

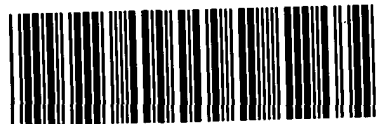
GL Africa Energy Limited

Annual report and financial statements

Registered number 08721406

Year ended 31 December 2022

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**GL AFRICA ENERGY LIMITED
COMPANY INFORMATION**

DIRECTORS:

M J Kearns
M K Mbaka
S N Wafula
R M Wardle

REGISTRATION NUMBER:

08721406

REGISTERED OFFICE:

10 Norwich Street,
London EC4A 1BD

AUDITOR:

Lubbock Fine LLP
Chartered Accountants and Statutory Auditors
65 St Paul's Churchyard
London
EC4M 8AB

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022.

The Director's present their Annual Report, consisting of the Strategic Report and the Director's Reports and the Consolidated Financial Statement of GL Africa Energy Limited ("the Company") for the year ended 31 December 2022. References to the "group" refer to the consolidated group, being the Company and its Subsidiary undertakings.

REVIEW OF BUSINESS AND PRINCIPAL ACTIVITIES

The group's principal activity continued to be maintaining, operating and the utilisation of a heavy fuel oil (HFO) power plant located in Zambia, generating, and selling electricity to the Zambian national electrical distributor, ZESCO Limited.

Financial performance and future prospects

The group made a profit before tax of \$28,434,575 during the year (2021: \$21,046,809). In particular, the directors are satisfied with the gross profit ratio of 92.95% (2021: 78.30%), enabling the group to service its debts, the majority of which are payable to companies under common ownership of H Kariuki, the ultimate controlling party of the group.

At the year end, the net asset position of the group was \$232,179,863 (2021: \$218,622,774). In particular, the directors continue to invest in Africa. While the group is focusing on increasing profitability of its current operations, it is also seeking opportunities in energy solutions in the Great Lakes and Southern African region.

Financial data and Key Performance Indicators ("KPI's")

The table below summarises the group's financial results and KPI's.

KPI	2022	2021
Turnover	\$ 51,019,700	\$ 60,580,332
Operating Profit	\$ 33,105,561	\$ 26,065,697
Net profit before tax percentage	55.73 %	34.74%
Interest charges as a proportion of gross profit	9.85%	10.58%

The Turnover for the year decreased mainly due to lower recovery on account of HFO coupled with lower load resulting in reduction in energy charges. Operating profits decreased in line with turnover. As such, the net profit margin for the year stood at 55.73%. Interest charges as a proportion of gross profit stood at 9.85%.

FINANCIAL RISK MANAGEMENT

The groups operations expose it to a variety of financial risks. The group manages its risk to limit the adverse effects on the financial performance of the group by monitoring those risks and acting accordingly. The monitoring of the financial risk management is the responsibility of the Board of Directors ('the Board'). The policies of the Board are implemented by the Group's finance department under specific guidelines.

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (Contd.)

Price risk

The group is exposed to fluctuation in global energy prices. Part of the group's contract with ZESCO Limited links the price the group is able to charge to the US Producer Price Index. The group has mitigated this exposure by ensuring that the majority of its income is linked to a capacity fee, charged at a price not linked to external markets.

Credit risk

The group has only one external customer and has both a concentration risk and credit risk. ZESCO Limited is a Company owned by the Republic of Zambia and given the power shortfall that exists in that country, the Board believe that the risk of default is low.

Liquidity risk

The Directors assess and review the group's liquidity position and funding requirement on a regular basis and this is an agenda item for all the Board Meetings. They consider that the group has sufficient liquidity to manage its current commitments.

Interest rate cash flow risk

The majority of the group's debts are on a fixed rate basis, thus minimising the group's exposure to increases in interest rates.

Currency risk

All debts are denominated in USD, being the functional and presentational currency of the group as this is the currency to which its selling price is linked. The group's main supplier invoices the group in Euro, whilst local payments in Zambia are made in Zambian Kwacha. The Group minimises its exposure to currency fluctuations by maintaining bank accounts in USD, Euro and Zambian Kwacha and matching receipts and payments of same currency transactions wherever possible to avoid exchange rate variances.

Financial Instruments

The group has a number of financial instruments, the main purpose of which are to finance the group's operations and minimise the group's exposure to risk. These comprise of cash and liquid resources, long term debt, as well as receivables and payables that arise directly from its operations.

PERFORMANCE OF STATUTORY DUTIES IN ACCORDANCE WITH SECTION 172(1) OF COMPANIES ACT

During the year ended 31st December 2022, the directors have acted in a way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole, and in doing so have regard, amongst other matters, to the :

- likely long-term consequences of any decision
- interests of the group's employees
- need to foster the group's relationships with its suppliers, customers and others
- impact of the group's operations on the community and the environment

- desirability of the group maintaining its reputation for high standards of business conduct, and
- need to act fairly as between members of the group

The directors recognise that employees are fundamental and core to the delivery of our strategic objectives. The success of our business is reliant on attracting and retaining best talent. It is ensured that employees are paid well and their health and safety are taken care. Directors recognise that strategic objectives cannot be achieved without a strong mutually beneficial relationship with suppliers, customers, government and other stakeholders. Directors engage with the business on these topics to ensure that there is effective engagement with stakeholders. To consider the impact of business on the community and environment is inherent in the group's strategic ambitions. Directors periodically review and approve frameworks and manuals to ensure high standards are maintained both within the group and the business relationships maintained. They consider all relevant factors and the impact on stakeholders while deciding the course of action that will achieve the strategic objectives.

This report was approved by the board and signed on its behalf.

