Office of the Auditor General of Rwanda

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Rwanda Energy Group Ltd (REG)

Audit Report on Financial Statements

For the year ended 30 June 2022

OAG Core Values

Integrity
In public Interest
Innovation
Objectivity
Professionalism

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1 INTRODUCTION

1.1 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 N° 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 N° 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.

1.2 PRINCIPAL ACTIVITIES

REG is a group companies comprising of Energy Utility Corporation Limited (EUCL) which took over the responsibilities of electricity transmission and distribution in Rwanda from former EWSA and Energy Development Corporation Limited (EDCL), which took over the responsibilities of electricity generation from former EWSA. Power plants constructed by EDCL are handed over to Government, which in turn is expected to sign a concession agreement with EUCL to manage some power generation assets (power plants).

The core business of Rwanda Energy Group Ltd is managing the subsidiaries namely EDCL and EUCL.

1.3 RESULTS AND DIVIDEND

The results for the year ended 30 June 2022 and 2021 are as follows:

Description	**Year**	
For year ended 30 June	**2022 (Frw)**	**2021 (Frw)**
Profit/(Loss)	**745,680,771**	**(87,693,543)**

The directors do not recommend payment of dividends for the year ended 30 June 2022 (2021: Nil).

1.4 DIRECTORS

The current members of the Board of Directors of REG Ltd who served during the year ended 30 June 2022 up to the time of audit in December 2022 comprised of :

Current board of directors' form 14 December 2020 up December 2022.

No.	Name	Position
1	Dr. Didacienne MUKANYILIGIRA	Chairperson
2	Pacifique TUYISHIME	Vice Chairperson
3	Ms. Carine UMUTONI	Member
4	Mr. Viateur MUGENZI	Member
5	Mr. Jean Claude ILIBONEYE	Member
6	Mr. Charles KALINDA	Member
7	Ms. Clemence Rita MUTABAZI	Member
8	Mr. Ron WEISS	Board Secretary

1.5 REG Ltd management

Members of administrative management during the year ended 30 June 2022 and at the time of audit are as follows:

S/N	Name	Position
1	Ron Weiss	Chief Executive Officer
2	Reine KAMAGAJU	Company Secretary
3	OBEGI Nyauma Vincent	Chief Finance Officer
4	RWAMUNONO Joseph	Chief Internal Auditor
5	ZAWADI Geoffrey	Director of Human Resources

2 STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements that give a true and fair view of Rwanda Energy Group Ltd comprising the statement of financial position as at 30 June 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages **9** to **34**, in accordance with International Financial Reporting Standards and in the manner required by the provisions of the Law n°007/2021 of 05/02/2021 relating to Companies in Rwanda.

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

The Directors have assessed the ability of **Rwanda Energy Group Ltd** to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead from the date of this statement.

In our opinion, the financial statements of **Rwanda Energy Group Ltd for the year ended 30 June 2022** give a true and fair view of the state of financial affairs of Rwanda Energy Group Ltd. We further accept responsibility for maintenance of accounting records that may be relied upon in the preparation of financial statements and ensuring adequate system of internal controls to safeguard assets of Rwanda Energy Group Ltd.

Approval of the financial statements

The financial statements of Rwanda Energy Group Ltd for the year ended 30 June 2022, on pages **9** to **13**, were approved by the Board of Directors on .... and signed on its behalf by:

Per Weiss

Digitally signed by
Ron WEISS (CEO)
Date: 2022.12.31
15:48:38 +02'00'

....

RON Weiss
Chief Executive Officer, REG Ltd

Date:

....

....

Dr. Didacienne MUKANYILIGIRA
Chairperson, BOD

Date:

31/12/2022

3 REPORT OF THE AUDITOR GENERAL

REPORT ON THE FINANCIAL STATEMENTS

Mr. RON WEISS
Chief Executive Officer

3.1 Opinion

As required by Article 165 of the Constitution of the Republic of Rwanda of 2003 revised in 2015, and Articles 6 and 14 of Law N° 79/2013 of 11/09/2013 determining the mission, organization and functioning of the Office of the Auditor General of State Finances (OAG), I have audited the financial statements of **Rwanda Energy Group Ltd** for the year ended **30 June 2022** These financial statements comprise the statement of financial position as at 30 June 2022 and the statement of revenue and expenditure, statement of cash flows and and budget execution report for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are set out on pages **9** to **34**

In my opinion, the accompanying financial statements give a true and fair view of the financial position of **RWANDA ENERGY GROUP Ltd** as at **30 June 2022** and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and Law n°007/2021 of 05/02/2021 relating to Companies in Rwanda.

