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RWANDA ENERGY GROUP LIMITED (REG LTD)

Audit Report on Consolidated Financial Statements

For the year ended 30 June 2022

OAG Core Values

Integrity
In public Interest
Innovation
Objectivity
Professionalism

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1. 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.

FOREWORD

It is with great pleasure that the Rwanda Energy Group Ltd presents its Annual Report for the fiscal year 2021/2022. This report highlights the REG's key achievements in its strategic objectives including among others electricity generation, electricity transmission and distribution, electricity access, operations and maintenance and others. During the Fiscal Year 2021/2022, concerted efforts were directed towards developing and providing reliable and affordable energy to ensure adequate service delivery and sustainable development.

In view of this, Rwanda Energy Group Ltd continues to strategize on how to achieve the targets of 2024 for increasing electricity access to 100% of all Rwandan households, reduction of biomass energy uses to 42% as well as increasing Rwanda's electricity generation capacity to 556 MW. As a result, households' connections to electricity reached 59.4% by the end June 2022, and the total installed power generation capacity reached 276.07 MW from 238.37 MW in same time horizon

REG Annual Report consolidates performance of REG holding and its subsidiaries companies, Energy Utility Corporation Limited (EUCL) and Energy Development Corporation Limited (EDCL). This report is part of the external dissemination of our commitment to transparency and open communication to all our stakeholders, as well as to the wider public interested in our activities.

Please, enjoy reading this report and get updates and richness of the energy sector. We also hope it is an opportunity for our valued stakeholders to know our leading-edge operations, services, and values.

Ron Weiss

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Ron Weiss
Chief Executive Officer

1.1 EXECUTIVE SUMMARY

- This report highlights the key achievements realized in the Fiscal Year 2021/22 by the Rwanda Energy Group Ltd, through its subsidiaries EDCL and EUCL, against targets that were agreed upon and in alignment with national targets stipulated in various strategic documents such as Vision 2050, NST1, ESSP, REG Imihigo and other high-level decisions as well as the REG strategic plan.
- In power generation, the total installed capacity increased from 238.37 MW to 276.07 MW. The additional capacity is from the commissioning of Hakan Peat and Rukarara V power plant with the installed capacity of 35 MW and 2.7 MW respectively. The highest annual peak demand was 178.71 MW observed in June 2022, compared to 164.4 MW observed in April 2021. The demand growth this Fiscal year is 8.7% while it was 8.8% in the previous fiscal year 2020/2021.
- By the end of June 2022, the total length of the transmission network, including 220kV and 110kV lines, was recorded at 973.14 km across the country. The 110Kv transmission line Mukungwa Nyabihu was commissioned in April,2022 and added 28.75 Km on the network.
- The distribution network increased with a total length of 575.8 Km of medium voltage lines and 1,076.1 Km of low voltage lines, bringing the total distribution network from 27,217.9 to 28,985.8 Km, of which 10,520.1 Km of medium voltage and 18,465.7 Km of low voltage.
- During the fiscal year 2021/2022, a total of 127,742 customers were connected to the National grid of which the productive users were 463. In addition to this, a total of 116,713 households were connected to off-grid electricity. By the end of June 2022, the electricity access rate had increased to 59.4% as of June 2022 (based on internal data on connections and updated baseline from the 5th RPHC)
- In this reporting financial year, REG/EDCL once again gave focus on raising awareness among the citizens on the use of modern cooking technologies transitioning from traditional cooking fuels and 184,330 Improved Cook Stoves were disseminated
- On the side of operations, power system performance and reliability remained generally stable. the total network collapse increased from 1 blackout in 2020/21 to 4 blackouts in 2021/2022, and the recorded transmission network availability in the year of 2021-22FY was 99.31% from 99.41% of 2020-2021
- Countrywide, the distribution network performance is still stable though with slight increase as compared to last year. The System Average Interruption Duration Index (SAIDI) was 18.59 hours per year from 18.2 hours per year of the previous year and the average number of interruptions that a customer experienced (SAIFI) was 45.67 times per year from 44 times per year.
- The average total power losses for this financial year (technical and non-technical) decreased to 18.1% from 19.26 previous year, and the recorded monetary loss increased to 473,094,992 from 441,882,913 Frw.
- The total electricity billed for both prepayment and post payment customers, including exports to Uganda through Cyanika-Kisoro, increased to 871,512,132.73 from 766,606,204.22 kWh of the last year and respectively the bill increased to Frw 176,190 billion from 157.906 Frw billion.
- The total collection on prepayment, post payment and works were Frw 175,631,654,494 compared to Frw 176,190,227,147 of total bills.

- The total electricity billed for both prepayment and post payment customers, including exports to Uganda through Cyanika-Kisoro, increased to 766,606,204.22 kWh from 702,597,060.14kWh of last year and respectively the bill increased to Frw 157.906 billion from Frw 137.912 billion.
- The total collection on prepayment, post payment and works were Frw 154,361,119,629 compared to Frw 157,906,289,288 of total bills, and the recorded collection rate is 98%.

1.2 ESTABLISHMENT OF RWANDA ENERGY GROUP LTD (REG)

The Rwanda Energy Group (REG) with its subsidiary companies, Energy Development Corporation Limited (EDCL) and Energy Utility Corporation Limited (EUCL), was incorporated in July 2014 as part of the wider Government reform programme for the energy and water sectors in Rwanda. The overarching objective of the reform was to ensure that the energy sector is expanding the electricity generation capacity efficiently to meet the growing demand in the country.

The REG Holding therefore has the corporate mandate to provide overall coordination of utility operations and energy investment and development plans without operational responsibilities, while EUCL is to ensure efficiency in utility operations and end-users service delivery and EDCL is to ensure timely implementation and cost-efficient development of energy projects. REG's overall goal is to achieve fast electrification levels for industry and household usage based on a sustainable and affordable tariff. In its strategic plan (2019 – 2024), REG has articulated the following ten industry and institutional focused objectives to guide the day-to-day operations:

- **Generation:** Build a balanced and cost optimized Generation mix sufficient to meet growing Demand.
- **Transmission:** Plan and Build infrastructure to ensure timely alignment of current and future Generation with National Demand
- **Distribution:** Develop and Operate an Optimized Distribution Network to enhance Utility efficiency and reliability of power supply.
- **Electricity Access**: Achieve 100% National Access to Electricity in 5 years (by 2024). using Grid and Off-grid Solutions
- **Tariff evolution:** Develop a clear tariff trajectory with clear milestones based on effective engagement with IPPs, financiers and other stakeholders to achieve affordable tariff.
- **Operation & Maintenance:** Ensure optimized plant and network operations for excellent service reliability, with most economical plan.
- **Corporate Governance:** Structure and equip REG to competently implement strategy.
- **Communication Strategy:** Build an awareness of REG's products and services to enlist commitment of stakeholders to the vision and mission.
- **Capacity Building:** Enhance staff's professional and technical capacity to support REG consistently deliver on its mission.
- **Commercial strategy:** To serve our customers and ensure their satisfaction through our culture of excellence.

This report highlights key achievements registered in the period between July 2021 and June 2022 in alignment with key sector strategic objectives outlined above, set in line with the National strategic documents such asNST1, REG Strategic Plan 2017 – 2024 (REGSP) and other sector priorities as adopted in different national fora such as National Leadership Retreat

(NLR), National Umushyikirano Council (NUC), Cabinet decisions and other high-level commitments. The purpose of this report is therefore to provide information that depicts Rwanda Energy Group performance to the public, development partners and other stakeholders.
More specifically, every year REG signs a performance contract, Imihigo, with MININFRA for the implementation of key projects geared towards meeting the short- and medium-term sector targets as set in the strategic documents.

For the FY 2021/2022, REG signed to deliver on 16 outputs as details in annex 1 of this report . The outputs were grouped under 5 key outcomes which are:

- Electricity Generation Installed Capacity increased from 238.368 MW to 276.07 MW against target of 292.368 MW by June 2022
- Improved power transmission and distribution network for reliability of power supply
- Access to Electricity increased to 59.4% as of end June 2022
- Enhanced Energy use Efficiency: Reduction of Biomass use
- Improved Transmission and Distribution capabilities and availability of the network

By the end of June 2022, the 3 of sixteen outputs were on track. Detailed implementation progress for REG Imihigo. In addition to this, REG signed for Joint Imihigo with 4 outputs grouped under 2 outcomes which are:

- Access to Electricity increased to 59.4% as of end June 2022
- Enhanced Energy use Efficiency through Reduction of Biomass use

These outputs for Joint Imihigo were already part of the overall Imihigo and they were all on track by the end of June 2022.

2. THE ACHIEVEMENTS FOR THE FISCAL YEAR 2021/2022

Access to safe, reliable, affordable, and cost-effective energy infrastructure is essential to achieve the levels of growth defined under the National Strategy for Transformation (NST1) and Vision 2020. It is planned that by 2024, universal access to electricity shall be attained at 100% (52% on-grid and 48% off-grid).

In order to attain the desired development impact of the above programs and other strategic interventions, the REG implemented different projects in the 2021/2022 and key achievements are provided in the following paragraphs. The status below, therefore, provides an insight of how the energy sector performed towards its ambitious targets.

2.1 Power generation

During the year ended in June 2022, the total installed capacity increased from 238.37 MW to 276.07. The additional capacity is from the commissioning of Hakan Peat and Rukarara V power plant with the installed capacity of 35 MW and 2.7 MW respectively.

The total installed capacity is composed of domestic capacity with 257.968 MW and 18.1MW from imports& shared power plants totalizing 276.068MW.

The highest annual Peak demand registered was of 178.71 MW, observed in June 2022, compared to 164.4 MW observed in April 2021 and energy generation growth was 12.03% compared to 8.59% of the previous fiscal year of 2020/2021. Due to high demand increase and

water shortage for Hydropower sources, thermal generation has increased at 110% compared to 2020/201 FY.
Among 46 domestic power plants, 43 of them are on grid while 3 are off grid.

The Overall performance of hydropower plants is evaluated to 91.98%, the overall performance of methane gas power plants was of 59% including KP1, performance of Peat power plant was of 29% excluding Hakan Mamba which is still under commissioning and testing while the performance of thermal power plants was not evaluated because they are assessed by specific fuel consumption and availability and run as emergency plants.

2.1.1 Energy generated by plants' owners

Based on ownership of power plant, IPPs power plants contribution increased to 60% from 52% of the previous year, while the GoR owned power plants contribution was reduced to 31% from 36% of the previous year and import & shared resources contribution reduced as well from 12% to 9% compared to previous year. The table below presents the generation by plant owners:

Source of Generation	Generated Energy (kWh)			
	FY 2020/2021	% FY 2020/2021	FY 2022/202	% FY 2021/2022
IPPs Power Plants	493,755,909.12	52%	642,902,300.20	60%
GoR Power Plants	348,826,411.31	36%	330,142,988.16	31%
Import + Shared	112071628.3	12%	96,535,846.81	9%
Total Generation	**954,653,948.70**	**100%**	**1,069,581,135.16**	**100%**

Table1: Energy Generated by plants' owners

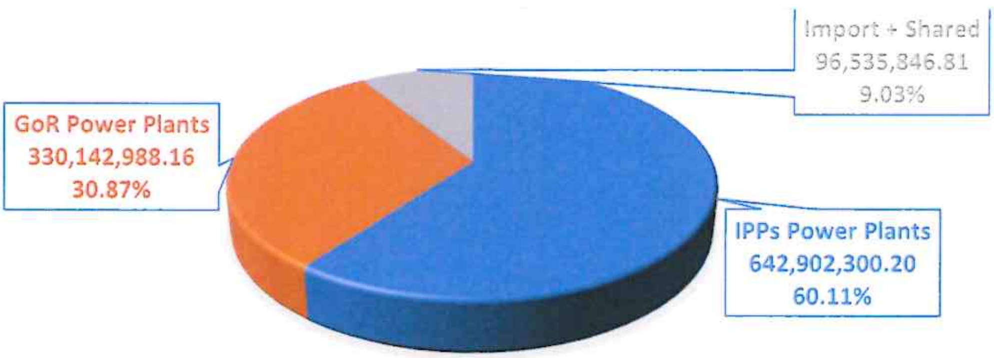

Figure 1: Generation share by plant owner (GoR Vs IPPs)

2.1.2 Installed generation capacity by source

Hydropower and thermal power continue to dominate with the highest shares of the installed generation capacity of 107.328 MW equivalent to 38.88% and 58.8 MW equivalent to 21.30% respectively, while solar power contributes the least 4.36% as per the table.