M J Kearns
Director

Date: 26/12 2022

Director's Report

The directors present their annual report and the audited financial statements of GL Africa Energy Limited ('the Company') and its subsidiaries ('the Group') for the year ended 31 December 2022.

The company has seven subsidiaries: G.L.E. Lakes Energy Company Limited (incorporated in Cyprus), Great Lakes Energy Company N.V. (incorporated in the Netherlands), Ndola Energy Company Limited (incorporated in Zambia), GL Africa Energy Limited (incorporated in Kenya), GL Bioenergy Limited (incorporated in Mauritius), GL Energy Mozambique Limited (incorporated in Mauritius) and GL Energy Mocambique SA (incorporated in Mozambique). The company has indirect ownership in all companies other than G.L.E. Lakes Energy Company Limited, which it owns directly.

The Company has chosen, in accordance with Section 414C of the Companies Act 2006, to set out the following information, which would otherwise be required to be contained in the Directors' Report, in the Group Strategic Report:

- Financial risk management objectives;
- Future developments of the business; and
- Financial instruments.

Going Concern

The Group has considerable financial resources together with a long term contract with its only customer, ZESCO Limited, the utility company of the Government of the Republic of Zambia. Given the deficit of power in Zambia and the Group's own financial strength, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Directors

The directors who have served during the year and to the date of this report were as follows:

M K Mbaka
R M Wardle
M J Kearns
S N Wafula

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2022: \$ nil).

Energy Consumption

The Group's annual energy consumption in UK is less than 40,000 kWh and it is therefore exempt from the requirement to include greenhouse gas emissions, energy consumption and energy efficiency disclosures in the Director's Report.

Dividends

Dividends were declared during the year amounting to USD 4,700,000 (2021: Nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the group and company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor, Lubbock Fine LLP, is deemed to be reappointed and will therefore continue in office.

This report was approved by the board and signed on its behalf.

M J Kearns
Director

Date: 26/12/23 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with UK adopted International Financial Reporting Standards (IFRSs) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GL AFRICA ENERGY LIMITED

Opinion

We have audited the financial statements of GL Africa Energy Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which include the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted International Financial Reporting Standards (IFRSs);
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our Auditors' Report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the consolidated financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- Enquiries of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- The internal controls established to mitigate risks related to fraud or non-compliance of laws and regulations; and
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and IFRS.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included health and safety regulations, employment law, data protection regulations and general trading laws in the UK, EU, Kenya and Zambia.

As a result of these procedures, we considered the particular areas that were susceptible to misstatement due to fraud were in respect of, revenue recognition, management override, obtaining external loan balances, Obtaining relevant loan documentation, agreeing intercompany balances to corresponding group entities and agreeing investment valuations.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing these to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Obtaining external loan confirmations of loan balances outstanding at the balance sheet date;
- Agreeing a sample of revenue transactions to supporting documentation;
- Obtaining and reviewing copies of relevant loan agreements;
- Agreeing intercompany balances to the corresponding group entity;
- Agreeing investment valuations to supporting documentations as well as reviewing the financial performance of these entities for evidence of impairment to stated valuations; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments for evidence of management override/bias against a range of different criteria; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the rationale of any significant transactions that are unusual or outside the normal course of the company's operations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Sam Snelson

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Sam Snelson (Senior Statutory Auditor)
for and on behalf of Lubbock Fine LLP
Chartered Accountants and Statutory Auditor
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 27 December 2023
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Consolidated Statement of Profit and Loss and Other Comprehensive Income
For year ended 31 December 2022

	Note	2022	2021
		\$	\$
Revenue	2,3	51,019,700	60,580,332
Cost of sales	4	<u>(3,597,267)</u>	<u>(13,144,265)</u>
Gross profit		47,422,433	47,436,067
Other Operating Revenue		103,448	192,340
Administrative expenses	4	<u>(14,420,320)</u>	<u>(21,562,710)</u>
Operating profit		33,105,561	26,065,697
Finance Income	7	1,478,957	1,206,288
Financial expenses	7	<u>(6,149,944)</u>	<u>(6,225,176)</u>
Profit before tax		28,434,574	21,046,809
Taxation	8	<u>(14,877,486)</u>	<u>(6,104,788)</u>
Profit for the year		13,557,088	14,942,021
Other comprehensive income		-	-
Total comprehensive income for the year		<u>13,557,088</u>	<u>14,942,021</u>

The notes on pages 21 to 42 form part of these financial statements.

**Consolidated Balance Sheet
at 31 December 2022**

	Note	2022	2021
		\$	\$
Non-current assets			
Property, plant and equipment	9	78,374,168	83,466,742
Investment	10	-	370,640
Trade and other receivables		<u>-</u>	<u>-</u>
		78,374,168	83,837,382
Current assets			
Trade and other receivables	11	423,401,615	408,010,188
Cash and cash equivalents		8,028,893	1,050,657
Inventory		<u>111,674</u>	<u>99,005</u>
		431,542,182	409,159,850
Total assets		<u>509,916,350</u>	<u>492,997,232</u>
Current liabilities			
Other interest-bearing loans and borrowings	12	-	-
Trade and other payables	13	<u>166,602,053</u>	<u>171,605,438</u>
		166,602,053	171,605,438
Non-current liabilities			
Other interest-bearing loans and borrowings	12	104,719,196	104,502,342
Provisions	14	215,380	215,380
Deferred Tax Liability (net)	8b	<u>6,199,858</u>	<u>(1,948,703)</u>
		111,134,434	102,769,019
Total liabilities		<u>277,736,487</u>	<u>274,374,458</u>
Net assets		<u>232,179,863</u>	<u>218,622,774</u>
Equity attributable to equity holders of the parent			
Share capital	15	10,000	10,000
Share premium	15	11,228,110	11,228,110
Retained earnings	15	220,941,753	207,384,664
Total equity		<u>232,179,863</u>	<u>218,622,774</u>

The notes on pages 21 to 42 form part of these financial statements.