3.2 Basis for Opinion

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

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

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under ISSAIs are described in section 3.4 of this report. I am independent of **Rwanda Energy Group Ltd** and have fulfilled my ethical responsibilities in accordance with the ethical requirements that are relevant to my audit of financial statements of public entities as determined by the *Code of ethics* for International Organization of Supreme Audit Institutions (INTOSAI). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

3.3 Responsibilities of management and those charged with governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of Law n°007/2021 of 05/02/2021 relating to Companies in Rwanda.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing Rwanda Energy Group Ltd 's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Government either intends to discontinue operations of Rwanda Energy Group Ltd.

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

3.4 Auditor General's responsibility for the financial statements

My objective when conducting an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Misstatements can arise from fraud or error and are considered material if individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

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

- The identification and assessment of the risks of material misstatement of the financial statements whether due to fraud or error; design and perform procedures responsive to those risks and to obtain sufficient and appropriate audit evidence to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of internal control.

- Evaluating the appropriateness of accounting policies used the reasonableness of accounting estimates made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on Rwanda Energy Group

Ltd's ability to continue as a going concern as well as evaluating the presentation of the financial statements.

- Evaluation of the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieved fair presentation.

KAMUHIRE Alexis
AUDITOR GENERAL

KIGALI, 4th January **2023**

4 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

Description	**Notes**	**12 months to 30 June 2022**	**12 months to 30 June 2021**
		Frw	**Frw**
Management fee	**1**	4,102,046,640	2,346,888,409
Other income	**2**	862,632,119	423,457,208
Operating profit before depreciation and amortization		**4,964,678,759**	**2,770,345,617**
Depreciation and amortization	**3**	(629,955,700)	(593,245,398)
Administrative expenses	**4**	(3,589,042,288)	(2,264,793,762)
(Loss)/profit before income tax		**745,680,771**	**(87,693,543)**
Income tax expense		-	-
Profit/(Loss) for the year		745,680,771	(87,693,543)
Other comprehensive income			
Total comprehensive Profit /(loss) for the year		**745,680,771**	**(87,693,543)**

The notes on pages **13** to **34** form an integral part of the financial statements.

4.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

Description	Notes	12 months to 30 June 2022	12 months to 30 June 2021
		Frw	Frw
Assets			
Non-current assets			
Property and equipment	5	25,791,221,571	20,279,650,526
Investment in subsidiaries	6	55,956,806,369	55,956,806,369
Total assets		**81,748,027,940**	**76,236,456,895**
Current assets			
Trade and other receivables	7	4,455,000	63,167,557
Cash and cash equivalent	8	2,647,603,309	3,078,030
Total current assets		**2,652,058,309**	**66,245,587**
Total assets		**84,400,086,249**	**76,302,702,482**
Equity and Liabilities			
Equity	9		
Share capital		3,000,000	3,000,000
Retained earnings		(7,285,085,958)	(8,030,766,729)
Reorganisation reserves		67,380,539,597	66,478,386,417
Total Equity		**60,098,453,639**	**58,450,619,688**
Non-Current liabilities			
Grants	10	13,147,167,407	10,036,320,036
Amounts due to related parties	11	7,813,648,423	7,608,185,496
Current liabilities			
Other payable	12	3,340,816,780	207,577,261
Total equity and liabilities		**84,400,086,249**	**76,302,702,482**

The notes on pages **13** to **34** form an integral part of the financial statements.

Approval of the financial statements

The financial statements of **Rwanda Energy Group Ltd** for the year ended 30 June 2022, on pages **9** to **34**, were approved by the Board of Directors on ……………….. and signed on its behalf by:

Ron Weiss

Digitally signed by Ron WEISS (CEO)
Date: 2022.12.31 15:49:19 +02'00'