Types	Installed Capacity	Percentage
Hydropower	107.328	38.9%
Thermal Power	58.8	21.3%
Solar Power	12.05	4.4%
Methane Gas	29.79	10.8%
Import & shared	18.1	6.6%
Peat Fired PP	50	18.1%

Types	Installed Capacity	Percentage
Total	**276.068**	**100%**

Table 2: Summary of capacity by source as of June 2022

ENERGY MIX		
Technology	**Generation /kWh**	**%**
Hydropower	461,517,424.32	43.15%
Thermal power	194,510,874.00	18.19%
Methane Gas	218,596,397.74	20.44%
Solar	17,525,102.65	1.64%
Peat Power	80,895,535.64	7.56%
Imports & shared	96,535,846.81	9.03%
Total Generation	**1,069,581,181.16**	**100%**

Table 3: Summary of energy mix during FY 2021/22

2.1.3 Energy generated by source of energy (GWh)

The corresponding energy generated by hydropower decreased to 461.52 from 494 GWh. and its share in the energy mix reduced to 43.1% from 51.8% this year. On the other hand, energy generated from thermal power plants increased to 194.51 from 92.7 GWh and the corresponding share in the energy mix increased to 18.2% from 9.7%. The contribution of Methane increased from 206.8 to 218.6 GWh (20.4%), Peat contribution increased from 30.6 to 80.9 GWh (7.6%), Solar contribution reduced from 18.1 to 17.53 GWh (1.6%), import increased from 29.7 to 31.98 GWh (3%) while energy from regional shared plants reduced from 82.3 to 64.56 Gwh (6%). The graph below shows the changes in the energy mix overtime.

Details	Hydro	Methane	Thermal	Solar	Peat	Import	Shared	Total
2015-2016	271.9	114.5	174.5	13.9	1.4	56.9	18.9	**652.1**
2016-2017	277.2	197.6	129.6	14.5	14.3	22.9	56	**712.1**
2017-2018	333.8	195	138.7	16.9	15.3	31.5	50.2	**781.4**
2018-2019	337.5	213.1	158.7	18.1	31	32	63.9	**854.2**
2019-2020	387	213.6	135.9	17.7	19	30.2	69.2	**872.6**
2020-2021	494.4	206.8	92.7	18.1	30.6	29.7	82.3	**954.7**
2021-2022	461.52	218.60	194.51	17.53	80.90	31.98	64.56	**1,069.58**
Contribution to energy Mix (%)	**43.1**	**20.4**	**18.2**	**1.6**	**7.6**	**3.0**	**6.0**	**100**

Table 4: Energy generated by source of energy from 2015-2022 (in GWh)

2.1.4 The Least Cost Power Development Plan

The least cost power development plan was revised and updated in June and December 2021. The purpose of the plan is to have a systematic development of the Rwanda Generation Resources prioritizing the least cost options, to ensure that the tariff affordability objectives are being optimized. A revision June 2022 is under way and key updates therein are:

- Update and realign CoDs.
- Consideration for Battery storages
- Integration of Generation Resource Assessment and external LCPDP review
- Waste/biomass
- Solar PV integrating storage
- Revised cost assumptions for solar PV

2.2 Electricity transmission

By the end of June 2022, the total length of the transmission network, including 220kV and 110kV lines, was recorded at 973.14 km across the country. The 110kV transmission line Mukungwa Nyabihu was commissioned in April 2022 and added 28.75 Km on the network.

2.2.1 Transmission Line Projects status

More progress was also made in the construction of the following high voltage transmission lines projects:

- ***Rwanda-Burundi Transmission line and associated substations*** registered overall project progress currently stands at 95% where the transmission line is at 93% and the Substation is at 98.6%.
- ***Rusumo-Bugesera-Shango transmission line***
  The project will evacuate power from Rusumo regional hydro power plant.
  The overall project progress stands at 95.6% with substation component completed 100% and transmission lines at 91.2% whereby stringing for Bugesera-Shango section is complete and Rusumo-Bugesera section is in progress.
- ***Bwishyura-Kigoma-Rwabusoro transmission line with extensions of associated substations***
  The 79.96 Km project will evacuate methane gas power from Shema Kivu Lake Power Plant to the existing high voltage transmission line (220kV Rwanda- DRC) and linking the existing substations of Bwishyura and Rwabusoro via Kigoma Substation. The project scope comprises of: (1) construction of 4.5 Km line linking Shema Power Plant to the existing Rwanda-DRC line; (2) construction of 11/110 kV SPLK Substation; (3) construction of GIS Substation; (4) construction of 75.55 Km of 220 kV transmission line Bwishyura-Kigoma-Rwabusoro and (5) extension of Kigoma substation.
  Overall progress stands at 35.2% with only temporary substation which is at 86.81 and the 1st section 4.5Kms connecting Shema Gas to the existing TL Rwanda-DRC that stands at 86.96% (Stringing ongoing).
- **Mukungwa-Nyabihu Transmission Line:**
  The 28.75Km of 110kV power line to evacuates power from Mukungwa plant through Nyabihu substation and is expected to improve reliability of power supply to the Northern and Western parts and serve industrial parks in Musanze and Nyabihu.

  The six components project (1) Mukungwa-Nyabihu transmission line which was completed and energized; (2) Nyabihu; Mukungwa; Rubavu and Camp Belge substations were also completed and energized, while Musha substation was still at 90%.

  The overall project progress for both transmission line stands at 100% (substations are at 98.5% and transmission line is at 100%).

2.2.2 The Transmission Plan

The transmission network development plan was revised and updated, and the key updates incorporated are the following:

- The total length of Transmission Lines has been changed from 971.75km to 994.2km
- Upgrade of Rukarara SS (from 2*10MVA to 2*20MVA) is proposed.

- The operational for the following projects are changed according to LCDP:
  1. 110kV Nyabarongo II-Rulindo(Updated from 2021 to 2024)
  2. 220kV Rusumo-Bugesera-Shango (Updated from 2021 to 2023)
  3. 220kV Rusizi III-Kamanyola-Bwishyura (Updated from 2024 to 2026)
- The following projects accepted by AfDB to be funded:
  1. 110kV Gicumbi Cut-In, Cut-Out
  2. 220kV Kirehe Cut-In, Cut-Out and 110kV Kirehe-Rwinkwavu
  3. 110kV Nyagatare-Gabiro
  4. 110kV Rukarara-Huye-Gisagara
- The status of 110kV Mukungwa-Nyabihu Project has been changed from Ongoing to Existing

2.3 Electricity distribution

About 14 years ago, the Government of Rwanda established the Electricity Access Rollout Program (EARP) to distribute power from the transmission nodes to the end-users, whilst bridging the rural-urban electricity access divide.
The distribution network increased with a total length of 575.8 Km of medium voltage lines and 1,076.1 Km of low voltage lines, bringing the total distribution network from 27,217.9 to 28,985.8 Km, of which 10,520.1 Km of medium voltage and 18,465.7 Km of low voltage.

2.3.1 The Distribution Plan

The distribution network development plan was revised and updated mainly to include the following:

- Updates on anticipated major load demand on distribution network from 2022-2024. i.e. All hubs considering increments on substations and feeders
- Assessment of feeder loading
- List of distribution network strengthening projects in pipeline. i.e. Funded and unfunded projects
- Investment required for distribution network strengthening projects

2.4 Electricity access

The Government has committed to meet universal access to electricity, with an estimated 3.7 million households to be connected by the year 2024. By the end of June 2022, the electricity access rate countrywide had increased to 59.4%
A total of 127,742 new customers were connected to the National grid of which the productive users were 463. This brought the cumulative number of customers connected to the grid from 1,249,283 to 1,377,025 (1,372,194 prepayments and 4,831 post payment), including 8.414 Productive users. The computed access rate of households connected on grid is 41.3%.

In addition to this, a total of 116,713 households were connected to off-grid electricity, bringing the cumulative total to 593.897 households from 477.184HHs, equivalent to access rate of 18.1% from 17.61%. These off-grid connections are mainly rooftop solar panels, and they are installed by the independent private companies on a willing-buyer-willing-seller basis.

The performance of REG in implementing annual access Imihigo signed with MININFRA was therefore achieved at 103%.

2.4.1 The Access Plan

In June 2021, December 2021 and June 2022, the access plan was revised and updated mainly to include the following:

- Access rate as of end June 2022
- NEP Validation results across all districts
- The Impact of Available development partners' funds on universal access by 2024

2.5 Operations and maintenance

2.5.1 Blackouts

Due to misbehaving of new commissioned power plant of Hakan during testing and commissioning, the number of total network collapse in 2021-2022 was increased from one (1) blackout in 2020-2021 to four (4).

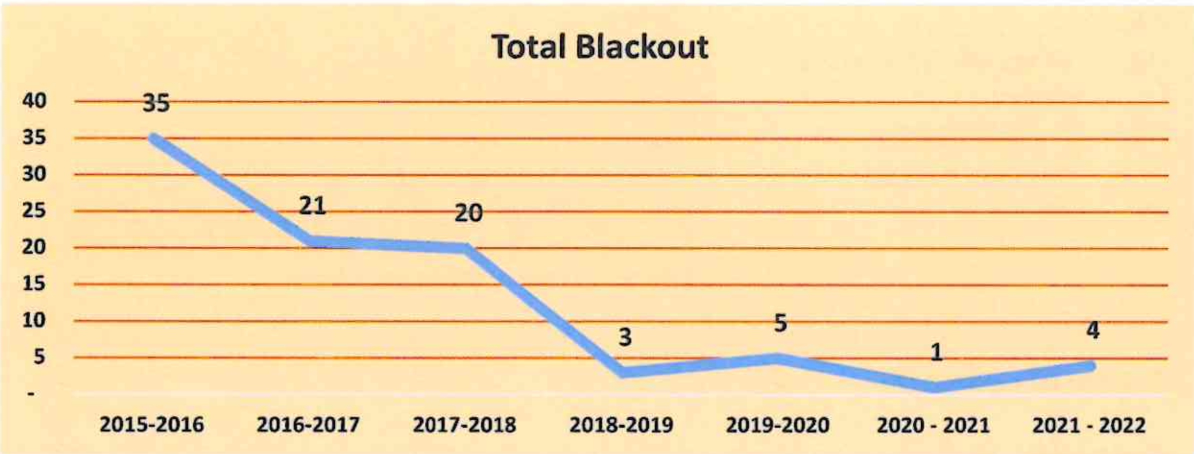

Figure 2: blackouts occurred in the FY 2021/2022

2.5.2 Network availability

The recorded transmission network availability in the year of 2021-22FY was 99.31% from 99.41% in 2020-21 as shown in the table below:

TRANSMISSION LINE AVAILABILTY 2021-2022					
		Outage duration min		**1,054**	
Q1		Days	Hours	Difference	Availability in %
	Period duration	**92**	**132480**	**131,426**	**99.204%**
		Outage duration min		**1,625**	
Q2		Days	Minutes	Difference	Availability in %
	Period duration	**92**	**132480**	**130,855**	**98.773%**
		Outage duration min		**648**	
Q3		Days	Minutes	Difference	Availability in %
	Period duration	**90**	**129600**	**128,952**	**99.500%**
		Outage duration min		**254**	
Q4		Days	Minutes	Difference	Availability in %
	Period duration	**91**	**131040**	**130,786**	**99.806%**
		Outage duration min		**3581**	
Annual		Days	Minutes	Difference	Availability in %

TRANSMISSION LINE AVAILABILTY 2021-2022						
	Period duration	365	525600	522,019	99.319%

Table 5: Transmission line availability in 2021-2022

2.5.3 Losses

The average total Losses (Technical and non-technical losses) for this FY 2021/2022 were evaluated to 18.1% compared to 19.26% of the previous year 2020/2021 and 19.12% of the FY 2019/2020 and 19.39% in 2018/19, as per the graph below:

The average total power losses are calculated as follow:

$$Losses = \frac{(DG + I) - (Pre + Po + Ex)}{DG + I}$$

Where:

DG: *Domestic Generation.*
I: *Import*
Pre: *Prepaid Energy*
Po: *Postpaid Energy*
Ex: *Export*

Figure 3: Trend of total energy losses

2.5.4 SAIDI and SAIFI

Countrywide, the distribution network performance did not improve compared to the previous year given that the System Average Interruption Duration Index (SAIDI) was 18.59 hours per year compared to 18 hours in the previous year and the average number of interruptions that a customer experienced (SAIFI) was 45.67 times per year compared to 44.4 in the previous year.