These financial statements were approved by the board of directors on 26/12/23 and were signed on its behalf by:

M. J. Kearns
Director

Date:

26/12/23
Company registered number: 08721406

GL Africa Energy Limited
Annual report and financial statements
Year ended 31 December 2022

Company Balance Sheet
at 31 December 2022

	Note	2022 \$	2021 \$
Non-current assets			
Fixed assets		3,130	3,130
Investments	10	1,546,506	1,646,508
Trade and other receivables	11	10	41,173
Investment in Subsidiaries		<u>2,710</u>	<u>2,710</u>
		1,552,356	1,693,521
Current assets			
Cash and cash equivalents		55,911	238,011
Trade and other receivables	11	<u>1,172,097</u>	<u>1,092,799</u>
		1,228,008	1,330,810
Total assets		<u>2,780,364</u>	<u>3,024,331</u>
Current liabilities			
Trade and other payables	13	507,821	298,683
Non-Current liabilities			
Trade and other payables	13	19,872,993	16,590,833
Total liabilities		<u>20,380,814</u>	<u>16,889,516</u>
Net assets		<u>(17,600,450)</u>	<u>(13,865,185)</u>
Capital and reserves			
Called up share capital	15	10,000	10,000
Share premium account	15	11,228,110	11,228,110
Retained earnings		<u>(28,838,560)</u>	<u>(25,103,295)</u>
Shareholders' funds		<u>(17,600,450)</u>	<u>(13,865,185)</u>

The notes on pages 21 to 42 form part of these financial statements.

These financial statements were approved by the board of directors on 26/12/23 and were signed on its behalf by:

M J Kearns
Director

Date: 26/12/23
Company registered number: 08721406

Consolidated Statement of Changes in Equity

	Share capital \$	Share premium \$	Retained earnings \$	Total Equity \$
Balance at 1 January 2021	10,000	11,228,110	192,442,643	203,680,753
Profit for the year	-	-	14,942,021	14,942,021
Balance at 31 December 2021	10,000	11,228,110	207,384,664	218,622,774

	Share capital \$	Share premium \$	Retained earnings \$	Total Equity \$
Balance at 1 January 2022	10,000	11,228,110	207,384,664	218,622,774
Profit for the year	-	-	13,557,089	13,557,089
Balance at 31 December 2022	10,000	11,228,110	220,941,753	232,179,863

The notes on pages 21 to 42 form part of these financial statements.

Company Statement of Changes in Equity

	Share capital \$	Share premium \$	Retained earnings \$	Total equity \$
Balance at 1 January 2021	10,000	11,228,110	(20,503,647)	(9,265,537)
Loss for the year	-	-	(4,599,648)	(4,599,648)
Balance at 31 December 2021	10,000	11,228,110	(25,103,295)	(13,865,185)

	Share capital \$	Share premium \$	Retained earnings \$	Total equity \$
Balance at 1 January 2022	10,000	11,228,110	(25,103,295)	(13,865,185)
Loss for the year	-	-	(3,735,265)	(3,735,265)
Balance at 31 December 2022	10,000	11,228,110	(28,838,560)	(17,600,450)

The notes on pages 21 to 42 form part of these financial statements.

Consolidated Cash Flow Statement
for year ended 31 December 2022

	Note	2022	2021
		\$	\$
Cash flows from operating activities			
Profit before tax for the year		28,434,575	21,046,809
Adjustments for:			
Loss on disposal of property, plant and equipment	9	-	-
Current Tax	8	(6,728,926)	(7,650,439)
Depreciation, amortisation and impairment	4	5,213,864	5,221,679
Financial expense	7	6,149,944	6,225,176
Increase in trade and other receivables	11	(15,391,428)	(28,551,516)
(Increase)/ decrease in inventories		(12,669)	2,530
(Decrease)/Increase in trade and other payables	13,14	(5,003,385)	18,923,056
Finance Income	7	(1,478,957)	(1,206,288)
Net cash generated from operating activities		<u>11,183,018</u>	<u>15,217,295</u>
Cash flows from investing activities			
(Acquisition)/ Disposal of property, plant and equipment	9	(121,289)	(642,261)
Increase in investment	10	370,640	-
Loans from/(to) associate investment		-	-
Interest received		1,478,957	1,206,288
Net cash generated from investing activities		<u>249,351</u>	<u>564,027</u>
Cash flows from financing activities			
Interest paid	7	(6,149,944)	(6,225,176)
Borrowings drawdown		216,854	-
Borrowings repayment		-	(10,113,415)
Net cash used in financing activities		<u>(5,933,090)</u>	<u>(16,338,591)</u>
Net increase in cash and cash equivalents		6,978,236	(1,763,556)
Cash and cash equivalents at 1 January 2022		1,050,656	2,814,211
Cash and cash equivalents at 31 December 2022		<u>8,028,892</u>	<u>1,050,655</u>

The notes on pages 21 to 42 form part of these financial statements.

