motor vehicle running expenses	1,135,579,499	1,086,898,157
	Consumables - distribution	-	-
	Temporal manpower	-	-
	Provision for bad and doubtful debts and inventory	1,100,760,395	159,322,743
		19,363,537,222	**14,997,725,233**
11	**Administrative expenses**		
	Salaries and other related costs	19,928,979,023	18,491,577,694
	Consultancy and professional fees	3,843,394,743	5,617,169,476
	Insurance	2,247,550,650	1,551,286,498
	Office Supplies	542,762,155	338,216,057
	Telephone charges	683,948,177	698,580,252
	Mission and travelling	2,491,246,735	2,171,835,856
	Licence and other taxes	724,371,962	340,414,445
	Security expenses	474,119,062	426,600,967
	Support to EDCL	1,776,543,216	-
	Advertising and promotions	67,549,454	64,983,037
	Refreshment and reception expenses	335,695,391	390,620,812
	Audit fees	-	-
	Legal fees and damages	354,323,534	1,457,483,650
	Rents and rates	1,129,042,979	1,077,995,343

	Newspapers, subscriptions and periodicals	2,567,550	-
	Repairs and maintenance of buildings	1,546,733,717	743,678,535
	Participations and contributions	210,563,903	136,913,953
	Loss/(Gain) on disposal of assets	422,102	384,761,435
	Cleaning expenses	157,260,236	84,654,491
	Board and ITC meeting fees	5,955,721	6,379,978
	Bank Charges and commissions	167,359,079	64,073,125
	Donations and charity	1,079,768,984	1,190,204,399
	REG Facilitation	3,277,055,013	-
	Postage & Courier	605,259	598,110
	Public Relations & Awareness	26,134,864	65,807,813
	Fuel & Lubricants	912,677,327	436,553,565
	Utilities - Water & Electricity	62,558,787	45,152,668
	Training and related costs	55,084,111	33,905,861
	Other use of goods & services	263,542,181	1,209,450,841
	Solar water heaters	280,975,800	-
	Staff welfare	48,711,124	6,901,038
		42,697,502,839	**37,035,799,899**
12	**Depreciation and amortisation**		
	Depreciation of assets	31,633,679,089	29,177,829,667
	Amortisation of intangible assets	700,497,151	529,558,682
		32,334,176,240	**29,707,388,349**
13	**Interest income and finance costs**		
(a)	Interest income		
	Bank interest income	26,441,246	26,728,728
(b)	Finance costs		
	Interest on loans	5,962,170,718	4,474,666,182
	Exchange losses	3,035,795,726	6,037,374,402
		8,997,966,444	**10,512,040,584**
14	**Income tax expense**		
	Current income tax	-	-
	Deferred income tax	-	-
	- charge for the year	-	21,202,421,041
	- over provision in respect of prior years	(15,946,472,834)	-
		(15,946,472,834)	**21,202,421,041**

15. Property, plant and equipment Movement schedule

	Land Rwf	Buildings Rwf	Generation assets 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 2022	8,276,411,796	20,493,245,076	41,829,836,599	422,782,480,759	202,659,673,157	7,455,864,827	2,062,439,354	5,636,814,123	568,700,435	205,295,728,275	917,061,194,402
Additions	175,371,887	3,525,357,146	-	31,877,807,853	10,532,065,968	2,077,281,078	89,487,353	575,837,117	0	104,660,102,351	153,513,310,753
Disposal	-	-	-	-	(522,135,370)	-	-	-	-	(44,092,392,878)	(44,614,528,248)
Adjustments	-	-	-	(17,664,803,042)	17,456,128,966	1,463,888,538	264,081,193	(1,555,180,850)	-	388,924,600	353,039,405
Capitalisation of WIP	-	-	-	14,654,751,908	1,598,927,113	-	19,905,420	155,142,138	-	(23,684,497,363)	(7,255,770,784)
At 30-Jun-2023	**8,451,783,683**	**24,018,602,222**	**41,829,836,599**	**451,650,237,478**	**231,724,659,834**	**10,997,034,444**	**2,435,913,320**	**4,812,612,528**	**568,700,435**	**242,567,864,986**	**1,019,057,245,528**
Depreciation											
At 1 July 2022	-	3,050,201,428	9,462,713,229	75,833,491,734	50,373,470,778	5,004,741,553	980,468,432	3,605,189,184	365,425,329	-	148,675,701,666
Charge for the year	-	1,030,573,117	1,618,357,463	18,579,236,709	8,833,499,486	941,733,162	168,635,434	411,660,280	49,983,438	-	31,633,679,089
Disposals	-	138,332,068	-	-	(110,651,433)	-	-	-	-	-	27,680,635
Adjustments	-	-	(64,231,338)	1,288,634,283	-	1,844,137,378	(469,526,665)	92,785,389	3,341,322		2,695,140,369
At 30-Jun-2023	**-**	**4,219,106,613**	**11,016,839,354**	**95,701,362,726**	**59,096,318,831**	**7,790,612,092**	**679,577,201**	**4,109,634,853**	**418,750,089**	**-**	**183,032,201,759**
Net Book Value											
At 30 June 2022	**8,276,411,796**	**17,443,043,648**	**32,367,123,370**	**346,948,989,025**	**152,286,202,379**	**2,451,123,274**	**1,081,970,923**	**2,031,624,939**	**203,275,106**	**205,295,728,275**	**768,385,492,736**
At 30-Jun-2023	**8,451,783,683**	**19,799,495,609**	**30,812,997,245**	**355,948,874,752**	**172,628,341,002**	**3,206,422,351**	**1,756,336,120**	**702,977,675**	**149,950,346**	**242,567,864,986**	**836,025,043,769**