	Units	Baseline July 20- June 21	Smart	Stretch	Achieved July 21 - June 22
SAIDI	Hours /Year	18	16.8	16.2	**18.59**
SAIFI	Times/ Year	44.4	42.18	36	**45.67**

Table 1: Brief performance on distribution SAIDI and SAIFI

2.5.5 Outages

During this financial year, a total number of recorded outages is 10,993 from 12,049 of previous year and were caused by Erath Fault, Overcurrent, Under Frequency, Emergency works, planned works, Emergency Load shedding and Overload as shown by the table below and the corresponding monetary loss increased from 441,882,913 to 473,094,992.

Cause	Frequency	Duration (hr)	Energy not served (MWh)	Financial Loss	Freq%
Earth Fault	3584	496.7	795.5	147,976,197	33%

Overcurrent	3551	487.8	677.2	125,959,778	32%
Under Frequency	3327	326.4	463.5	86,202,751	30%
Emergency works	319	155.6	179.6	33,405,486	3%
Planned works	146	235.0	358.3	66,652,660	1%
Emergency Load shedding	59	24.3	64.6	12,020,498	1%
Overload	7	0.4	4.7	877,623	0%
Grand Total	**10,993**	**1,726.1**	**2,543.5**	**473,094,992**	**100%**

Table 7: outages occurred in the FY 2021/2022

The outages frequency is presented as follow:

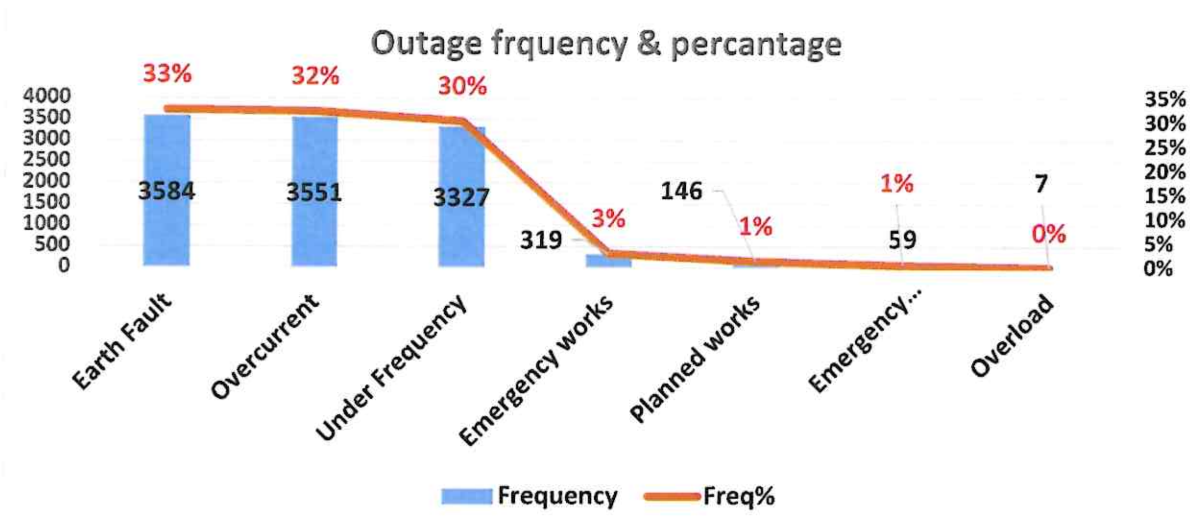

Figure 4: Outages frequencies Vs Percentages on the FY 2021/2022

2.6 Corporate governance

The functional strategies identified in REG strategic plan can only be realized by putting in place structures, systems policies and procedures that support efficient implementation and the need to attract, develop and retain staff with the requisite skills for effective implementation. In this regard eight (8) meetings of the Board of Directors were held successfully, and different resolutions of the Board were shared with the respective departments for implementation. Legal opinions were delivered to the Management and to the Board on regular basis.

The REG/EUCL/EDCL organizational structure review has been approved to best fit organization mandate and include lessons learnt in in the organization while enhancing efficient & effective operations and coordination, as well as monitoring and evaluation.

2.7 Communication and public relations

During the fiscal year 2021/2022, communication activities implemented aimed at enhancing the corporate positive image and raising public awareness as well as ensuring satisfaction of customers by timely responding to their queries and claims. The following activities were achieved:

- **Enhancing positive image:** With an aim to ensure positive image the communication team intensified publication of success stories in media. A total of 224 positive news stories related to REG achievements and projects were published in local media during the year

2021/2022. These stories were published in local media free of charge thanks to the good relationship between REG and media. Most of the published stories were related to electrification projects, off-grid, and clean cooking programs as well as awareness on safety and fight against theft of electricity and electrical materials. Daily monitoring of media publications was also done to ensure that all negative issues reported in media are shared with concerned departments and handled accordingly.

- **Awareness raising activities**: REG used talk-shows and advertorial spots on Radios and TVs, to ensure education and awareness on the use of off-grid solutions, clean cooking technologies and safety among others.
  A total of 12 talk-shows were held on local community radios and TVs for free thanks to the good relationship with media while 3 publicity audiovisual spots were produced and broadcasted on different TV and radios.
- **Using social media in customer service**: A close follow up on customers queries submitted via social media and immediate response to these queries was key among the communication teamwork during the year 2021/2022. The aim is to ensure satisfaction of customers seeking support and information on electricity services. Feedbacks submitted by the customers on the same social media indicate that REG is much appreciated when it comes to caring for customers' issues.
- **Using company's platform for visibility and hub of REG information:** REG website and its various social media platforms including Twitter, Facebook, Flickr, Instagram, LinkedIn and Youtube accounts were used to share various information regarding projects, achievements, energy statistics, power outages and other useful documents containing information to be shared with the public. A quarterly newsletter was also regularly published on REG website and social media.
- **Corporate Social Responsibility**: Different activities and events were sponsored to promote REG's image and visibility include

  - Connection of a village households neighboring Nkumba Ubutore training Center Installation of streetlights in Nkumba Ubutore training center
  - Under CSR, REG also supports Imbuto Foundation in the facilitation of girls to pursue technical and vocational education.
  - Every year, REG contributes to Ibuka activities to commemorate the Genocide against Tutsi and provides monthly electricity tokens to Gisozi Genocide Memorial Site.
  - REG also has 3 professional sports team which increase the company's visibility (REG BBC, REG VC Men, REG VC Women). The three teams won different tournaments and contributed to the branding and promotion of REG visibility in the public. During this year, REG BBC won the 2022 BAL Sahara Conference games and qualified for the 2022 Basketball Africa League (BAL) playoffs which took place in Kigali. REG VC won Rutsindura memorial tournament.

- **Staff sensitization on integrity**: In a bid to sensitize staff on integrity, better service, and fight against corruption, 2 phases of Itorero were organized and attended by more than 500 staff. During this Itorero, staff we taught Rwanda's history and traditional values. They were also sensitized on the effects of corruption and the need to avoid and fight it and uphold unity while fighting genocide ideology.

2.8 Capacity building

Human capacity development has been at the forefront of interventions within the energy sector. REG continues to ensure adequate skillsets among its staff to ensure that all Rwandans are served with electricity by end of 2024.
We cannot talk of the capacity building without considering the recruitment of staff to be trained and their compensations on services rendered. The following were accomplished in the sphere of human resources management:

i. Staff recruitment: 60 new EDCL staff, 77 New EUCL Staff and 16new REG Holding Staff were recruited
ii. Capacity building: 297 EUCL staff, 195 EDCL staff and 36 REG Holding staff were trained in various fields

2.9 Commercial services

2.9.1 Electricity billing and revenue collections

During the fiscal year 2021-2022, the total amount billed including Uganda Export & works equivalent to Frw 176,190,227,147 compared to Frw 157,906,289,288 bills in 2020-2021 which represents 12% increase and Frw 137.91 billion bills in 2019/2020 which represented 14.49% increase. The total collection on prepayment, post payment and works were Frw 175,631,654,494 compared to Frw 176,190,227,147 of total bills.

Billing vs Collections for the first Financial Year 2021/2022									
Billing									
	Post Paid	Pre-paid	Works	Dark Fiber	UETCL	SOCODEE SA	OWN CONSUMPTION	PUBLIC LIGHTING	Total Amount Billed
Jul-21	7,456,585,288	5,778,302,982	198,319,909	-	37,988,279	82,360,187	97,206,340	346,459,906	13,553,556,645
Aug-21	7,560,152,721	5,955,284,519	126,884,899	94,562,579	39,726,753	9,067,104	103,606,702	359,597,362	13,785,678,575
Sep-21	7,893,455,303	6,079,246,382	106,656,347	-	40,410,896	-	101,886,682	370,958,060	14,119,768,928
Oct-21	7,762,898,784	6,361,450,693	38,035,421	-	43,573,781	-	103,481,161	346,138,782	14,205,958,679
Nov-21	7,883,691,469	6,114,865,293	145,078,522	-	44,419,658	-	96,973,203	357,281,179	14,188,054,942
Dec-21	7,762,691,068	6,649,614,972	216,480,115	-	42,605,806	-	102,119,612	363,388,527	14,671,391,961
Jan-22	7,779,304,378	6,396,139,316	203,004,898	-	45,003,265	-	121,130,141	361,521,298	14,423,451,858
Feb-22	7,796,768,571	6,222,585,335	576,854,535	130,138,572	39,160,310	-	106,828,646	363,489,953	14,765,507,324
Mar-22	8,339,938,297	6,857,160,361	419,803,165	-	42,339,901	-	143,824,839	352,898,000	15,659,241,724
Apr-22	8,108,645,334	6,822,011,674	287,513,835	-	47,484,166	-	136,254,451	361,082,080	15,265,655,008
May-22	8,386,962,648	6,977,080,940	328,426,063	-	49,081,113	-	136,487,842	360,774,425	15,741,550,764
Jun-22	8,491,381,698	7,043,007,004	228,202,336	-	47,819,703	-	140,069,658	365,625,548	15,810,410,741
Total	95,222,475,557	77,256,749,471	2,875,260,045	224,701,151	519,613,632	91,427,291	1,389,869,278	4,309,215,119	176,190,227,147
Collection									
	Post Paid	Pre-paid	Works	Dark Fiber	UETCL	SOCODEE SA	OWN CONSUMPTION	PUBLIC LIGHTING	Total Cash Collections
Jul-21	6,914,749,209	5,778,302,982	198,319,909	-	39,278,157	-	97,206,340	346,459,906	12,930,650,257
Aug-21	7,444,715,946	5,955,284,519	127,132,244	-	40,989,641	-	103,606,702	359,597,362	13,568,122,350
Sep-21	8,253,540,632	6,079,246,382	106,656,347	196,780,349	41,400,708	20,294,800	101,886,682	370,958,060	14,697,919,218
Oct-21	6,675,869,532	6,361,450,693	38,035,421	-	44,473,895	17,570,223	103,481,161	346,138,782	13,137,399,764
Nov-21	7,872,624,497	6,114,865,293	145,078,522	-	45,312,543	-	96,973,203	357,281,179	14,177,880,854
Dec-21	8,726,590,663	6,649,614,972	216,480,115	-	43,337,277	-	102,119,612	363,388,527	15,636,023,027
Jan-22	6,474,606,418	6,396,139,316	203,004,898	-	44,827,950	-	121,130,141	361,521,298	13,118,578,582
Feb-22	5,740,797,077	6,222,585,335	576,854,535	-	39,322,293	56,472,826	106,828,646	363,489,953	12,636,032,065
Mar-22	10,589,259,587	6,857,160,361	419,803,165	-	43,015,342	-	143,824,839	352,898,000	17,909,238,455
Apr-22	8,394,130,021	6,822,011,674	287,513,835	-	48,362,577	-	136,254,451	361,082,080	15,552,018,106
May-22	7,833,848,748	6,977,080,940	328,426,063	-	-	-	136,487,842	360,774,425	15,139,355,751
Jun-22	9,857,226,725	7,043,007,004	228,202,336	-	-	-	140,069,658	365,625,548	17,128,436,065
Total	94,777,959,054	77,256,749,471	2,875,507,390	196,780,349	430,320,382	94,337,849	1,389,869,278	4,309,215,119	175,631,654,494
	5,699,084,397	Money on Public lighting & Own Consumption							5,699,084,397
Percentage	106%	100%	100%	88%	83%	103%	100%	100%	103%

Note: Note: Postpaid Collection rate including Money on Public lighting of (4,309,215,119), EUCL own Consumption (1,389,869,278) & VAT exclude on some Public institutions that pay us less VAT

2.9.2 Revenue Protection Program (RPP)

The Revenue Protection Program (RPP) Funded by the World Bank has been implemented and 2500 smart meters have been installed at the premises of Postpaid Customers, 1,600 smart meters to be purchased in EUCL Budget. An additional 1000 smart meters has been acquired from the World Bank to cover the remaining customers. Currently the automated Metering

System (MDM) is now linked to the billing system (CMS) and results yielded will enable data from customers' meters to be pushed into Customer Management System.