Company Cash Flow Statement
for year ended 31 December 2022

	Note	2022	2021
		\$	\$
Cash flows from operating activities			
Loss before tax for the year		(3,735,265)	(4,599,648)
Adjustments for:			
Loss on disposal of property, plant and equipment		-	-
Depreciation, amortisation and impairment		-	-
Financial expense		1,032,937	886,442
Decrease / (increase) in trade and other receivables	11	(38,136)	1,802,358
Increase in trade and other payables	13,14	1,308,299	332,885
Net cash generated from operating activities		<u>(1,432,165)</u>	<u>1,577,963</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		-	(1,680)
Increase in investment	10	100,002	(1,275,868)
Net cash used in investing activities		<u>100,002</u>	<u>(1,277,548)</u>
Cash flows from financing activities			
Interest paid		(1,032,937)	(886,442)
Borrowings drawdown		2,183,000	3,626,599
Borrowings repayment		-	-
Net cash used in financing activities		<u>1,150,063</u>	<u>2,740,157</u>
Net increase in cash and cash equivalents		(182,099)	(115,354)
Cash and cash equivalents at 1 January 2022		238,011	353,365
Cash and cash equivalents at 31 December 2022		<u>55,912</u>	<u>238,011</u>

The notes on pages 21 to 42 form part of these financial statements.

Notes (forming part of the financial statements)

1 Accounting policies

1.1 Corporate Information

GL Africa Energy Limited (the “Company”) is a private company incorporated, domiciled and registered in England and Wales. The registered number is 08721406 and the registered address is 10 Norwich Street, London, EC4A 1BD. The company is limited by shares.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The parent Company financial statements present information about the Company as a separate entity and not about its group. The Company makes use of the exemption available in s408 CA2006 from presenting its own profit and loss account.

The group financial statements have been prepared in United States Dollar (USD). Figures have been rounded off to two decimal places.

The group financial statements have been prepared and approved by the directors in accordance with UK adopted International Financial Reporting Standards (“Adopted IFRSs”). The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

The company has considerable financial resources together with a long-term contract with its only customer, ZESCO Limited, the utility company of the Government of the Republic of Zambia. Given the deficit of power in Zambia and the Group’s own financial strength, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

1.4 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.5 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at the foreign exchange rate ruling at the date the fair value was determined.

1.6 Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

1.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described in note 1.12.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- buildings 16 years
- plant and machinery 25 years
- office equipment 3 years
- motor vehicles 4 years
- software 8 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.9 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.11 Revenue

Revenue comprises the fair value of consideration received or receivable for the sale of electricity to the end user. Revenue is measured at the fair value of consideration receivable and is shown net of discounts and Value Added Tax (or its local equivalent). Revenue is recognised when the Group has transferred all risks and rewards to the buyer and to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue arises mainly from the distribution and supply of electricity to ZESCO Limited. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

A customer is defined as a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations. Given the definitions, the contract entered into to supply electricity as indicated above is a contract within the scope of IFRS 15

At contract inception, an entity shall assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either:

- i. a good or service (or a bundle of goods or services) that is distinct; or
- ii. a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A contract with a customer generally explicitly states the goods or services that an entity promises to transfer to a customer. However, the performance obligations identified in a contract with a customer may not be limited to the goods or services that are explicitly stated in that contract. This is because a contract with a customer may also include promises that are implied by an entity's customary business practices, published policies or specific statements if, at the time of entering into the contract, those promises create a valid expectation of the customer that the entity will transfer a good or service to the customer.

Ndola Energy has two performance obligations which are to supply electricity and also to supply capacity as these are two distinct and separate services as set up in the contract. The provision of fuel and fuel handling services though paid for, do not constitute a performance obligation as the performance of those tasks does not transfer a service to the customer as the tasks are performed.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer of electricity and no significant uncertainties remain regarding the derivation of consideration or associated costs.

Revenue comprises the fair value of consideration received or receivable for the sale of electricity to the end user.

1.12 Expenses

Cost of Sales

Cost of sales is booked at actuals based on the contractual agreements. Fuel cost is determined based on the Fuel Supply Agreement with the Zambian Ministry of Energy.

Operating lease payments

Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit and loss as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the statement of profit and loss (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the statement of profit and loss on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided contemporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.14 Changes in significant accounting policies

A number of other new standards are effective from 1 January 2022 but the Group has made an assessment on the implementation of these and considers they do not have a material effect on the Group's financial statements.

1.15 Adopted IFRS not yet applied

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- IFRS 17 – Insurance Contracts
- Amendments to IAS 1 – Classification of liabilities as Current or Non – Current *
- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before intended use **
- Amendments to IAS 37 – Onerous Contracts: Costs of fulfilling a contract **
- IFRS 1 – First Time Adoption of International Financial Reporting Standards – Subsidiary as a first time adopter **
- IFRS 9 – Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities **

*Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

** Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

2 Segment Information

All of the group's revenue arose from the supply of electricity within Zambia, being a continuing operation. There is one business segment, in one geographical location.

3 Revenue

	2022 \$	2021 \$
Supply of electricity	<u>51,019,700</u>	<u>60,580,332</u>

All of the Group's revenue is earned from the supply of electricity within Zambia.

4 Cost of Sales and Administrative Expenses

	2022	2021
	\$	\$
Operations and maintenance	2,853,902	11,448,854
Fuel and other direct costs	743,365	1,695,411
Management and consultancy fees	2,342,938	9,973,142
Personnel Expenses	990,736	857,651
Depreciation and amortisation	5,232,923	5,226,571
Other Expenses	5,853,723	5,505,347
	<u>18,017,587</u>	<u>34,706,976</u>

5 Auditors' remuneration

	2022	2021
	\$	\$
Audit of these financial statements	62,088	59,096
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	41,425	37,923
Taxation compliance services & other non-audit Services	1,997	2,288

6 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2022	2021
Administration	12	8
Management	5	6
	<u>17</u>	<u>14</u>

The aggregate costs of these persons were as follows:

	\$	\$
Wages and salaries	1,283,760	1,185,921
	<u>1,283,760</u>	<u>1,185,921</u>

During the year 2022, the Group paid \$616,475 (2021: \$557,096) to the directors of various entities in the Group. The gross remuneration of the highest paid director was \$293,435 (2021: \$324,087).