……………… ……………………………………

Ron Weiss | **Dr. Didacienne MUKANYILIGIRA**

Chief Executive Officer | **Chairperson of the Board of Directors**

Date: …………………………………… | **Date:** ..31/12/2022……………

4.3 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

Description	Share capital	Retained earnings	Reorganisation reserves	Total
For year ended 30 June 2022	**Frw**	**Frw**	**Frw**	**Frw**
At 1 July 2021	3,000,000	(8,030,766,729)	66,478,386,417	58,450,619,688
Reorganisation adjustments			906,800,000	906,800,000
Prior period adjustment			(4,646,820)	(4,646,820)
Profit/(loss) for the year		745,680,771		745,680,771
At 30 June 2022	**3,000,000**	**(7,285,085,958)**	**67,380,539,597**	**60,098,453,639**
For year ended 30 June 2021	**Rwf**	**Rwf**	**Rwf**	**Rwf**
At 1 July 2020	3,000,000	(7,943,087,786)	63,159,653,480	55,219,565,694
Reorganisation adjustments			3,318,732,937	3,318,732,937
Prior period adjustment		14,600		14,600
Profit/(loss) for the year		(87,693,543)		(87,693,543)
At 30 June 2021	**3,000,000**	**(8,030,766,729)**	**66,478,386,417**	**58,450,619,688**

The notes on pages **14** to **34** form an integral part of the financial statements.

4.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

Description	Notes	12 months to 30 June 2022	12 months to 30 June 2021
		Rwf	**Rwf**
Profit/(loss) before income tax		745,680,771	(87,693,543)
Adjustments for:			
Prior period adjustment			14,600
Realised grants		(392,008,553)	(397,277,208)
Impairment of property, plant and machinery		133,109,468	27,989,358
Depreciation and amortization	3	629,955,701	593,245,398
Profit/(loss) before working capital movements		1,116,737,387	136,278,605
Working capital movements:			
Trade and other receivables		58,712,557	(63,167,557)
Trade and other payables	4	429,077,079	122,183,888
Related Party Balance		205,462,927	(529,193,422)
Agent Liability	4	2,704,162,440	3,375,344
Net cash generated from operating activities		**4,514,152,390**	**(330,523,142)**
Cash flows from investing activities			
Receipt of grants		3,502,855,924	-
Disposal/Transfer			334,297,273
Purchase of property and equipment/other related parties	5	(5,372,483,035)	(696,101)
Net cash used investing activities		**(1,869,627,111)**	**333,601,172**
Cash flows from financing activities			
Investment in subsidiaries	6	-	-
Net cash generated from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		**2,644,525,279**	**3,078,030**
Cash and cash equivalents at beginning of the year		3,078,030	-
Cash and cash equivalents at end of the year		**2,647,603,309**	**3,078,030**

The notes on pages **14** to **34** form an integral part of the financial statements.

4.5 NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Rwanda Energy Group Ltd is a private company domiciled in the Republic of Rwanda and is a wholly owned subsidiary of Rwanda Energy Group Ltd. REG is wholly owned by the Government of Rwanda. REG and REG Ltd were established in August 2014 after the 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 Company is managing the subsidiaries namely Energy Utility Corporation Limited (EUCL) and Energy Development Corporation Limited (EDCL). The address of the Company's registered office is as follows:

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

1. Management fees

Description	12 months to 30 June 2022	12 months to 30 June 2021
	Frw	Frw
Management fees	4,182,844,338	2,346,888,409
Total	**4,182,844,338**	**2,346,888,409**

2. Other income

Description	12 months 30 June 2022	12 months 30 June 2021
	Frw	Frw
Realized grants	392,008,553	397,277,208
Rental income	6,540,000	8,230,000
Other income	47,390,000	
Donation income	416,693,566	17,950,000
Total	**862,632,119**	**423,457,208**

3. Depreciation and amortisation

Description	12 months 30 June 2022	12 months 30 June 2021
	Frw	Frw
Depreciation of property and equipment (note 5)	629,955,701	593,245,398