2.10 Energy Efficiency

About 83% of Rwandan Households use traditional biomass fuels for cooking and heating. However, the NST1 targets to reduce the use of these fuels from 79.9% to 42% by 2024. REG/EDCL had opted to continuing focus on awareness campaigns on the use of alternative cooking technologies and dissemination of Improved Cook Stoves (ICS). In this year, 184,330 improved cook stoves were disseminated

2.11 Financial performance

2.11.1 Consolidated and separate financial performance

Financial performance For year ended 30 June 2022	**Consolidated Frw in million**	**REG Frw in million**	**EUCL Frw in million**	**EDCL Frw in million**
Revenue	**144,283**	**-**	**144,283**	**-**
Cost of Sales	(150,571)	-	(150,571)	-
Gross profit	**(6,289)**	**-**	**(6,289)**	**-**
Grants and subsidies	58,989	392	44,211	15,681
Other income	8,971	4,573	6,159	439
Distribution costs	(14,998)	-	(14,998)	-
Administrative expenses	(37,036)	(3,587)	(23,529)	(13,415)
Operating profit before interest, tax, depreciation and amortisation	**9,638**	**1,378**	**5,555**	**2,706**
Depreciation and amortisation	(29,707)	(630)	(28,638)	(439)
Operating (loss)/profit	**(20,071)**	**748**	**(23,083)**	**2,266**
Interest income	27	-	27	-
Finance costs	(10,512)	-	(8,246)	(2,266)
(Loss)/profit before income tax	**(30,554)**	**748**	**(31,302)**	**-**
Income tax credit/(expense)	(21,202)	-	(21,202)	-
(Loss)/profit for year	**(51,757)**	**748**	**(52,505)**	**-**

Table 9: Consolidated, REG, EUCl, EDCL statement of profit or loss for year ended 30 June 2022

2.11.2 Consolidated and separate financial position

Financial position **As at 30 June 2022**	**Consolidated** **Frw in million**	**REG** **Frw in million**	**EUCL** **Frw in million**	**EDCL** **Frw in million**
ASSETS				
Non-current assets				
Plant and equipment	768,385	25,791	558,080	184,514
Concession intangible asset	61,223	-	61,223	-
Intangible assets	4,354	-	4,160	194
Investment in EUCL	-	55,955	-	-
Investment in EDCL	-	2	-	-
Amounts due from related parties	-	-	7,918	1,354
Total non-current assets	**833,963**	**81,748**	**631,381**	**186,062**
Current assets	-	-	-	-
Concession intangible asset	-	-	-	-
Inventory	32,857	-	12,593	20,265
Trade and other receivables	79,398	4	16,190	63,203
Amounts due from related parties	-	-	-	1,615
Bank and cash balances	42,318	2,648	11,987	27,683
Total current assets	**154,573**	**2,652**	**40,770**	**112,766**
Total assets	**988,536**	**84,400**	**672,151**	**298,828**
EQUITY AND LIABILITIES				
Equity				
Share capital	3	3	40,000	2
Retained earnings	(85,568)	(7,283)	(78,489)	-
Re-organisation reserve	67,326	67,381	15,900	-
Total Equity	**(18,240)**	**60,100**	**(22,589)**	**2**
Non-current liabilities	-	-	-	-
Concession intangible obligation	61,223	-	61,223	-
Deferred income tax liability	41,075	-	41,075	-
Grants	591,396	13,147	392,533	185,920
Borrowings	201,239	-	122,604	78,636
Amounts due to related parties	-	7,812	3,038	37
Total non-current liabilities	**894,934**	**20,959**	**620,473**	**264,593**
Current liabilities	-	-	-	-
Concession intangible obligation	-	-	-	-
Borrowings	2,872	-	2,872	-
Trade and other payables	108,970	3,341	71,395	34,234
Total current liabilities	**111,842**	**3,341**	**74,267**	**34,271**
Total Equity and Liabilities	**988,536**	**84,400**	**672,151**	**298,828**

Table 10: Consolidated, REG, EUCl, EDCL statement of financial position as at 30 June 2022

2.11.3 EUCL budget execution:

Details	Actual 2021/2022 Frw billion	Budget 2021/2022 Frw billion	Variance 2021/2022 %
Revenue	144.29	144.06	0%
Cost of power	150.07	111.75	-34%
Gross profit	**-5.77**	**32.31**	
Gross profit Margin	**-4%**	**22%**	
Subsidies	8	10.5	24%
Other income	5.3	6.88	23%
Pass through funds	6.8	0	
	20.1	**17.38**	
Operating expenses			
Employment costs	11.94	15.34	22%
Network maint &Repair	3.6	6.02	40%
Support to EDCL	1.27	1.5	15%
Support to REG	2.25	2.2	-2%
Selling and running costs	3.05	5.83	48%
Financing costs	4.4	6.2	29%
Administrative expenses	7.2	6	-20%
	33.71	**43.09**	
Surplus/ Deficit	**-19.38**	**6.6**	

Table 11: EUCL Income statements for the FY 2021/2022

Revenues: *Revenues collected were equal the budget for the Financial Year 2020/2021*

Cost of power: *Cost of power was 34% above the budget mainly due to Use of So Energy, which is more costly to EUCL, in the FY 2020/2021 So Energy, costed EUCL Frw 9.8 billion but in 2021/2022 it has costed EUCL Frw 38.8 billion.*

Subsidies: *Of the committed subsidies of Frw.10.5 billion, Frw.8 billion was received during the year 2021/2022 and the balance of 2.5 billion is still outstanding.*

Other incomes: *The amount was below the budgeted amount due to reduction in Revenues from Works and Dark fiber. Frw 6.8 billion was from Government to cover the cost of pass through (cost of power) invoices from Kivu watt.*

Operating costs: *Overall operating expenditure was decreased by 9.38 billion Compared to the budget due to Employment costs, Network maintenance & Repair, Selling & running and Finance costs which were strictly controlled.*

Gross profit margin: *The company's gross profit has negatively decreased to Frw -5.78 billion (-4%) in 2021/2022 compared to budgeted Frw. 32.31 (22%) billion of the total revenue.*

Loans:

BANK OF KIGALI GISHOMA LOAN

Servicing of a loan for Gishoma Peat to Power project of approx. Frw. 21.2 billion was transferred to EUCL at the beginning of July 16. Funds for servicing this loan are included in the tariff.EUCL started paying the principal on this loan in September 2017. In January 2020 this loan has been restructured and the overall outstanding amount ofthe loan as at 30'h June 2022 is Frw 15,815,447,796 and the remaining period is 9 years. It means from January 2021 to 31st December 2030. Interest on this loan is 14.5% per annum and is secured by a sovereign guarantee from MINECOFIN.

BANK OF KIGALI LOAN

A second loan of Frw 10 billion from Bank of Kigali to settle utility liabilities, it was received in September 2018. Funds for servicing this loan are included the tariff.
The outstanding amount as at 30 June 2022 is Frw 6,135,463,335 and the remaining period is 2 years and 5 months, it means from July 2022 to 30 November 2025.
This loan attracts an interest of 14.5% per annum and is secured by a letter of comfort from MINECOFIN.

EQUITY BANK LOAN

A third loan of Frw 5.5 billion was received from Equity Bank to replace working capital that had been used for capital expenditure. The amount to service this loan is include in the tariff.
Outstanding amount as at 30th June 2022 is Frw 3,841,752,582 and the remaining period is 4 years and 3 months, it means from July 2022 to 30 September 2027.
This loan attracts an interest of 13.5% per annum and is secured by a letter of comfort from MINECOFIN.

COGEBANK LOAN

A Fourth loan of Frw 5 billion from COGEBANK to settle utility liabilities, it was received in October 2019. Funds for servicing this loan are included the tariff.
Outstanding amount as of 30th June 2022 is Frw 4,274,678,753 and the remaining period is 6 years and 3 months, it means from July 2022 to 30 September 2029.
This loan attracts an interest of 13% per annum and is secured by a letter of comfort from MINECOFIN.

2.11.4 EDCL Finance Management

The company has continued to enhance its public finance management system in accordance with national and international standards. In this context, EDCL obtained unqualified audit opinion for the fourth consecutive year and is committed to continue embracing the culture of accountability and transparency in its operations. Below is the budget execution report for the company.

2.11.5 EDCL Summary of budget execution report

№	Program/Sub Program	2021/22 Revised budget	Budget execution to-date	% Execution	Additional funds
Recurrent		Frw Billion	Frw Billion		Frw Billion
1	Administrative And Support Services	16.9	16.9	100%	0.23
Development					
1	Electricity Generation	4.5	4.5	100%	4.09
2	Electricity Transmission and Distribution	28.8	28.8	100%	18.5
3	Energy Efficiency and Supply Security	5.4	5.4	100%	9.9
Total GoR		**55.8**	**55.8**	**100%**	**32.7**
Funds/Development					
Total External Funds		**149**	**101.6**	**68%1**	
Grand Total		**206.8**	**191.02**	**77%**	

Table 12: EDCL Budget Execution report for the FY 2021/2022

2.12 Gender mainstreaming

The following are the key activities done during fiscal year 2021/22

- REG continued to implement the affirmative action plan and this time aligned with the company appraisal contracts (Imihigo) where gender activities are part of this, and staff are accountable to comply on it.
- As part of affirmative action plan a technical training for 25 women who already work in REG was organized to increase their capacity and skills in the whole electrical power system. This will enable them to have the potential for higher positions once available to bridge the gender gap in leadership positions.
- As a follow up process REG has been implementing recommendations that were provided by the GMO during the gender seal program. These recommendations involve generally promotion of gender equity and creating a conducive work environment for both men and women.
- As a result of the affirmative action plan and leadership willingness, there has been an increase of 10% in women recruitment compare from previous fiscal years.
- Through Engendering Utilities Program participants managed to work on their capstone project, develop the business case, change management and still in the process of working on the succession plan. The initial report was completed and shared with the management.
- REG in partnership with Engendering Utilities program, trained men managers on male engagement and these will act as catalysts to other men within REG to ensure gender mainstreaming is perceived well.
- REG is collaboration with WIRE are organized an apprenticeship program for women engineers. These engineers will be trained for 6months then they will be able to compete on technical positions that will be available.
- REG is currently working with Power Her to ensure we are aligning our activities to promote talent outreach to attract more women within the company.

- REG in collaboration with WIRE have been working together to attract students right from high school to universities to be part of professionals that will lead them to working in energy sector. This is because solving gender problem is something for long term and the leadership of different organizations in energy sector should target far from now.
- There has been continuous following up of recruitments and job adverts to ensure women and men are given equal consideration and there a gender equity to lift women candidates to bridge the gap.
- There is also much consideration about the compliance of gender equality and equity in REG procedures manuals and other living documents.