7 Finance income and expense

	2022	2021
	\$	\$
Finance Income		
Finance Income	1,478,957	1,206,288
Total Finance Income (A)	<u>1,478,957</u>	<u>1,206,288</u>
	2022	2021
	\$	\$
Finance Expense		
Total interest expense on financial liabilities measured at amortised cost	(4,117)	(7,462)
Interest on Loans from related parties	(6,145,827)	(6,217,714)
Total Finance Expense (B)	<u>(6,149,994)</u>	<u>(6,225,176)</u>
Net Finance Expense (A-B)	<u>(4,670,986)</u>	<u>(5,018,888)</u>

8 Taxation

(a) Recognised in the statement of profit and loss

	2022	2021
	\$	\$
Current tax expense		
Current year	(6,737,721)	(7,508,033)
Deferred tax expense		
Origination and reversal of temporary differences	(8,118,726)	1,429,115
Total tax expense	<u>(14,856,447)</u>	<u>(6,078,918)</u>

Reconciliation of effective tax rate

	2022	2021
	\$	\$
Profit for the year before tax	28,434,575	21,046,809
Tax using the UK corporation tax rate of 19% (2019: 19%)	5,402,569	3,998,894
Non-taxable income	(3,550,978)	(3,424,290)
Non-deductible expenses	4,451	2,714
Current year losses for which no deferred tax asset was recognised	1,699,387	3,212,465
Other timing differences	8,118,726	1,429,115
Impact of different tax rates	3,182,292	860,020
Total tax expense	<u>14,856,447</u>	<u>6,078,918</u>

The corporation tax rate in the UK for the current and prior year was 19%.

At the year end, the Group has an unrecognised deferred tax asset of approximately \$6,199,857. (2021: \$5,005,878) made up of losses carried forward. This asset has not been recognised due to uncertainty over future taxable profits.

The Group's main operating entity has an agreement with the Zambia Development Agency, whereby it receives a 100% corporate tax exemption until 2020, a 50% corporation tax exemption from 2020 until 2022 and a 25% corporation tax exemption from 2023 until 2024, in respect of its activities in Zambia.

(b) Deferred Tax Liability

	2022 \$	2021 \$
Property, plant and equipment	11,523,537	2,116,710
Rehabilitation provision	-	(48,460)
Unrealised exchange gains	1,474	164,735
Provision for debtors	(3,176,923)	(2,259,721)
Major overhaul provision	(2,039,285)	(1,795,319)
Provision for Leave	(1,571)	(6,288)
Unrealised exchange (losses)/ gains	(20,673)	(120,360)
	-	-
	<u>6,286,559</u>	<u>(1,948,703)</u>

9. Property, plant and equipment

Group

	Plant and Equipment \$	Land and Buildings \$	Office Equipment \$	Motor Vehicles \$	Software \$	CWIP \$	Total \$
Cost							
Balance at 1 January 2021	94,690,884	21,591,641	378,822	240,145	149,509	-	117,051,001
Additions	107,229	52,187	10,570	20,889	4,416	446,970	642,261
Disposals	-	-	-	-	-	-	-
Balance at 31 December 2021	94,798,113	21,643,828	389,392	261,034	153,925	446,970	117,693,262
Balance at 1 January 2022	94,798,113	21,643,828	389,392	261,034	153,925	446,970	117,693,262
Additions	25,673	-	7,503	-	-	104,371	137,547
Disposals	-	(16,245)	-	-	(13)	-	(16,257)
Balance at 31 December 2022	94,823,786	21,627,583	396,895	261,034	153,913	551,341	117,814,551
Depreciation							
Balance at 1 January 2021	21,705,956	6,674,448	331,164	240,145	53,126	-	29,004,840
Depreciation charge for the year	3,838,815	1,332,255	17,205	2,611	30,794	-	5,221,679
Balance at 31 December 2021	25,544,771	8,006,703	348,369	242,756	83,920	-	34,226,519
Balance at 1 January 2022	25,544,771	8,006,703	348,369	242,756	83,920	-	34,226,519
Depreciation charge for the year	3,834,245	1,332,427	21,504	6,789	18,898	-	5,213,864
Balance at 31 December 2022	29,379,016	9,339,130	369,873	249,545	102,819	-	39,440,383
Net book value							
At 31 December 2021	69,253,342	13,637,125	41,023	18,278	70,005	446,970	83,466,742
At 31 December 2022	65,444,770	12,288,454	27,021	11,489	51,094	551,341	78,374,168

10. Investments

	Group 2022 \$	2021 \$	Company 2022 \$	2021 \$
Investment in Associates	-	370,640	1,546,506	1,646,508
Investment in Subsidiary	-	-	2,710	2,710
Total Investment	-	370,640	1,549,216	1,649,218

During the year, the Company converted the loans given to GL Africa Energy Limited, Kenya along with outstanding interest as on 30th September 2020 (aggregating to USD 104,456) into 82 redeemable preference shares each with a par value KSH 100.

The group holds a 49% interest in MSS Xsabo Power Limited, a company based in Uganda. This investment has been held at cost as at 31 December 2020. There has been no adjustment for the Group's share of the profits of this entity, due to uncertainties over the valuation of these.