4. Administrative expenses

Description	12 months 30 June 2022	12 months 30 June 2021
	Frw	Frw
Salaries and other related costs	1,470,024,908	1,084,758,335
Consultancy and professional fees	66,317,689	89,299,814
Office Supplies	31,943,109	18,299,639
Telephone charges	77,548,185	33,351,622
Mission and travelling	43,721,024	31,660,999
Fuel and maintenance-Motor Vehicles	1,482,000	3,019,327
Advertising and announcements	36,186,904	75,462,048
Meetings and Special Assembly Costs	132,383,357	18,322,443
Refreshment and reception expenses	10,215,797	2,787,531
Board and ITC meeting fees	6,379,978	5,497,144
Support for sporting activities	1,169,982,899	354,150,427
Donations and charity	5,190,500	353,347,273
Legal fees and General provisions	6,726,085	16,982,500
Internet costs, web and mail hosting		
Software licences	242,558,226	126,335,113
Repairs and maintenance of buildings	85,415,014	87,000
Rents and rates	43,017,044	10,126,875
Subscriptions to bodies	16,574,573	2,600,000
Penalties		
Postage and Courier services	68,900	-
Bank charges	9,732,883	309,314
Audit fee		10,400,000
Cleaning & security	463,746	7,000
Loss on disposal/Impairment of assets	133,109,468	27,989,358
Total	**3,589,042,288**	**2,264,793,762**

5. Property Plant and Equipment (PPE)

Description	Land	Buildings	Motor vehicles	Furniture and fittings	Computer equipment	Total
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
COST/VALUATION						
At 1 July 2021	8,375,147,196	14,301,261,537	123,600,000	12,459,438	4,296,250	22,816,764,421
Additions		5,335,118,036		37,115,000	250,000	5,372,483,036
Adjustment		906,800,000				906,800,000
Impairment/disposal	(98,735,400)	(49,934,496)				(148,669,896)
At 30 June 2022	**8,276,411,796**	**20,493,245,076**	**123,600,000**	**49,574,438**	**4,546,250**	**28,947,377,560**
DEPRECIATION						
At 1 July 2021		2,443,242,847	83,582,851	6,438,188	3,850,010	2,537,113,895
Charge for the year	-	617,872,189	10,004,292	1,867,960	211,260	629,955,701
Adjustment/impairment/disposal		(10,913,608)				(10,913,608)
At 30 June 2022	**-**	**3,050,201,428**	**93,587,143**	**8,306,148**	**4,061,270**	**3,156,155,989**
NET BOOK VALUE						
At 30 June 2022	**8,276,411,796**	**17,443,043,648**	**30,012,857**	**41,268,291**	**484,980**	**25,791,221,571**

Property Plant and Equipment (Continued)

Description	Land	Buildings	Motor vehicles	Furniture and fittings	Computer equipment	Total
	Frw	Frw	Frw	Frw	Frw	Frw
COST/VALUATION						
At 1 July 2020	6,303,383,698	13,484,537,273	123,600,000	11,993,337	4,066,250	19,927,580,558
Additions				466,101	230,000	696,101
Adjustment	2,402,189,298	911,896,819		-	-	3,314,086,117
Impairment/ disposal	(330,425,800)	(95,172,555)				(425,598,355)
At 30 June 2021	**8,375,147,196**	**14,301,261,537**	**123,600,000**	**12,459,438**	**4,296,250**	**22,816,764,421**
DEPRECIATION						
At 1 July 2020		1,890,979,867	70,243,795	5,596,198	3,684,482	1,970,504,342
Charge for the year		578,898,824	13,339,056	841,990	165,528	593,245,398
Adjustment/Impairment Loss		(26,635,844)				(26,635,844)
At 30 June 2021	-	**2,443,242,847**	**83,582,851**	**6,438,188**	**3,850,010**	**2,537,113,896**
NET BOOK VALUE						
At 30 June 2021	**8,375,147,196**	**11,858,018,690**	**40,017,149**	**6,021,251**	**446,240**	**20,279,650,526**

6. Investment in subsidiaries

Description	% interest held	Balance as at 30 June 2022	Balance as at 30 June 2021
		Frw	Frw
EUCL	100	55,955,306,369	55,955,306,369
EDCL	100	1,500,000	1,500,000
Total		**55,956,806,369**	**55,956,806,369**

7. Trade and other receivables

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Prepayment/Advance to staff for justification	4,455,000	63,167,557
Total	**4,455,000**	**63,167,557**

8. Bank Balance

Bank name	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Cash at Bank	2,647,085,709	3,078,030
Cash in hand	517,600	
Total	**2,647,603,309**	**3,078,030**

9. Equity and share capital

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Share capital	3,000,000	3,000,000
Retained earnings	(7,285,085,958)	(8,030,766,729)
Reorganization reserve	67,380,539,597	66,478,386,417
Total equity and share capital	**60,098,453,639**	**58,450,619,688**

The total authorized and issued number of ordinary shares is **Frw 3,000,000** with a par value of **1** per share. All issued shares are fully paid.