15. Property, plant and equipment Movement schedule (continued)

	Land Rwf	Buildings Rwf	Generation assets 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 2021	8,375,147,196	14,301,261,537	41,829,836,599	285,498,672,405	182,506,313,110	7,640,134,528	1,921,699,666	3,030,467,323	127,155,495	173,804,413,116	719,035,100,977
Additions	-	5,335,118,035	-	-	294,426,051	302,668,900	154,047,079	1,954,533,847	-	116,218,646,470	124,259,440,382
Disposal	(98,735,400)	(49,934,496)	-	-	(171,064,039)	(486,938,601)	(23,983,715)	(43,116,688)	-	(52,212,160,321)	(53,085,933,260)
Adjustments	-	906,800,000	-	88,108,907,503	3,934,037,454	-	10,676,324	694,929,641	441,544,940	(2,645,563,235)	91,451,332,626
Capitalisation of WIP	-	-	-	49,174,900,851	16,095,960,581	-	-	-	-	(29,869,607,755)	35,401,253,677
At 30-Jun-2022	**8,276,411,796**	**20,493,245,076**	**41,829,836,599**	**422,782,480,759**	**202,659,673,157**	**7,455,864,827**	**2,062,439,354**	**5,636,814,123**	**568,700,435**	**205,295,728,275**	**917,061,194,402**
Depreciation											
At 1 July 2021	-	2,443,242,847	7,759,178,985	54,034,168,486	42,070,850,925	4,486,009,706	854,050,968	2,125,345,778	83,542,357	-	113,856,390,051
Charge for the year	-	617,872,189	1,703,534,244	17,114,149,529	7,876,795,096	719,320,031	140,730,782	937,669,428	67,758,369	-	29,177,829,667
Disposals	-	(10,913,608)	-	-	(166,994,408)	(420,069,504)	(14,942,253)	(44,229,608)	-	-	(657,149,380)
Adjustments	-	-	-	4,685,173,720	592,819,165	219,481,320	628,934	586,403,586	214,124,602		6,298,631,327
At 30-Jun-2022	**-**	**3,050,201,428**	**9,462,713,229**	**75,833,491,734**	**50,373,470,778**	**5,004,741,553**	**980,468,432**	**3,605,189,184**	**365,425,329**	**-**	**148,675,701,666**
Net Book Value											
At 30 June 2021	**8,375,147,196**	**11,858,018,690**	**34,070,657,614**	**231,464,503,920**	**140,435,462,186**	**3,154,124,822**	**1,067,648,698**	**905,121,546**	**43,613,138**	**173,804,413,116**	**605,178,710,926**
At 30-Jun-2022	**8,276,411,796**	**17,443,043,648**	**32,367,123,370**	**346,948,989,025**	**152,286,202,379**	**2,451,123,274**	**1,081,970,923**	**2,031,624,939**	**203,275,106**	**205,295,728,275**	**768,385,492,736**