Shares in
group
undertakings
\$

Cost

At beginning and end of year

2,710

The Company has the following investments in subsidiaries:

Company	Principal Place of Business	Registered Office Address	Nature of business	Class of shares held	Ownership 2022	Ownership 2021
G.L.E Lakes Energy Company Limited	Cyprus	Frangklinou Rousvelt 140B 3011, Limmasol, Cyprus	Holding Company	Equity Shares	100%	100%
Great Lakes Energy Company N.V*	Netherlands	Valkenburgerweg 67, 6419AP, Herleen	Holding Company	Equity Shares	100%	100%
Ndola Energy Company Limited*	Zambia	Plot No. 5362, Leopards Hill Road, OffKabulonga Roundabout, Lusaka, Zambia	Generation & supply of electricity	Equity Shares	100%	100%
GL Africa Energy Limited*	Kenya	L.R. NO. 209/3336 ManderRoad, Kileleshwa P.O. Box 1931 - 00100 Nairobi-Kenya	Generation & supply of electricity	Equity Shares	100%	100%
GL Bioenergy Limited*	Mauritius	Suite 308 St. James Court St. Denis Street, Port Louis, Mauritius	Generation & supply of electricity	Equity Shares	100%	100%
GL Energy Mozambique Limited* (w.e.f. 20 th April 2021)	Mauritius	Suite 308 St. James Court St. Denis Street, Port Louis, Mauritius	Investment in energy business projects	Equity Shares	100%	-
GL Energy Mocambique, S.A.* (w.e.f. 20 th April 2021)	Mozambique	Avenida Kenneth Kaunda, No. 660, Maputo, Mozambique	Generation & supply of electricity	Equity Shares	100%	-

*Shares are indirectly held.

11. Trade and other receivables

	Group 2022 \$	2021 \$	Company 2022 \$	2021 \$
Current trade and other receivables				
Trade receivables	249,015,783	232,606,790	400	400
Less: Provision as per IFRS 9	(12,707,691)	(10,043,204)	-	-
Trade receivables – HFO (note below)	154,469,795	154,469,795	-	-
Amount receivable from related parties	30,509,956	29,068,594	-	-
Prepayments and accrued income	398,751	364,999	-	-
Other receivables	1,715,021	1,543,214	837,948	771,277
Amount receivable from subsidiary undertakings	-	-	333,750	321,122
Total current trade and other receivables	423,401,615	408,010,188	1,172,098	1,092,799

Note: This is receivable from ZESCO for HFO used in the generation of electricity. As per the Fuel Supply Agreement between the Company and the Zambian Ministry of Energy ('MoE'), the Company is liable to pay for HFO only on recovery of this amount from ZESCO.

	Group 2022 \$	2021 \$	Company 2022 \$	2021 \$
Non-current trade and other receivables				
Other receivables	-	-	-	-
Amount receivable from subsidiary undertakings	-	-	10	41,173
Amount receivable from related parties	-	-	-	-
Total non-current trade and other receivables	-	-	10	41,173

	Group 2022 \$	2021 \$	Company 2022 \$	2021 \$
Total trade and other receivables	423,401,615	408,010,188	1,172,107	1,133,972

12. Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 16.

	2022 \$	2021 \$
Non-current liabilities		
Unsecured loans from related parties	77,136,884	83,260,114
Interest payable to related parties	26,108,607	20,072,913
	<u>103,245,491</u>	<u>103,333,027</u>
Current liabilities		
Unsecured loans from related parties	1,093,842	850,000
Interest Payable to related parties	379,863	319,315
Secured loans from other entities	-	-
	<u>1,473,705</u>	<u>1,169,315</u>

Loan Type	Currency	Interest Rate	Year of Maturity	Face Value (2022)	Carrying Amount (202)	Face Value (2021)	Carrying Amount (2021)
Unsecured	USD	7.375%	2024	77,136,884	77,136,884	83,260,114	83,260,114
Unsecured	USD	7.375%	2020	-	-	-	-
Unsecured	USD	0.000%	On Demand	50,000	50,000	50,000	50,000
Unsecured	USD	3.000%	2023	843,842	843,842	600,000	600,000
Unsecured	USD	15.000%	On Demand	200,000	200,000	200,000	200,000

13. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Current trade and other payables				
Trade payables	126,497,763	125,630,115	338,775	194,545
Other payables	45,246,275	37,173,749	-	-
Accruals	5,159,697	8,801,574	169,046	104,138
Payables to Subsidiary Undertakings	17,712	-	-	-
Total Current trade and other payables	<u>166,602,053</u>	<u>171,605,438</u>	<u>507,821</u>	<u>298,683</u>

As per the Fuel Supply Agreement between the Company and Ministry of Energy, the Company is liable to pay for HFO only when it has received payment for the same from ZESCO. As at the Balance Sheet Date the liability for HFO totals \$121,088,148 (2021: \$121,088,148)

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Non-current trade and other payables				
Payables to Subsidiary Undertakings	-	-	19,872,993	16,590,833
Total non-current trade and other payables	<u>-</u>	<u>-</u>	<u>19,872,993</u>	<u>16,590,833</u>

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Total trade and other payables	166,602,053	171,605,438	20,380,814	16,889,586

14. Provisions

Rehabilitation
cost
\$

Balance at 1 January 2022 and 31 December 2022

215,380

The Group's operating subsidiary, Ndola Energy Company Limited ("NECL"), is required at the end of the Power Purchase Agreement period to rehabilitate environmental disturbances caused by its operations. The restoration, rehabilitation and environmental provision represent the directors' best estimate of expenditure required to settle the obligation. NECL is expected to make contributions to the Environmental Protection Fund, controlled by the Department of Mines and Mineral Development, Zambia.