2.13 CONCLUSION

This report highlights the key achievements realized in the Rwanda Energy Group over the course of fiscal year 2021/2022, though the performance of this year that was generally good. REG and its subsidiaries continue to face the following challenges that negatively impact on the delivery of medium- and long-term goals of the energy sector as stipulated in such strategic documents as the NST1 and REG strategic plan:

1. Insufficient budget for development projects
2. The issue of mismatching demand and power supply
3. End user tariffs that are not cost reflective

Despite the above-mentioned challenges, REG is committed to continue engaging its shareholders as well as other stakeholders to find appropriate solutions. REG will also continue to build on the achievements realized and continue to implement policies, programs, and strategies to achieve NST1 targets in close collaboration with all stakeholders involved, encouraging teamwork among its employees, as well as strengthening coordination, monitoring, and evaluation.

Digitally signed by Ron WEISS (CEO)
Date: 2023.03.23 15:35:27 +02'00'

....

RON WEISS
Chief Executive Officer

Date: ....

....

Dr. Didacienne MUKANYILIGIRA
Chair Person REG Board of Directors

Date: 29/03/2023

3. AUDIT REPORT

3.1. INTRODUCTION

3.1.1 Establishment of Rwnda Energy Group Limited (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 and Water and Sanitation Authority (EWSA), and determining their responsibilities, organization and functioning that was published in the official Gazette on 12/02/2014.
The Rwanda Energy Group (REG) with its subsidiary companies, Energy Development Corporation Limited (EDCL) and Energy Utility Corporation Limited (EUCL), was incorporated in July 2014 as part of the wider Government reform programme for the energy and water sectors in Rwanda. The overarching objective of the reform was to ensure that the energy sector is expanding the electricity generation capacity efficiently to meet the growing demand in the country.

3.1.2 PRINCIPAL ACTIVITIES

The core business of REG Ltd Group Company is managing the subsidiaries comprising of Energy Utilility Corporation Ltd (EUCL) and Energy Development Corporation Ltd(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. Power plants constructed by EDCL are handed over to Government, which in turn is expected to sign concession agreement with EUCL to manage some power generation assets (power plants).

3.1.3 RESULTS

The Group and Company results for the period are set out on page 29 and page 30, respectively.

3.1.4 Reserves

The Group and Company reserves for the period are set out on page 31 and page 32, respectively.

3.1.5 DIRECTORS

Members of the Board of Directors of REG Ltd who served during the year ended 30 June 2022 comprised of :

N°	Name of Board member	Responsibility	Service period
1	Dr. Didacienne MUKANYILIGIRA	Chairperson	From14/12/2020
2	Mr Pacifique TUYISHIME	Vice Chairperson	From 14/12/2020
3	Ms. Carine UMUTONI	Member	From 14/12/2020
4	Mr. Viateur MUGENZI	Member	From 14/12/2020
5	Mr. Jean Claude ILIBONEYE	Member	From 29/07/2014
6	Mr. Charles KALINDA	Member	From 14/12/2020
7	Ms. Clemence Rita MUTABAZI	Member	From 14/12/2020
8	Mr. Ron Weiss	CEO and Board Secretary	From 15/05/2017

3.1.6 AUDITORS

Office of the Auditor General of State Finances (OAG) in accordance with 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).

REGISTERED OFFICE:

KN82 ST 3, Nyarugenge District

P.O Box 5964

Kigali, Rwanda

BANKERS:

National Bank of Rwanda

P. O. Box 6219

Kigali

Bank of Kigali

P. O. Box 259

Kigali

Guaranty Trust Bank (Rwanda) Limited

P. O. Box 331

Kigali

Equity Bank Rwanda Limited

P. O. Box 494

Kigali

Compagnie Générale de Banque Limited

P. O. Box 3477

Kigali

Ecobank Rwanda Limited

P. O. Box 3268

Kigali

I and M Bank (Rwanda) Limited

P. O. Box 354

Kigali

Access Bank (Rwanda) Limited

3rd Floor, UTC Building

Kigali

Banque Populaire du Rwanda Limited

P. O. Box 1348

Kigali

4. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements that give a true and fair view of **Rwanda Energy Group Limited** 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 consolidadted financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages **14** to **37**, 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 made an assessment of the ability of **Rwanda Energy Group Limited** 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 consolidated financial statements of **Rwanda Energy Group Limited** for the year ended 30 June 2022 give a true and fair view of the state of financial affairs of **Rwanda Energy Group Limited**. 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 Limited.**

Approval of the financial statements

The consolidated financial statements of **Rwanda Energy Group Limited** for the year ended 30 June 2022, were approved by the Board of Directors and signed on its behalf by:

Digitally signed by Ron WEISS (CEO) Date: 2023.03.23 15:36:02 +02'00'	
....	....
RON WEISS **Chief Executive Officer**	**Dr. Didacienne MUKANYILIGIRA** **Chair Person REG Board of Directors**
Date:	**Date:** 29/03/2023..................

5. REPORT OF THE AUDITOR GENERAL

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Mr. RON WEISS
REG Chief Executive Officer

5.1 Opinion on consolidated financial statements

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 on consolidated financial statements of **Rwanda Energy Group Limited (REG Ltd)** for the year ended 30 June 2022. These consolidated financial statements comprise of the consolidated statement of financial position as at 30 June 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes. These consolidated financial statements are set out on pages **29** to **71.**

In my opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of **Rwanda Energy Group Limited (REG Ltd)** as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance International Financial Reporting Standards (IFRSs) and the Law N° 007/2021 of 05/02/2021 relating to Companies in Rwanda.

5.2 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 3.5 of this report.

I am independent of **Rwanda Energy Group Limited (REG Ltd)** and have fulfilled my ethical responsibilities in accordance with the ethical requirements that are relevant to my audit of consolidated financial statements of public entities as determined by the Code of ethics for International Organisation 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.

5.3 Emphasis of matter

I draw attention to the Company's management on the following matters:

1. Contingent liability arising from the contractor's claim of price adjustment

On April 2017, referring to price adjustment contract clause, KALPATARU 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 escalated to the high court which is currently handling the case.

In case REG-EDCL loses the court case, the Government of Rwanda will incur unbudgeted additional costs as a result of price adjustment claim. Consequently, this would negatively affect other national development activities. ***Refer to section 7.1***

2. Tax liabilities

EDCL delayed to pay tax liabilities to Rwanda Revenue Authority due to budget constraints. The tax liabilities amounted to **Frw 23,502,526,718**. Accordingly, I recommended EDCL management to liaise with the Ministry of Finance and other relevant stakeholders to find a lasting solution to budget constraint and pay taxes when they fall due. ***Refer to section 8.1.***

3. High costs incurred by EUCL for power purchase

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

(i) Purchase of power from high cost sources

During the year ended 30 June 2022, EUCL incurred **Frw 125,808,171,196** to purchase electricity produced from IPP's plants. The audit revealed that thermal power plants which contributed **14%** total energy produced and incurred **31%** of the total production costs was the most expensive source of energy compared to other power plants. ***See details in the table below***:

	Power plant category	Number of power plants	Costs incurred as per power plant category	Percentage of cost incurred per plant category	Annual energy generation " kWh"	%of energy produced per plant categories
1	Thermal power plant	3	38,828,445,489	31%	103,416,460	14%
2	Methane Gas	1	37,977,920,864	30%	218,596,398	30%
3	Solar energy	1	2,357,783,531	2%	12,765,790	2%
4	Peat	1	6,446,239,158	5%	50,635,086	7%
5	Hydro power plant	28	35,248,332,313	28%	257,488,567	35%
6	Import	3	4,949,449,841	4%	96,535,847	13%
	Total		**125,808,171,196**	**100%**	**739,438,148**	**100%**

Accordingly, this high costs incurred to power ultimately increases the price EUCL charges electricity consumers. Consequently, such a high price of electricity would be deterrent to industrial investments as well as other users' consumption.

(ii) Concern over settlement of IPPS contract obligations against energy delivered

Further, review of power purchase agreements (PPAs) signed between EUCL and Independent power producers (KIVUWATT Ltd and So Energy International Inco-SP Joint Venture) and other related documentation revealed that EUCL incurred plant capacity cost and other related costs, which significantly exceeded the cost of energy delivered for sale.

During the year ended 30 June 2022, EUCL incurred production costs amounting to **Frw 83,810,400,904** for the two plants above. This comprised of **Frw 80,897,644,675** (installed capacity cost payment, fuel and pass through costs) and **Frw 2,912,756,229** (variable costs) representing **97%** and **3%** of the total cost respectively. With the current financial performance, EUCL cannot fully settle the monthly bills of these Independent Power Producers' without subsidy from Shareholders. ***See details in the table below:***

Details	**KIVUWATT (under Methane Gas Category)**	**SO ENERGY (under Thermal power plant category)**	**Total**
Installed Capacity charges/costs in Frw **(A)**	38,363,550,579	5,384,679,526	**43,748,230,105**
Monthly pass through costs Frw **(B)**	3,226,624,601	-	3,226,624,601
Fuel cost in Frw **(C)**	-	33,922,789,969	33,922,789,969
Total production cost in Frw **(D=A+B+C)**	**41,590,175,180**	**39,307,469,495**	**80,897,644,675**
Energy produced cost (Variables costs) in Frw **(E)**	1,853,272,791	1,059,483,438	**2,912,756,229**
Total cost in Frw (F=D+E)	**43,443,447,971**	**40,366,952,933**	**83,810,400,904**

Consideraring such contracting arrangements with independent power producers, EUCL will continue to face high prices/costs. This reduces EUCL profitability which if unchecked may adversely affect its financial sustainability. ***Refer to section 9.1 for details.***

5.4 Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.There were no key audit matters.

5.5 Other information

Management is responsible for the other information. The other information comprises the information included in the REG annual report/Director report but does not include the financial statements and our auditor's report thereon.

The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5.6 Responsibility 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 the 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 REG'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 REG.

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

5.7 Auditor General's responsibilities for the audit of the financial statements

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

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

- The identification and assessment of the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform procedures responsive to those risks and to obtain sufficient and appropriate audit evidence to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of internal control.
- Evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern as well as evaluating the presentation of the financial statements.

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

KAMUHIRE Alexis
AUDITOR GENERAL

KIGALI,

15th April **2023**

6. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

6.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

Description	Notes	Year ended 30 June 2022	Year ended 30 June 2021
		Frw	Frw
Revenue	6	**144,282,955,741**	**127,948,878,814**
Cost of Sales	7	-150,571,483,028	-96,470,048,808
Gross profit		**-6,288,527,287**	**31,478,830,006**
Grants and subsidies	8	58,989,219,996	42,745,884,377
Other income	9	8,970,944,825	7,036,112,241
Distribution costs	10	-14,997,725,233	-14,681,549,627
Administrative expenses	11	-37,035,799,899	-32,778,823,275
Operating profit before interest, tax, depreciation and amortisation		**9,638,112,401**	**33,800,453,721**
Depreciation and amortisation	12	-29,707,388,349	-22,835,063,668
Operating (loss)/profit		-20,069,275,948	10,965,390,053
Interest income	13	26,728,728	14,946,588
Finance costs	13	-10,512,040,584	-10,286,428,422
Profit/(loss) before income tax		**-30,554,587,804**	**693,908,220**
Income tax credit/(expense)	14	-21,202,421,041	1,241,668,057
Profit/(loss) for the year		**-51,757,008,845**	**1,935,576,277**
Other comprehensive income (net of tax)		-	-
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**-51,757,008,845**	**1,935,576,277**

Notes on pages **38** to **71** form an intergral part of these financial statements.

6.2 COMPANY 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 fees	6	4,102,046,640	2,346,888,409
Other income	9	862,632,119	423,457,208
Operating profit before depreciation and amortization		**4,964,678,759**	**2,770,345,617**
Administrative expenses	11	(3,587,030,952)	(2,264,793,762)
Depreciation and amortization	12	(629,955,700)	(593,245,398)
(Loss)/profit before income tax		**747,692,107**	**(87,693,543)**
Income tax expense		-	-
Profit/(Loss) for the year		747,692,107	(87,693,543)
Other comprehensive income			
Total comprehensive Profit /(loss) for the year		**747,692,107**	**(87,693,543)**

Notes on pages **38** to **71** form an intergral part of these financial statements.