NOTES

	As at	Consolidated 2022 Rwf	Consolidated 2022 Rwf
16	**Concession intangible assets**		
	At beginning of year	61,222,913,175	58,533,877,102
	Amortisation/Adjustment	2,812,569,920	2,689,036,073
	At end of year	**64,035,483,095**	**61,222,913,175**
	Maturity analysis of the concession intangible asset		
	Current	-	-
	Non-current	**64,035,483,095**	**61,222,913,175**
	Non-current portion of financial asset		
	The financial asset is recoverable as analysed 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
		64,035,483,095	**61,222,913,175**
17	**Intangible assets**		
	Cost		
	At beginning of year	8,079,779,299	9,416,163,323
	Addition	34,358,321	(1,336,384,029)
	Additions WIP	1,729,926,600	-
	At the end of year	**9,844,064,220**	**8,079,779,294**
	Amortisation		
	At beginning of year	3,725,463,748	3,195,904,917
	Adjustment	192,827,718	-
	Charge for the year	700,497,151	529,558,831
	At the end of year	**4,618,788,617**	**3,725,463,748**
	Carrying amount at end of year	**5,225,275,603**	**4,354,315,547**
18	**Inventory**		
	Inventories comprise the following items:		
	Generation and other network materials	37,343,140,741	30,173,071,699
	Fuel and lubricating oils	2,053,809,037	2,159,674,523
	Other stock items	1,020,079,568	744,970,433
		40,417,029,346	33,077,716,655
	Less : Provision for obsolete stock	(25,803,618)	(220,301,270)
		40,391,225,728	**32,857,415,384**
19	**Trade and other receivables**		
	Trade receivables	145,092,913,276	117,484,045,243
	Less: Provision for bad and doubtful debts	(47,124,737,875)	(43,115,290,816)

	Net trade receivables	97,968,175,401	74,368,754,427
	Other receivables	4,842,641,288	4,545,200,421
	Prepayments/Letter of credit	3,209,415,203	483,986,467
		106,020,231,893	**79,397,941,314**
20	**Bank and cash balances**		
	Cash at bank	24,455,981,369	42,302,060,976
	Cash in hand	19,558,735	15,871,743
		24,475,540,105	**42,317,932,719**
21	**Share capital**		
	Share capital	3,000,000	3,000,000

During separation of EWSA into REG andWASAC, the PMO (Official Gazette No 33 bis of 18/09/2014) in article 8 and 9, indicated the assets and liabilities allocated to each company. It further indicated that any liabilities not listed in the PMO to be taken by the new companies, then the relevant ministries of Finance, Energy and Water were to take the liabilities to make sure the new companies are in sound financial base. On separation, the net assets of Frw 63 billion excluded the liabilities thereby making the initial capital be more by the amount determined and agreed by shareholder GoR in shareholder resolution of July 2018 as FRW 185 billion. There was reallocation from reorganization reserve into share capital on registration of the company of RWF 3 million. The reorganization reserve has subsequently been changed to reflect adjustments on other assets that existed at separation but had not been recognised. The total authorized and issued number of ordinary shares is 3,000,000 with a par value of Rwf 1 per share. All issued shares are fully paid.

22	**Concession obligation**		
	At beginning of year	61,222,913,175	58,533,877,102
	Adjustment	2,812,569,920	2,689,036,073
	At the end of year	**64,035,483,095**	**61,222,913,175**
	Maturity analysis of the financial liability		
	Outstanding financial liability	64,035,483,095	61,222,913,175
(a)	**Concession financial liability: Current portion**	-	-
		64,035,483,095	**61,222,913,175**
(b)	**Non-current portion of the obligation**		
	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
		64,035,483,095	**61,222,913,175**
22	**Deferred income tax liability**		
	At beginning of year	41,075,218,320	19,872,797,279
	De-recognised deferred tax		
	Credit /charge to income statement	(15,946,472,834)	21,202,421,041
	At end of year	**25,128,745,486**	**41,075,218,320**