During separation of EWSA into REG and WASAC, 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 **Frw 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 **Frw 1** per share. All issued shares are fully paid.

10. Grants

Description	**Balance as at 30 June 2022**	**Balance as at 30 June 2021**
	Frw	**Frw**
At the start	10,036,320,036	10,474,919,944
Transfer to REMA		(41,322,700)
Addition on assets transfer from EUCL/EDCL	3,502,855,925	
Realized grants as income	(392,008,553)	(397,277,208)
Amount at the end	**13,147,167,407**	**10,036,320,036**

11. Amount due to related party

Description	**Balance as at 30 June 2022**	**Balance as at 30 June 2021**
	Frw	**Frw**
At the start	7,608,185,496	8,137,378,918
Payments	284,462,927	(503,013,422)
Expenses and assets paid /transferred by EUCL		
Rental income and sports collected by EUCL	(79,000,000)	(26,180,000)
Amount at the end	**7,813,648,423**	**7,608,185,496**

12. Other payable

Description	**Balance as at 30 June 2022**	**Balance as at 30 June 2021**
	Frw	**Frw**
Other payables	633,278,996	204,201,918
Agent liability	2,707,537,784	3,375,344
Total	**3,340,816,780**	**207,577,262**

Other information:

Budget performance report for the year ended 30 June 2022

Description	Estimated	Budget	Revised Budget	Actual	Balance
		A1	A	B	C=A-B
	Frw	Frw	Frw	Frw	Frw
Expenditures					
CEO office and Board	29,820,000	29,820,000	29,820,000	6,379,978	23,440,022
Corporate services	657,000,000	236,250,000	236,250,000	138,628,686	97,621,314
ICT Software subscriptions	392,480,000	150,000,000	330,000,000	242,558,226	87,441,774
Security document and systems installations	561,797,635	9,500,000	9,500,000		9,500,000
Research and development department	82,000,000	20,000,000	20,000,000		20,000,000
External link	1,026,000,000	533,085,525	1,222,205,305	1,343,743,660	(121,538,355)
Gender	30,000,000	30,000,000	30,000,000		30,000,000
Staff cost (Salary and Lump sum)	1,421,561,019	1,051,813,915	1,051,813,915	1,536,342,597	(484,528,682)
Other Staff benefits (Communication, electricity and refreshments)	57,462,000	43,344,000	43,344,000	87,763,982	(44,419,982)
Other HR related costs	595,686,560	96,186,560	96,186,560	93,789,606	2,396,954
Motor vehicle			110,000,000		110,000,000
Legal costs				6,726,085	(6,726,085)
Impairment of assets				133,109,468	(133,109,468)
Total expenditure	4,853,807,214	2,200,000,000	3,179,119,780	3,589,042,288	-409,922,508
Incomes					
Other income (Management fee)		2,200,000,000	2,200,000,000	4,102,046,640	(1,902,046,640)
Other income (Amicable settlement)			42,890,000	53,930,000	(11,040,000)

Description	**Estimated**	**Budget**	**Revised Budget**	**Actual**	**Balance**
		A1	**A**	**B**	**C=A-B**
	Frw	**Frw**	**Frw**	**Frw**	**Frw**
Donations income (Sports winning and sponsorship)			936,229,780	416,693,566	519,536,214
Total incomes		**2,200,000,000**	**3,179,119,780**	**4,572,670,206**	**-1,393,550,426**
Surplus/(Deficit)		**0**	**0**	**983,627,919**	**(983,627,919)**

Explanations

Line item	Variance FRW	Explanation
CEO office and Board	23,440,022	Less number of physical meetings held
Corporate services	129,074,765	Major repair of the parking area not done
ICT Software subscriptions	87,441,774	
Security document and systems installations	9,500,000	Mission fee included in other HR related costs
Research and development department	20,000,000	Included in repairs and maintenance (Corporate services)
External link	(47,464,634)	Major event of BAL
Gender	30,000,000	Cost of meetings, Included in meetings and assembly
Staff cost (Salary and Lumpsum)	(484,528,682)	Additional staff recruited to fill the Organizational structure
Other Staff benefits (Communication, electricity and refreshments)	(44,419,982)	Due to recruitment of additional staff
Other HR related costs	3,848,954	
Motor vehicle	110,000,000	Delay in procurement process
Legal costs	(6,726,085)	
Impairment of assets	(133,109,468)	Had not been included in the budget
Total expenditure	**-302,943,336**	
Incomes		
Other income (Management fee)	(1,982,844,338)	Includes invoicing of previous year's
Other income (Amicable settlement)	(11,040,000)	Court settlement and
Donations income (Sports winning and sponsorship)	519,536,214	The sponsors not got after losing the first game in BAL
Total incomes	**-1,474,348,124**	

13. 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.