6.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

Description	Notes	Balance as at 30 June 2022	Balance as at 30 June 2021
		Frw	Frw
ASSETS			
Non-current assets			
Plant and equipment	15	768,385,492,736	605,178,710,926
Concession intangible asset	17	61,222,913,175	58,533,877,102
Intangible assets	18	4,354,315,547	6,220,258,407
Total non current assets		**833,962,721,458**	**669,932,846,434**
Current assets			
Inventory	19	32,857,415,384	29,318,375,742
Trade and other receivables	20	79,397,941,314	37,995,826,801
Amounts due from related parties	27(a)	74	697
Bank and cash balances	21	42,317,932,719	31,380,867,047
Total current assets		**154,573,289,492**	**98,695,070,286**
TOTAL ASSETS		**988,536,010,950**	**768,627,916,720**
EQUITY AND LIABILITIES			
Equity			
Share capital	22	3,000,000	3,000,000
Retained earnings		-85,568,372,087	-35,959,546,848
Re-organisation reserve	28	67,325,649,125	66,423,495,945
Total equity		**-18,239,722,962**	**30,466,949,097**
Non-current liabilities			
Concession intangible obligation	23	61,222,913,175	58,533,877,102
Deferred income tax liability	24	41,075,218,320	19,872,797,279
Grants	25	591,396,223,936	442,502,998,052
Borrowings	26 ii	201,239,496,565	141,984,107,070
Total non current liabilities		**894,933,851,996**	**662,893,779,504**
Current liabilities			
Borrowings	26 i	2,872,262,719	2,302,571,990
Trade and other payables	28	108,969,619,197	72,964,616,129
Total current liabilities		**111,841,881,916**	**75,267,188,118**
TOTAL EQUITY AND LIABILITIES		**988,536,010,950**	**768,627,916,719**

Notes on pages **38** to **71** form an intergral part of these financial statements.

6.4 COMPANY 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	**15**	25,791,221,571	20,279,650,526
Investment in subsidiaries	**16**	55,956,806,369	55,956,806,369
Total assets		**81,748,027,940**	**76,236,456,895**
Current assets			
Trade and other receivables	**20**	4,455,000	63,167,557
Cash and cash equivalent	**21**	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			
Share capital	**22**	3,000,000	3,000,000
Retained earnings		(7,283,074,622)	(8,030,766,729)
Reorganisation reserves		67,380,539,597	66,478,386,417
Total Equity		**60,100,464,975**	**58,450,619,688**
Non-Current liabilities			
Grants	**25**	13,147,167,407	10,036,320,036
Amounts due to related parties	**27**	7,811,637,087	7,608,185,496
Current liabilities			
Other payable	**28**	3,340,816,780	207,577,261
Total equity and liabilities		**84,400,086,249**	**76,302,702,482**

Notes on pages **38** to **71** form an intergral part of these financial statements.

6.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2022

Description	Share capital	Retained earnings	Reorganisation reserves	Total
	Frw	Frw	Frw	Frw
For year ended 30 June 2022				
At 1 July 2022	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 30 June 2022	**3,000,000**	**-85,568,372,087**	**67,325,649,125**	**-18,239,722,962**
For year ended 30 June 2021				
At 1 July 2020	3,000,000	-38,156,293,259	63,104,763,008	24,951,469,749
Reorganisation adjustments			3,318,732,937	3,318,732,937
Prior period adjustment		261,170,135	0	261,170,135
Profit/(loss) for the year		1,935,576,277	0	1,935,576,277
At 30 June 2021	**3,000,000**	**-35,959,546,848**	**66,423,495,945**	**30,466,949,097**

Notes on pages **38** to **71** form an intergral part of these financial statements.

6.6 COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 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	**Frw**	**Frw**	**Frw**	**Frw**
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**

Notes on pages **38** to **71** form an intergral part of these financial statements.

6.7 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

Description	12 months to 30 June 2022	12 months to 30 June 2021
	Frw	Frw
Cash flows from operating activities		
(Loss)/profit before income tax	-30,554,587,803	693,908,220
Adjustments for:		
Prior period adjustment	2,148,735,158	261,170,135
Depreciation	29,177,829,667	22,708,699,134
Impairment, loss/(profit) of plant and machinery	5,350,287,088	51,555,870
Realised grants	-25,724,991,231	-16,359,855,467
Amortisation of intangible assets	529,558,831	238,593,118
Interest income	-26,728,728	-14,946,588
Cash flows before working capital movements	**-19,099,897,018**	**7,579,124,422**
Changes in:		
- Inventories	-3,539,039,643	-1,315,496,255
- Trade and other receivables	-38,697,952,073	-1,846,046,699
- Trade and other payables	33,300,840,027	-5,625,954,235
- Related parties	-2,861,577,158	-2,549,029,786
Cash generated from operations	**-30,897,625,865**	**-3,757,402,553**
Interest received	26,728,728	14,946,588
Net cash generated from operating activities	**-30,870,897,137**	**-3,742,455,965**
Cash flows from investing activities		
Receipt of grants	0	13,133,061,437
Amounts due from related parties	2,861,577,780	2,549,029,787
Purchase of software	1,336,384,029	-651,420,196
Transfer of assets	52,212,160,321	9,623,975,009
Purchase of property and equipment	-249,045,456,652	- 113,634,781,199
Net cash used investing activities	**-192,635,334,522**	**-88,980,135,162**
Cash flows from financing activities		
Proceeds/(repayment) loan facilities	59,825,080,223	38,353,704,966
Grants received	174,618,217,108	64,267,279,007
Net cash used Financing activities	**234,443,297,331**	**102,620,983,973**
Net cash in/(out) flow for the period	**10,937,065,672**	**9,898,392,846**
Cash and cash equivalents		
At beginning of year	31,380,867,047	21,482,474,201
At end of the year	**42,317,932,719**	**31,380,867,047**

Notes on pages **38** to **71** form an intergral part of these financial statements.

6.8 COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

Description	12 months to 30 June 2022	12 months to 30 June 2021
	Frw	Frw
Profit/(loss) before income tax	747,692,107	(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	629,955,701	593,245,398
Profit/(loss) before working capital movements	**1,118,748,723**	**136,278,605**
Working capital movements:		
Trade and other receivables	58,712,557	(63,167,557)
Trade and other payables	429,077,079	122,183,888
Related Party Balance	203,451,591	(529,193,422)
Agent Liability	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		
Transfer of assets	-	334,297,273
Purchase of property and equipment/other related parties	(5,372,483,035)	(696,101)
Net cash used investing activities	**(5,372,483,035)**	**333,601,172**
Cash flows from financing activities		
Grant received	3,502,855,924	-
Net cash generated from financing activities	**3,502,855,924**	-
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**

Notes on pages **38** to **71** form an intergral part of these financial statements.

Approval of the financial statements

The Consolidated financial statements of Rwanda Energy Group (REG were approved by the board of directors on ………………… and signed on its behalf by:

Digitally signed by Ron WEISS (CEO)
Date: 2023.03.23 15:36:38 +02'00'

………………………

RON WEISS
Chief Executive Officer

Date: ……………………………

………………………………………

Dr. Didacienne MUKANYILIGIRA
Chair Person REG Board of Directors

Date: 29/03/2023……

6.9 NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

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

The core business of 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.

The core business of EDCL is development of energy projects funded by 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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of accounting and statement of compliance

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

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

b) Reporting period of the financial statements

Financial statements cover the period from 1 July 2021 to 30 June 2022.

c) Foreign currency translation

- *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 (Frw) which is the Company's functional currency.

- *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'.

a) 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:

- Sale 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 units consumed as read on the customers' electrictity meters and the approved consumer tariffs. Electricty sales revenue for customer on prepaid metering is recognized when customers purchase electricity units. Electricity sales revenue is recognized in the financial statement net of Value Added Tax (VAT).

- Sales of electricity (Internal) - Internal refers to revenue from consumption by Company offices and installations. These revenues are billed and recognized on the same basis described above.

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

- Dark fibre revenue – This represents income from rental of Company fibre optic cable lines to third partie. The revenue from renting the line is recognized on monthly basis for the contract is effective.

- Connection and other non-energy sales – Other revenues include reconnection fees, meter replacement fees, fines, penaltie, tender fees and other sundry incomes. They are recognized a they are earned at the rates prescribed by applicable rates or at the amounts agrees with the customers.

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

- Subsides – Subsides are recognized 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 recognized in statement of Comprehensive income on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Grants used to purchase, contruct or otherwise acquire non- current assets are recognized in the statement of financial position and transeffered to statement of comprehensive Income on 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.

b) Property 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 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:

Category	Depreciation rate
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%

c) 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.

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.

d) 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 profit or loss 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 profit or loss 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.

e) 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 profit or loss on a straight-line basis over the period of the lease.

f) 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.

g) Trade receivables

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

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

h) Cash and cash equivalent

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.

i) 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.

j) Borrowing

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 profit or loss 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.

k) Income tax

i) Current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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.

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

Critical accounting estimates and judgements

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

(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 and IAS 28—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—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—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 judgments in applying accounting policies

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 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.

5. Financial risk management objectives and policies

The Group'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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Group does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Board of 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 Group has exposure to the following risks as a result of its financial instruments:

- Credit risk
- Market risk
- Liquidity risk

i. 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 Over 60 days	Impaired Over 365 days	Total
	Frw	Frw	Frw	Frw
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**
At 30 June 2021				
Trade receivables	22,824,828,128	7,267,412,686	43,696,623,617	73,788,864,431
Other receivables	7,903,585,987	-	-	7,903,585,987
Bank balances	31,380,867,047	-	-	31,380,867,047
Amounts due from related parties	13,464,331,845	-	-	13,464,331,845
	75,573,613,006	**7,267,412,686**	**43,696,623,617**	**126,537,649,309**

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:

- *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.

- *Commodity risk*

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

- *c) Liquidity risk*

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

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	Frw	Frw	Frw	Frw	Frw
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	24,151,998,224	174,215,235,622	**204,111,759,284**
Amount due to related parties	1,485,691,319	5,717,899,212	2,285,948,324	1,399,304,669	**10,888,843,524**
	113,327,572,635	**8,590,161,931**	**26,437,946,548**	**175,614,540,291**	**323,970,221,405**
At 30 June 2021					
Trade payables	54,620,828,874	-	-	-	**54,620,828,874**
Other payables and provisions	18,343,787,255	-	-	-	**18,343,787,255**
Borrowings	2,302,571,990	2,872,262,719	20,201,857,123	118,909,987,229	**144,286,679,060**
Amount due to related parties	3,371,007,994	3,575,042,500	5,324,438,910	1,193,841,742	**13,464,331,147**
	78,638,196,113	**6,447,305,219**	**25,526,296,033**	**120,103,828,971**	**230,715,626,336**

6. Revenue

(a) Group

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Sales of electricity - external	144,282,955,741	127,948,878,814
Total	**144,282,955,741**	**127,948,878,814**

(b) Company

Description	12 months to 30 June 2022	12 months to 30 June 2021
	Frw	Frw
Management fees	4,102,046,640	2,346,888,409
Total	**4,102,046,640**	**2,346,888,409**

7. Cost of sales

(a) Group

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Purchase of electricity	125,655,774,025	83,018,687,919
Fuel and lubricating oils	21,894,768,537	12,554,933,875
Repairs and maintenance - generation	3,020,940,466	896,427,014
Total	**150,571,483,028**	**96,470,048,808**

(b) Company

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Purchase of electricity	-	-
Fuel and lubricating oils	-	-
Total		**96,470,048,808**

8. Grants and subsidies

(a) Group

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Subsidies received GoR & EUCL	47,212,697,167	49,210,297,764
Subsidies received Donors	24,207,501,725	15,891,910,955
Contribution to private power projects	(37,834,288,185)	(38,372,984,241)
Realised grants	25,403,309,289	16,016,659,899
Total	**58,989,219,996**	**42,745,884,377**

(b) Company

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Subsidies received GoR & EUCL	-	-
Subsidies received Donors	-	-
Total	-	-

9. Other income

(a) Group

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Management fee	1,902,046,627	
Revenue from works	2,458,181,682	3,549,752,918
Rental income	6,540,000	8,230,000
Other income	903,509,726	562,172,740
Dark fibre revenue	891,287,983	632,594,935
Connections and other non-energy sales	2,809,378,806	2,283,361,648
Total	**8,970,944,825**	**7,036,112,241**