23 Grants

	Source of funds		
	EDCL Internal Projects	58,934,694,926	63,535,583,102
	Interconnection Project	57,220,532,043	51,072,004,323
	Electricity Access scale-up and sector wide approach development project (EASSDP)	496,650,829	1,469,366,830
	Lake Kivu Monitoring Project (LKMP)	-	-
	Three Hydroelectric Power Plants Rehabilitation Project Mukungwa, Gihira and Gisenyi (R3CHE)	-	-
	Increase Rural Energy Access through Public Private Partnership (IREAPPP)	-	-
	National Domestic Biogas Program (NDBP)	94,577,762	94,614,585
	Scaling-Up Energy Access Project(SEAP)	10,693,396,085	10,332,162,635
	Sustainable Energy Development Project (SEDP)	1,261,188,280	1,263,094,919
	Dutch Fund (DF)	-	(899,694)
	BE1-EARP Project	2,357,672,500	2,332,701,041
	BE2-EARP Project	7,730,499,117	7,725,642,194
	BE3-EARP Project	6,925,248,216	5,710,619,676
	Agence Francaise de Development (AFD)	-	122,732,299
	Saudi Fund for Development(SFD)	-	-
	Regional Rusumo Falls Hydropower Project-Rwanda Component	-	-
	Other Grants & Grants Connection fees	34,179,920,334	28,698,123,677
	Grants-RBF 3- Grid Densification	-	1,121,399,363
	Grants awarded to former EWSA	-	-
	Electricity Access Rollout Program (EARP)	-	-
	Grants-EAQIP	20,357,125,833	12,037,780,321
	Grants-AFDB-TSRLMCP	145,754,659	201,201,932
	GoR Grant through EDCL	430,830,575,256	405,680,096,733
		631,227,835,840	**591,396,223,936**
24	**Borrowings**		
	Bank of Kigali - Peat to Power Project	15,336,622,905	15,815,447,796
	Bank of Kigali - Commercial loan	4,680,049,514	6,135,463,335
	Equity Bank - Commercial loan	3,232,965,537	3,757,079,326
	Cogebanque - Commercial loan	3,816,323,539	4,188,533,205
	NCBA Loan (MINECOFIN)		
	Bank of Kigali Loan (MINECOFIN)		
	Borrowings from development partners	198,288,281,993	174,215,235,622
		225,354,243,488	**204,111,759,284**
i	Current portion	4,494,633,415	2,872,262,719
ii	Long term portion	260,824,210,073	201,239,496,565
25	**Amounts due to/from related parties**		
(a)	**Amounts due from related parties**		
	Energy Utility Corporation Ltd (EUCL)	-	1
	Other L-T receivables from EUCL	-	-
	Amounts advanced to EDCL	-	73
	Amounts advanced to/due from REG	308,820,055	-
		308,820,055	**73**

i	Current portion	308,820,055	73
ii	Long term portion	-	-
(b)	**Amounts due to related parties**		
	Amounts advanced from EUCL	(2)	(1)
	Amounts collected on behalf of REG	-	-
	Amounts collected on behalf of EDCL	(1)	-
	Short term borrowing from EDCL	318,130,000	-
		318,129,998	(1)
i	Current portion	318,129,998	(1)
ii	Long term portion	-	-
26	**Trade and other payables**		
	Trade payables	130,673,172,926	86,276,058,751
	Other payables	22,186,972,591	22,693,559,843
	General provisions	4	4
	Accruals	-	-
		152,860,145,521	**108,969,618,597**
27	**Re-organisation reserve**		
	Balance at year end	**(85,568,372,087)**	**67,325,649,125**

28 Events after reporting

a) Concession and implementation agreement concession fee

In the Concession and implementation agreement between the Government of Rwanda (GoR) represented by the Ministry of Infrastructure and Rwanda Energy Group Ltd (REG) signed on 28 September 2018, it was agreed that the Company would make monthly payments of Rwf. 678 million per month. The Company was further granted a grace period of 5 years under which payments would commence in August 2019. Considering the financial situation of the company and strategic expansion to provide electricity to 100% of the population, there are negotiations that have been started as from September 2019 with the GoR for further grace period. From the shareholders meeting held in November 2020, the concession fee was deferred to 2030. The concession agreement is in the process of being revised to show these effects.

b) Gatsata Thermal Power plant impaired

Gatsata Thermal Power plant which is part of the Concession and implementation agreement between the Government of Rwanda represented by the Ministry of Infrastructure and Rwanda Energy Group Ltd (REG) signed on 28 September 2018 and implemented by assignee EUCL the subsidiary company. This power plant was impaired after assessment of obsolescence was done by EUCL the assignee to the agreement, in July 2019. The above power plant included in the agreement at a value of Frw531,778,800 has been inoperative since 2008. The matter has been presented to the shareholders in November 2020 together with detailed plan on how to retire most of the thermal power plants. There is a process of revision of the Concession and implementation agreement. Once completed the Gatsata plant will be excluded from the concession agreement.