A valuation for the environmental restoration provision was performed in 2019 using the assumptions applied by an independent expert in calculating the provision for a similar plant. The Directors have formed an opinion that the provision has not materially changed.

The timing of decommissioning payments is expected to occur when the land rental agreement expires in 2027. The liability for restoration, rehabilitation and environmental obligations is undiscounted as the effect of discounting is considered immaterial to the financial statements.

15. Capital and reserves

Share capital and share premium

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
1,000,000 Ordinary shares of \$0.001 each	10,000	10,000	10,000	10,000
Share Premium	11,228,110	11,228,110	11,228,110	11,228,110
	<u>11,238,110</u>	<u>11,238,110</u>	<u>11,238,110</u>	<u>11,238,110</u>

16. Financial instruments

16(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The group has only one customer and has both a concentration risk and a credit risk. ZESCO Limited is a Company owned by the Republic of Zambia and given the power shortfall that exists in that country, the Board believe that the risk of default is low.

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was;

	2022 \$	2021 \$
Cash and cash equivalents	8,028,892	1,050,657
Other receivables	32,623,728	30,976,807
Trade receivables (net)	236,308,092	222,563,586
Trade receivables – HFO	154,469,795	154,469,795
Total	431,430,507	409,060,845

The concentration of credit risk for trade receivables at the balance sheet date by geographic region was:

	2022 \$	2021 \$
Zambia	391,351,113	377,568,642
UK	947,024	880,135
Kenya	240,777	180,195
Mauritius	222,182	205,075
Mozambique	54,143	45,075
Uganda	30,444,399	28,926,958
The Netherlands	141,977	204,108
Total	423,401,615	408,010,188

The concentration of credit risk for trade receivables at the balance sheet date by customers was:

	2022 \$	2021 \$
ZESCO Limited – electricity (net of impairment \$ 12,707,691 (2021: \$10,043,204) as per IFRS 9)	236,308,092	222,473,241
ZESCO Limited – HFO	154,469,795	154,469,795

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross 2022 \$	Impairment 2022 \$	Gross 2021 \$	Impairment 2021 \$
0-30 days	10,155,800	-	10,155,800	-
Past due (30-60 days)	5,077,900	-	5,077,900	-
Past due over (60 -90 days)	5,077,900	-	5,077,900	-
Past due over 90 days	383,113,578	(12,707,691)	366,674,640	(10,043,204)
Total	403,425,178	(12,707,691)	386,986,240	(10,043,204)

Amounts due from ZESCO are backed by the Government of the Republic of Zambia. Impairment or provision to the amount due has been made in compliance with IFRS 9 (Financial Instruments).

16 (b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure that sufficient resources and flexibility is maintained to allow the company and Group to meet its obligations without incurring unacceptable losses or risking damage to the Great Lakes name in the market place. The Group manages liquidity risk by maintaining adequate banking facilities and continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

		2022				
	Carrying amount \$	Contractual cash flows \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	5 years and over \$
Non-derivative financial liabilities						
Secured bank loans	-	-	-	-	-	-
Trade and other payables	166,602,053	166,602,053	166,602,053	-	-	-
Unsecured Loans from Related Parties	78,230,726	116,040,836	629,863	-	115,410,973	-

		2021				
	Carrying amount \$	Contractual cash flows \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	5 years and over \$
Non-derivative financial liabilities						
Secured bank loans	-	-	-	-	-	-
Trade and other payables	171,605,438	171,605,438	171,605,438	-	-	-
Unsecured Loans from Related Parties	84,110,114	122,958,607	599,862	-	122,358,744	-

Total interest accrued on unsecured loans from related parties as at the Balance Sheet date was \$26,488,470 (2021: \$20,392,228).

16 (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Market risk - Price risk

The group is exposed to fluctuations in global energy prices. Part of the group's contract with ZESCO Limited links the price the group is able to charge to the US PPI Index. The group has mitigated this exposure by ensuring that the majority of its income is linked to a capacity fee, charged at a price not linked to external markets.

Market risk - Foreign currency risk

The Group is exposed to currency risk on purchases and cash and cash equivalents denominated in a currency other than US dollar, primarily Euro and Zambian Kwacha ("ZMW"). The group mitigated this risk by holding bank accounts in Euro and ZMW as well as US dollars so that liabilities can be settled in the denomination in which they occur. The group has ensured that all sales and borrowings are denominated in US dollars. The group does not use any hedging strategies.

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

31 December 2022

	Sterling	Mozambique Metical	Euro	ZMW	Kenyan Shilling (KSH)	Total
	(In USD)	(In USD)	(In USD)	(In USD)	(In USD)	(In USD)
Cash and cash equivalents	55,911		46,047	9,020	7,303	118,281
Trade receivables	-		-	-	60,000	60,000
Trade payables	-	(221,299)	-	(123,268,509)	(17,866)	(123,507,674)
Net exposure	55,911	(221,299)	46,047	(123,259,489)	49,437	(123,329,393)

31 December 2021

	Sterling (In USD)	Euro (In USD)	ZMW (In USD)	KSH (In USD)	Total (In USD)
Cash and cash equivalents	9,481	79,647	230,436	1,280	320,844
Trade receivables	-	294,930	59,296	57,016	411,242
Trade payables	-	(993,462)	(126,419,548)	(5,772)	(127,418,782)
Net exposure	9,481	(618,885)	(126,129,816)	52,524	(126,686,696)