The finance department under policies approved by the Board of Directors carries out financial risk management. 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
b) Market risk
c) Liquidity risk

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 Chief finance officer except for credit risk relating to accounts receivable balances. The finance director is responsible for managing and analysing credit risk for each new client before standard payment and delivery 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, the commercial director assesses the credit quality of the customer, taking into account its 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:

REG	**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				
Other receivables	91,924,092			91,924,092
Bank balances	2,647,603,309			2,647,603,309
Total	**2,739,527,401**	-	-	**2,739,527,401**
REG	Neither past due nor impaired	Past due not impaired	Impaired	
At 30 June 2021				
Other receivables	63,167,557			63,167,557
Bank balances	3,078,030			3,078,030
Total	**66,245,587**	-	-	**66,245,587**

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:

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 recognized assets and liabilities that are denominated in a currency other than the functional currency of the Company.
At 30 June 2022, the company was not exposed to any currency risk (2021: nil).

ii. Price risk

The Company does not hold any financial instruments subject to price risk.

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.
Management performs cash flow forecasting and monitor 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 table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 year in Frw	Over 1 year in Frw	Total in Frw
	A	B	C=A+B
At 30 June 2022			
Amounts due to related parties		7,813,648,423	7,813,648,423
At 30 June 2021			
Amounts due to related parties		**7,608,185,496**	**7,608,185,496**

14. 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 measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Rwandan Francs (Frw).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its 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.

b) 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 January 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 some 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 re-measurement 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.

c) Accounting policies

i) Foreign currency translation

(a) 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 Rwandan Francs Frw) which is the Company's presentation currency as required by the laws of Rwanda. The Company's functional currency is the Rwandan Francs (Frw).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

ii) 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.

iii) Property, 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 profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

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%
Motor vehicles	25%
Computer equipment	33.3%
Furniture and fittings	12.5%

iv) 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.

v) Retirement benefits obligations

The employees and the Company contribute to the Social Security Fund of Rwanda, 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.

vi) 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. 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.

vii) 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.

(c) Critical accounting estimates and judgements

Key sources of estimation uncertainty

The following are 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:

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.

15. 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 Frw 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 **Frw 531,778,800** 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.

c) Guarantee with assets for REG Ltd as collateral

The company is has entered into agreement with ZESA for projects to be done over five years from 2022. The pilot project was entered into in June 2022 for a value of US$ 5,304,328 after providing performance and advance guarantees totalling US$ 71,608.44. The collateral of REG Ltd 8 buildings (market value RWF 4.058 billion) and 3 pieces of land market value (RWF1.975 billion) were provided for the guarantees based on 120% of forced total value of RWF4,153 billion.

16. Land registration status

The recognized land in REG assets register are the ones to which REG Ltd has full control and their related costs were properly measured in accordance with IAS 16 Property, Plant and Equipment, subsequent recognition shall be based on the completed and transferred project from subsidiaries to REG Ltd or any other form of acquisition to which related cost can reliably be measured.

There are other plots with REG Ltd Infrastructure which were assessed by the consultants to be so small located in big ones owned by individuals and other institutions of which collaboration agreements/**MoUs** were entered into for infrastructure access rather than formal land legal ownership. This gives REG Ltd full control over the assets on the plots. The exercise to enter into **MoUs** is still ongoing to finalize. 100 cabins values were obtained from valuation exercise by independent valuer and incorporate in this financial statements at a value of RWF 906.8 million.

17. Contingent Assets#

REG Ltd had buildings and land in the Former industrial park (at Gikondo) that all businesses/factories were expropriated in February 2020. REG Ltd has not been compensated by relevant Ministry of Trade and Industry (MINICOM) for the expropriated land and buildings. The carrying amount of the land and buildings derecognised is **Frw 610,405,230** for land and **Frw 199,746,105** for buildings. A valuation was done just before demolition that amounted to **Frw 1,075,044,962** which negotiations are ongoing for its recovery.