29 Contingent Assets

In EUCL

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 1,100,891,155 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 totalling 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.

30 Contingent Liabilities

In EUCL

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 1.55 billion (2021: Rwf 0.791 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.

In EDCL

The review of the Interconnection of Electric Grids of Nile Equatorial Lakes countries Project financial statements (note 17.3 – summary of a contingent liability of the disclosure note) is a contingent liability arising from a claim of price adjustment and interest totaling USD 27,715,751.65 and Frw 40,466,717.

On 19th November 2013, former Energy, Water & Sanitation Authority (EWSA), REG-EDCL's predecessor, signed a contract with KALPATARU Power Transmission Ltd India (KPTL) for the construction of transmission line of 220 KV, Karongi – Rubavu – Kigali - Goma. The project's cost was USD 26,386,234.89 and Frw 5,292,307,425 VAT inclusive. The operational acceptance certificate of works was issued to the contractor on 4 May 2017.

On 3rd April 2017, referring to price adjustment contract clause, KPTL claimed a price adjustment amounting to USD 24,019,967 and Frw 35,070,642 due to additional costs related to the change in price of supplied construction material, installation works and labour.

Both REG-EDCL and KALPATARU having failed on amicable settlement, the case was taken to the Dispute Adjudication Board (DAB). On 31 December 2019, the Board resolved that KALPATARU was entitled to price adjustment and interest totaling USD 27,715,751.65 and Frw 40,466,717.

Unsatisfied with the decision of the DAB, on 4 November 2019 through its lawyers REG/EDCL submitted the case in Arbitration. As per the procedural timetable, the award was expected by the end of April 2021. On 20 September 2021, the Arbitral Tribunal declares, orders and directs that:

• REG must pay KPTL the Price Adjustment in the principal sums of USD 24,019,967 and FRW 35,070,642 within 28 days
• REG must pay KPTL pre-award interest on the Price Adjustment sums at the rate of 6% per annum, compounded annually, calculated on the basis set out in Exhibit R-175, from 18 May 2017 until the date of this Award.

Unsatisfied with the decision of the arbitration, on 15 October 2021 through its lawyers REG petitioned the Commercial High Court of Rwanda to set aside the arbitral award. The case is pending trial.

31 Concession Agreement

In EDCL
On 11 May 2017, the Government of Rwanda represented by EDCL signed a concession agreement with Societe Petroliere Ltd (SP) for design, build, finance, operate and maintain the storage facility for storage of the petroleum products for a concession period of twenty (20) years starting from the first availability date of 13

July 2017. The storege facility capacity was 60 million litres subsequently amended to 66 million litres. The amended total rental fee was USD 268,560,345 that would be paid in different annual instalments (rental payments) within the concession period. As at 30 June 2021, EDCL had paid instalments amounting to USD 63,857,117 and the remaining unpaid balance was USD 204,703,228. At the end of the concession period, the storage facility will be handed over to EDCL at a valuation cost.

32 Prior year adjustments on Retained Earning

In EUCL

Other Income

An amount of Rwf 78 million related to dark fiber lease were done in previous year. To reflect the true picture of financial statements adjustment has been done through retained earnings.

Cost of power

In 2021-2022 FY an independent power producer (Kivuwatt) has submitted pass through invoices related to previous year amounting to Rwf 1.1 billion. Also an adjustment of Rwf 0.9 billion related to power supplied by SINELAC was done to reflect the true picture of financial statements.

Inventory

In financial year 2021-2022 an amount of Rwf 1.3 billion 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 2021-2022 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 764 million.

Other sales

An amount of Rwf 109 million related to Pole lease and other sales related to prior year were invoices in Financial Year 2020-2021. And this has been captured through retained earnings to reflect the true picture of financial statement.

Administrative cost

An amount of Rwf 25 million related to previous year of administration expenditure were adjusted through retained earnings.

Staff Cost

In Financial year 2021-2022 an amount of Rwf 241 million related to 2020-2021 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 0.69 billion of assets related to prior year assets transfers was adjusted against retained earnings.

Assets transferred from EDCL

An amount of Rwf 0.72billion of assets related to prior year error was adjusted against retained earnings, to capture assets received from EDCL in this financial year but related to previous period.

REG Management Fees

In Financial year 2021-2022 an amount of Rwf 2.2 billion invoices from REG to regularize management fees for previous years were received. Prior year adjustment has been done to reflect the true picture of financial statements.