(b) Company

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**

10. Distribution costs

(a) Group

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Electricity and connection works - internal	4,878,952,859	4,574,979,607
Commissions	1,955,969,933	1,723,808,797
Repairs and maintenance	6,916,581,541	3,895,236,653
Motor vehicle running expenses	1,086,898,157	936,476,863
Provision for bad and doubtful debts and inventory	159,322,743	3,551,047,706
Total	**14,997,725,233**	**14,681,549,627**

(b) Company

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Electricity and connection works - internal	-	-
Commissions	-	-
Total	-	-

11. Administrative expenses

(a) Group

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Salaries and other related costs	18,491,577,694	15,698,560,432
Consultancy and professional fees	5,617,169,476	6,689,926,347
Insurance	1,551,286,498	642,967,147
Office Supplies	338,216,057	1,133,467,637
Telephone charges	698,580,252	633,235,359
Mission and travelling	2,171,835,856	2,054,238,535
Licence and other taxes	340,414,445	676,192,955
Security expenses	426,600,967	359,435,572
Advertising and promotions	64,983,037	145,586,661
Refreshment and reception expenses	390,620,812	272,758,325
Audit fees	-	10,400,000
Legal fees and damages	1,457,483,650	28,911,324
Rents and rates	1,077,995,343	833,746,012
Repairs and maintenance of buildings	743,678,535	575,038,029
Participations and contributions	136,913,953	145,335,578
Loss/(Gain) on disposal of assets	384,761,435	(127,730,295)
Cleaning expenses	84,654,491	82,425,058
Board and ITC meeting fees	6,379,978	5,497,144
Bank Charges and commissions	64,073,125	89,126,297
Donations and charity	1,190,204,399	361,298,273
Postage & Courier	598,110	501,330
Public Relations & Awareness	65,807,813	424,793,831
Fuel & Lubricants	436,553,565	351,108,915
Utilities - Water & Electricity	45,152,668	56,329,594
Training and related costs	33,905,861	4,583,120
Other use of goods & services	1,209,450,841	1,375,434,449
Solar water heaters	-	245,664,648
Staff welfare	6,901,038	9,991,000
Total	**37,035,799,899**	**32,778,823,275**

(b) Company

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	29,931,773	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
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
Postage and Courier services	68,900	-
Bank charges	9,732,882	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	**3,587,030,952**	**2,264,793,762**

12. Depreciation and amortization

(a) Group

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Depreciation of assets	29,177,829,667	22,596,470,550
Amortisation of intangible assets	529,558,682	238,593,119
Total	**29,707,388,349**	**22,835,063,668**

(b) Company

Description	Year ended 30 June 2021	Year ended 30 June 2020
	Frw	Frw
Depreciation of assets	629,955,701	593,245,398
Total	**629,955,701**	**593,245,398**

13. Interest income and finance costs

(a) Group

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Bank interest income	26,728,728	14,946,588
Interest on loans	4,474,666,182	4,756,140,950
Exchange losses	6,037,374,402	5,530,287,472
Total	**10,512,040,584**	**10,286,428,422**

(b) Company

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Bank interest income	-	-
Interest on loans	-	-
Total	-	-

14. Income tax expense

(a) Group

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Charge for the year	21,202,421,041	(1,241,668,057)
Total	**21,202,421,041**	**(1,241,668,057)**

(b) Company

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
Charge for the year	-	-
Total	-	-

15. Property, plant and equipment

(a) Group

	Land	Buildings	Generation assets	Transmission assets	Distribution assets	Motor vehicles	Furniture and fittings	Computer equipment	Laboratory equipment	Assets under construction	Total
	Frw	Frw	Frw	Frw	Frw	Frw	Frw	Frw	Frw	Frw	Frw
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**

(b) Company

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**

16. Investment in subsidiaries

Company

Description	% interest held	Cost of investment as at 30 June 2022	Cost of investment 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**

17. Concession intangible assets

(a) Group

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
At beginning of year	58,533,877,102	55,962,949,016
Amortisation/Adjustment	2,689,036,073	2,570,928,086
After five (5) years	61,222,913,175	58,533,877,102
At end of year	**61,222,913,175**	**58,533,877,102**

(b) Company

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
At beginning of year	-	-
At end of year	-	-
At end of year	-	-

18. Intangible assets

(a) Group

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Cost		
At beginning of year	9,416,163,323	4,105,065,810
Addition	(1,336,384,029)	651,420,196
Additions WIP	-	4,659,677,317
At the end of year	**8,079,779,294**	**9,416,163,323**
Amortisation		
At beginning of year	3,195,904,917	2,957,311,800
Adjustment	-	-
Charge for the year	529,558,830	238,593,116
At the end of year	3,725,463,747	3,195,904,916
Carrying amount at end of year	**4,354,315,547**	**6,220,258,407**

(b) Company

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Cost	-	-
Amortisation	-	-
Carrying amount at end of year	-	-

19. Inventory

(a) Group

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Inventories comprise the following items:		
Generation and other network materials	30,173,071,699	28,011,636,905
Fuel and lubricating oils	2,159,674,523	758,987,741
Other stock items	744,970,433	743,347,303
	33,077,716,655	**29,513,971,949**
Less : Provision for obsolete stock	(220,301,270)	(195,596,207)
Balance	**32,857,415,384**	**29,318,375,742**

(b) Company

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Inventories	-	-
Other stock items	-	-
Total	-	-

20. Trade and other receivables

(a) Group

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Trade receivables	117,484,045,243	73,788,864,431
Less: Provision for bad and doubtful debts	(43,115,290,816)	(43,696,623,617)
Net trade receivables	74,368,754,427	30,092,240,814
Other receivables	4,545,200,421	7,614,597,577
Prepayments/Letter of credit	483,986,467	288,988,410
Total	**79,397,941,314**	**37,995,826,801**

(a) Company

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

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Total	**4,455,000**	**63,167,557**

21. Bank and cash balances

(a) Group

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Cash at bank	42,302,060,976	31,364,437,301
Cash in hand	15,871,743	16,429,745
Total	**42,317,932,719**	**31,380,867,047**

(b) Company

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**

22. Share capital

Company

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Share capital	3,000,000	3,000,000
Total	**3,000,000**	**3,000,000**

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.

23. Concession obligation

Group

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
At beginning of year	58,533,877,102	55,962,949,016
Adjustment	2,689,036,073	2,570,928,086
At the end of year	**61,222,913,175**	**58,533,877,102**

24. Deferred tax liability

Group

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
At beginning of year	19,872,797,279	21,114,465,336
De-recognised deferred tax		
Credit /charge to income statement	21,202,421,041	(1,241,668,057)
At end of year	**41,075,218,320**	**19,872,797,279**

25. Grants

(a) Group

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Source of funds		
EDCL Internal Projects	63,535,583,102	108,350,508,990
Interconnection Project	51,072,004,323	43,541,170,223
Electricity Access scale-up and sector wide approach development project (EASSDP)	1,469,366,830	5,763,607,115
Lake Kivu Monitoring Project (LKMP)		-
National Domestic Biogas Program (NDBP)	94,614,585	97,866,700
Scaling-Up Energy Access Project(SEAP)	10,332,162,635	15,851,226,096
Sustainable Energy Development Project (SEDP)	1,263,094,919	1,273,648,497
BE1-EARP Project	2,332,701,041	2,332,800,914
BE2-EARP Project	7,725,642,194	6,334,063,027
BE3-EARP Project	5,710,619,676	5,009,196,037
Agence Francaise de Development (AFD)	122,732,299	122,732,299
Other Grants & Grants Connection fees	28,697,766,417	21,117,385,038
Grants-RBF 3- Grid Densification	1,121,399,363	1,121,399,363
Dutch Fund (DF)	(899,694)	
Grants-EAQIP	12,037,780,321	-
Grants-AFDB-TSRLMCP	201,201,932	-
GoR Grant through EDCL	405,680,096,733	308,168,501,686
Total	**591,395,866,676**	**519,084,105,985**

(b) Company

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**

26. Borrowings

Group

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	Frw
Bank of Kigali - Peat to Power Project	15,815,447,796	16,039,619,638
Bank of Kigali - Commercial loan	6,135,463,335	7,424,106,770
Equity Bank - Commercial loan	3,757,079,326	4,220,207,550
Cogebanque - Commercial loan	4,188,533,205	4,515,161,693
Borrowings from development partners	174,215,235,622	112,087,583,409
	204,111,759,284	**144,286,679,060**
(i) Current portion	2,872,262,719	(2,302,571,990)
(ii) Long term portion	**201,239,496,565**	**141,984,107,070**

27. Amounts due to/from related parties

(a) Group

Description	As at 30 June 2022	As at 30 June 2021
	Frw	Frw
Amounts due from related parties (a)		
Energy Utility Corporation Ltd (EUCL)	1	697
Amounts advanced to EDCL	73	
	74	**697**
(i) Current portion	74	697
(ii) Long term portion	-	-

(b) Company

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
Amounts due from related parties	Frw	Frw
At the start	7,608,185,496	8,137,378,918
Payments	282,451,591	(503,013,422)

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
Amounts due from related parties	**Frw**	**Frw**
Rental income and sports collected by EUCL	(79,000,000)	(26,180,000)
Amount at the end	**7,811,637,087**	**7,608,185,496**

28. Trade and other payables

(a) Group

Description	Balance as at 30 June 2022	Balance as at 30 June 2021
	Frw	**Frw**
Trade payables	86,276,058,751	54,620,828,874
Other payables	22,693,559,843	18,343,787,251
General provisions	4	4
Total	**108,969,618,597**	**72,964,616,129**

(b) Company

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	3,375,343
Total	**3,340,816,780**	**207,577,261**

29. Reorganisation reserve

Source of funds	As at 30 June 2022	As at 30 June 2021
	Frw	**Frw**
Balance at year end	67,325,649,125	66,423,495,945
Total	**67,325,649,125**	**66,423,495,945**

30. 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 **Frw 4.058 billion**) and 3 pieces of land market value (**Frw 1.975** billion) were provided for the guarantees based on 120% of forced total value of **Frw 4,153** billion.

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 Frw 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 Frw. 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 Frw. 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 **Frw 1.55** billion (2021: **Frw 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 19 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 Frw 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 Frw 1.1 billion. Also an adjustment of Frw 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 Frw 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 Frw 764 million.

Other sales: An amount of Frw 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 Frw 25 million related to previous year of administration expenditure were adjusted through retained earnings.

Staff Cost: In Financial year 2021-2022 an amount of Frw 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 Frw 0.69 billion of assets related to prior year assets transfers was adjusted against retained earnings.

Assets transferred from EDCL: An amount of Frw 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 Frw 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 statement.

	Frw
Power Sales	78,233,339
Cost of Power	234,687,325
Assets transferred from EDCL for prior period	(719,188,138)
Inventory	(1,349,713,799)
Administrative expenses	25,772,302
REG Management fees	2,181,133,992
Staff Bonus	241,861,402
Assets	691401251
Trade payables	763,996,538
Total Adjustment (B)	**2,148,184,212**

DETAILED AUDIT FINDINGS

7. REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

7.1 Contingent liability arising from the contractor's claim of price adjustment

Observation

EDCL financial statements for the year ended 30 June 2022 under **note 19.2** includes contingent liability. That contingent liability arose from a claim of price adjustment resulting from the contract dated 19 November 2013 signed between former Energy, Water & Sanitation Authority (EWSA), REG-EDCL's predecessor and KALPATARU Power Transmission Ltd India (KPTL) for the construction of transmission line of 220 KV, Karongi – Rubavu – Kigali - Goma.

On 3 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 escalated thus, the high court is currently handling the case.

Risk

In case REG loses the court case, the Government of Rwanda will incur unbudgeted additional costs as a result of price adjustment claim. Consequently, this would negatively affect other national development activities.

Recommendation.

REG should engage all stakeholders to expedite the process and have the dispute resolved for good to avoid extra charges related to late payment.

Management comment

The Commercial High Court is handling the case: Pre-trial meeting on the set aside application was conducted, and the most recent hearing took place on July 7, 2022. However, the court hearing was adjourned as a result of the requested constitution of three (3) judges panel. REG and other government institutions involved in this case, management is making necessary consultations to have a well-informed and fair position on the case.

8. REVIEW OF ACCOUNTS PAYABLE

8.1 Failure to pay tax arrears

The financial position of EDCL as at 30 June 2022 includes trade and other payable balance of **Frw 34,234,058,461.** This balance includes tax liabilities amounting to **Frw 23,502,526,718.** Review of that balance revealed the following issues:

The letter number 917/RRA/CCS/CED/-DMU/22 from RRA for confirmation of customs and VAT debt owned by EDCL as at 30/06/2022 replying letter number 11.07.23/817/22/MD-EDCL/FRG/SG of 5 July 2022 requesting the balance of customs duties owed to RRA, showed that EDCL owned RRA customs services fees amounting to Frw **23,502,526,718,** which had not been paid from 2012 up to 30 June 2022. The audit noted that there was no payment plan to pay the above tax arrears. See **details in table below:**

Fiscal year	Customs duties	IDL,SPRL,FER,RURA and Computer	VAT	Total
	Frw	Frw	Frw	Frw
2012	4,046	0	367,982	372,028
2014	6,661,867	3000	10,054,762	16,719,629
2015	33,760,572	2,864,240	72,626,622	109,251,434
2016	18,510,069	1,831,561	24,094,002	44,435,632
2017	20,738,478	3,881,317	44,519,556	69,139,351
2018	73,219,111	7,665,212	94,776,716	175,661,039
2019	128,001,211	12,175,304	150,155,428	290,331,943
2020	3,201,540,141	473,498,489	5,560,921,176	9,235,959,806
2021	3,028,941,563	506,720,740	4,874,405,267	8,410,067,570
2022	1,548,645,407	300,413,922	3,301,528,957	5,150,588,286
Total	**8,060,022,465**	**1,309,053,785**	**14,133,450,468**	**23,502,526,718**

By the time of audit in December 2022, EDCL has not yet paid any amount from above customs tax and VAT arears.

In addition, the audit was not provided with the reconciliation done between RRA and EDCL to come up with reconciled report of all arrears of customs duties and taxes to ensure the accuracy of the reported amounts. It is worth to note that the same issue was highlighted in previous audit report.

Risks

- Failure to pay customs services fees on time, EDCL importations may be delayed at the import stations which may lead to delays of receiving materials on the sites. Therefore, the intended projects objective may not be achieved on time.
- In absence of the reconciliation with RRA, it is difficult to ascertain the accuracy of the reported amounts of tax arrears.
- Failure and delays in payment of VAT customs duties may result into penalties and fines being levied by RRA which would qualify to be wasteful expenditure.

Recommendations

- EDCL management should ensure that all tax legislations are complied with to avoid any penalties or fines that may be levied by RRA. In addition, EDCL should reconcile with RRA for common agreement, and determine payment plan.

- EDCL management should continue to liaise with the Ministry of Finance and other relevant stakeholders to find a lasting solution to budget deficit and pay taxes when they fall due.

Management comments

Nonpayment of customs duties is due to the lack of budget and Cashflow from MINECOFIN. Management shall continue to engage stakeholders to ensure sufficient budget is allocated and on time to avoid any delay in payment of taxes.

9. REVIEW OF POWER PURCHASED FROM INDEPENDENT POWER PRODUCERS

9.1 High cost incurred by EUCL for power generation

Observations

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

(i) Purchase of power from high cost sources

During the year ended 30 June 2022, EUCL incurred **Frw 125,808,171,196** in purchase of electricity produced from IPP's plants. The audit revealed that thermal power plants which contributed **14%** total energy produced and incurred **31%** of the total production costs was the most expensive source of energy compared to other power plants. ***See details in the table below***:

	Power plant category	Number of power plants	Costs incurred as per power plant category	Percentage of cost incurred per plant category	Annual energy generation " kWh"	%of energy produced per plant categories
1	Thermal power plant	3	38,828,445,489	31%	103,416,460	14%
2	Methane Gas	1	37,977,920,864	30%	218,596,398	30%
3	Solar energy	1	2,357,783,531	2%	12,765,790	2%
4	Peat	1	6,446,239,158	5%	50,635,086	7%
5	Hydro power plant	28	35,248,332,313	28%	257,488,567	35%
6	Import	3	4,949,449,841	4%	96,535,847	13%
	Total		**125,808,171,196**	**100%**	**739,438,148**	**100%**

(ii) Concern over settlement of IPPS contract obligations against energy delivered

Further, review of power purchase agreements (PPAs) signed between EUCL and Independent power producers (KIVUWATT Ltd and So Energy International Inco-SP Joint Venture) and other related documentation revealed that EUCL incurred plant capacity cost and other related costs, which significantly exceeded the cost of energy delivered for sale.

During the year ended 30 June 2022, EUCL incurred production costs amounting to **Frw 83,810,400,904** for KIVUWATT Ltd and So Energy International Inco-SP Joint Venture**.** This comprised of **Frw 80,897,644,675** (installed capacity cost payment, fuel and pass through costs) and **Frw 2,912,756,229** (variable costs) representing **97%** and **3%** of the total cost respectively. ***See details in the table below***:

Details	KIVUWATT (under Methane Gas Category)	SO ENERGY (under Thermal power plant category)	Total
Installed Capacity charges/costs in Frw **(A)**	38,363,550,579	5,384,679,526	**43,748,230,105**
*Monthly pass through costs Frw **(B)**	3,226,624,601	-	3,226,624,601
Fuel cost in Frw **(C)**	-	33,922,789,969	33,922,789,969
Total production cost in Frw **(D=A+B+C)**	**41,590,175,180**	**39,307,469,495**	**80,897,644,675**

Details	KIVUWATT (under Methane Gas Category)	SO ENERGY (under Thermal power plant category)	Total
Energy produced cost (Variables costs) in Frw (E)	1,853,272,791	1,059,483,438	**2,912,756,229**
Total cost in Frw (F=D+E)	**43,443,447,971**	**40,366,952,933**	**83,810,400,904**

Monthly pass through cost: the employee salary related cost are paid by EUCL.
For more details are provided in appendix 1(a) and (b).

This means that, with the current financial performance, EUCL cannot fully settle the above Independent Power Producers' monthly bills without intervention a long term subsidy from Shareholders.

Risks

- This significant costs incurred for power generated ultimately increase the price of energy charged by EUCL to electricity consumers. Consequently, such a high price of electricity would be deterrent to industrial investments as well as other users' consumption.
- Continuous incurring high cost from the above plants increases electricity production costs by EUCL. Hence, reduce the profit of the entity which may affect adversely its operation efficiency.
- In absence of an economic contracting arrangements of independent power producers, EUCL will continue to face high prices/costs and consequently not be able to achieve financial sustainability.
- Considering the costs incurred by EUCL on the above IPP's plants, there is also risk that EUCL may not be able to timely settle its obligations as they fall due and this may also affect the reputation of EUCL as well as damaging its relationships with Independent Power Producers.

Recommendations

EUCL Management should raise with its stakeholders to identify the economic alternative ways of reducing high energy production costs. Furthermore, the contracting arrangements with independent power producers should be streamlined to ensure that it is done in a sustainable manner on EUCL.

Management comment

Payment made to the above-mentioned Developers are aligned with the business model of their transactions and respective contracts. The capacity payment business model caters for assurance of all fixed costs being a substantial portion of tariff on condition of ensuring high availability of the plant to meet the demand of electricity at all times. On the other hand, the energy payment business model applies for those generation of electricity which are influenced by external factors (availability of water for hydropower plants, radiation for solar plant, etc) Obligations are being settled according to the contracted arrangements, and these are not only concluded by EUCL, but they involve other stakeholders (MININFRA, MINECOFIN, RURA, RDB)

At a national level there are ongoing activities intended to bring on board cheaper sources of energy generated but given that in the past periods with the technology by then results in the current situation with expensive cost of production.

Energy delivered from these plants is maximized already, there is a need to understand that the tariff structure is done depending on the employed technology, which is not in EUCL only but elsewhere in the world.

APPENDICES

Appendix 1 : High costs incurred by EUCL for power generation

Appendix 1 (a): KIVUWATT production costs

MONTHS	Unity Cost per KWh	Installed Plant capacity	Monthly Capacity cost	Average rate at the end of each month	capacity charge in FRW	monthly pass Through costs	Unit cost of delivered energy	Delivered energy per report	Cost of delivered energy	Average rate at the end of each month	energy charge in FRW	Total cost
	USD	KW/h per Hour	USD	USD@Frw	FRW	FRW	USD	KW/H per Month	USD	USD@Frw	FRW	FRW
	A	B	C=(A*B* 24*30 or 31 days)CPI	D	(E=C*D)	F	G	H	I=(G*H) *CPI	J	K =I*J	L=E+F+K
2021 Jul	0.1247	25,995	2,930,057	990.01	2,900,787,759	291,717,470	0.0064	19,407,364	150,901	990.01	149,394,037	3,341,899,267
2021 Aug	0.1247	25,995	3,102,884	993.22	3,081,846,209	345,520,390	0.0064	18,381,539	151,355	993.22	150,329,284	3,577,695,883
2021 Sep	0.1247	25,995	3,109,295	997.53	3,101,619,235	264671875	0.0064	18,313,301	151,105	997.53	150,732,147	3,517,023,258
2021 Oct	0.1247	25,995	3,117,739	1,002.51	3,125,574,645	422747912	0.0064	18,834,300	155,826	1,002.51	156,217,655	3,704,540,212
2021 Nov	0.1247	25,995	3,143,642	1,006.44	3,163,899,738	168459015	0.0064	18,321,663	152,844	1,006.44	153,829,051	3,486,187,804
2021 Dec	0.1247	25,995	3,159,088	1,009.62	3,189,471,327	219441672	0.0064	18,773,454	157,383	1,009.62	158,896,251	3,567,809,250
2022 Jan	0.1247	25,995	3,168,794	1,012.48	3,208,345,673	105803594	0.0064	17,281,700	145,322	1,012.48	147,135,807	3,461,285,074
2022 Feb	0.1247	25,995	3,195,458	1,015.49	3,244,963,715	331425841	0.0064	15,334,510	130,033	1,015.49	132,047,597	3,708,437,153
2022 Mar	0.1247	25,995	3,224,646	1,018.60	3,284,608,579	221399802	0.0064	19,115,306	163,574	1,018.60	166,615,591	3,672,623,973
2022 Apr	0.1247	25,995	3,267,699	1,009.93	3,300,155,434	409935891	0.0064	18,058,483	156,594	1,009.93	158,148,989	3,868,240,314
2022 May	0.1247	25,995	3,285,941	1,022.17	3,358,779,991	114026414	0.0064	18,687,220	162,950	1,022.17	166,562,423	3,639,368,828
2022 Jun	0.1247	25,995	3,322,164	1,024.48	3,403,498,272	331474725	0.0064	18,087,559	159,460	1,024.48	163,363,958	3,898,336,955
Total			**38,027,406**		**38,363,550,579**	**3,226,624,601**		**218,596,398**	**1,837,348**		**1,853,272,791**	**43,443,447,971**

CPI=Consumer Price Index.

Appendix 1(b) : SO ENERGY production costs

IPPS	Unity Cost per KWh	Installed Plant capacity	Capacity cost	annual fuel cost	Capacity cost in FRW	Annual fuel cost	Unit cost of delivered energy	Delivered energy per report	Cost of delivered energy	Cost of delivered energy	Total cost
	USD	KW/h	USD	USD	FRW	FRW	USD	KW/H	USD	FRW	FRW
	A	B	C=A*B*24*365	D	E=D*1,024.48	F	G	H	I=H*G	J=I*1,024.48	K=E+F+J
Mukungwa	0.02	10,000	1,752,000	16,069,679	1,794,893,17	16,463,102,925	0.01	50,349,390	503,494	515,820,642	18,773,816,742
Masoro	0.02	10,000	1,752,000	11,674,080	1,794,893,175	11,959,889,322	0.01	36,409,620	364,096	373,010,151	14,127,792,648
Birembo	0.02	10,000	1,752,000	5,368,367	1,794,893,175	5,499,797,722	0.01	16,657,450	166,575	170,652,645	7,465,343,542
Total		**30,000**	**5,256,000**	**33,112,125**	**5,384,679,527**	**33,922,789,969**		**103,416,460**	**1,034,165**	**1,059,483,438**	**40,366,952,933**

Exchange rate as at 30 June 2022; 1USD @ Frw 1,024.4