	Average rate 2022	2021	Year end spot rate 2022	2021
<i>Euro to USD</i>	1.0538	1.1828	1.0726	1.1329
<i>GBP to USD</i>	1.2369	1.3376	1.2098	1.3532
<i>ZMW to USD</i>	0.0591	0.0502	0.0553	0.0599
<i>KSH to USD</i>	0.0085	0.0091	0.0081	0.0088

Sensitivity analysis

A 10 percent strengthening of the USD against respective currencies at 31 December 2021 would have changed the profit for the period and the accumulated profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

Effect in USD

	2022 Profit/(loss)	2021 Profit/(loss)
10% on Net exposure to currency risks (EURO)	(4,605)	61,889
10% on Net exposure to currency risks (ZMW)	12,325,949	12,612,982
10% on Net exposure to currency risks (GBP)	(5,591)	(948)
10% on Net exposure to currency risks (MZN)	22,130	-
10% on Net exposure to currency risks (KSH)	(4,944)	(5,252)
Total	12,332,939	12,668,671

A 10 percent weakening of the USD against the above currencies at 31 December 2021 would have had the equal but opposite effect on the above currencies to the amounts shown.

Market risk – Interest rate risk

Profile

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was:

	2022	2021
	\$	\$
Fixed rate instruments		
Financial liabilities	78,180,726	84,060,114
Variable rate instruments		
Financial liabilities	-	-

Sensitivity analysis

An increase of 100 basis points in interest rates at the balance sheet date would have decreased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for 2021.

	2022	2021
	\$	\$
Profit or loss		
Increase	-	-
Decrease	-	-

Fair Value of Financial instruments

Fair value of a financial instrument is defined as the amount for which the instrument could be exchanged in a current transaction between willing parties, other than in a force or liquidation sale. Wherever applicable, further information about the assumptions made in determining the fair value is disclosed in the notes specific to the asset or liability.

Group	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	8,028,892	8,028,892	1,050,657	1,050,657
Trade and other receivables	423,401,615	423,401,615	408,010,188	408,010,188
Financial liabilities				
Trade and other payables	166,602,053	166,602,053	171,605,438	171,605,438
Loans and borrowings including interest accrued	104,719,196	104,719,196	104,502,342	104,502,342

Measurement of financial instruments

The Group holds certain financial instruments which are measured in the balance sheet at fair value. The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

In the current and previous year, all financial instruments held by the Group are level 3.

17. Operating leases

The Group has taken land and office space under operating leases for its operations. The land has been taken on lease for a period of 16 years with an option to increase the term for a further 5 years. The monthly lease payment for the land is \$5,000.

Non-cancellable operating lease rentals are payable as follows:

	2022 \$	2021 \$
Less than one year	60,000	114,000
Between one and five years	240,000	330,180
More than five years	<u>255,000</u>	<u>315,000</u>
Total	<u>555,000</u>	<u>759,180</u>

18. Contingencies

A contingent liability has been recognised as a result of a guarantee of \$485,888 to third parties with ECO Bank, Zambia (2021: \$477,507).

19. Related parties

The following loans were owed to companies under the common control of H Kariuki, the ultimate controlling party of the Group, by the company and its subsidiaries:

Year ended 31 December 2022

	Loan Payable \$	Interest Payable \$	Interest Charged for the Year \$
Dalbit International Limited	77,136,884	26,149,100	6,076,187
Dalbit Petroleum Limited	200,000	339,370	30,000
JCG Holdings Limited	843,842	-	23,897
Sonia Finance Limited	50,000	-	-
Concordia Energy Group Limited	-	-	-
	<u>78,230,726</u>	<u>26,488,470</u>	<u>6,130,084</u>

Year ended 31 December 2021

	Loan Payable \$	Interest Payable \$	Interest Charged for the Year \$
Dalbit International Limited	83,260,114	20,072,913	6,177,889
Dalbit Petroleum Limited	200,000	309,370	30,000
JCG Holdings Limited	600,000	9,945	9,978
Sonia Finance Limited	50,000	-	-
Concordia Energy Group Limited	-	-	-
	<u>84,110,114</u>	<u>20,392,228</u>	<u>6,217,867</u>

The loans payable to Dalbit International Limited for \$78,230,726 are due in December 2024. All loans attract interest at 7.375% p.a. All other loans are repayable on demand and attract interest at 15%, except Sonia Finance Limited, which is interest free.

The following loans were owed by associates of the company:

Year ended 31 December 2022

	Loan Payable \$	Interest Payable \$	Interest Charged for the Year \$
MSS Xsabo Power Limited	24,081,000	5,989,014	1,380,030
GEG ehf	<u>540,000</u>	<u>20,174</u>	<u>50,657</u>

Year ended 31 December 2021

	Loan Payable \$	Interest Payable \$	Interest Charged for the Year \$
MSS Xsabo Power Limited	24,081,000	4,608,983	1,149,374
GEG ehf	<u>540,000</u>	<u>20,174</u>	<u>20,174</u>

Key Management Personnel

During the year 2021, the Group paid \$ 616,475 (2021: \$557,096) to the directors of various entities in the Group. These directors represent the key management personnel of the Group.

The Company and the Group also had the following amounts owed to entities under common control of H Kariuki, the ultimate controlling party of the Group:

	2022 \$	2021 \$
Belgravia Services Zambia Limited	1,161	629
Janus Continental Group	318,510	184,483
Bongo Expeditions	44,523	-

These balances are repayable on demand and no interest has been charged.

During the year the Company and Group paid Bongo Travel Expeditions, a company under common control, \$461,138 (2021: \$964,957) for travel services provided.

Management fees totalling \$7,123,770 (2021: \$5,939,828) were paid to Janus Continental Group during the year for management services provided to the Group.

20. Critical accounting judgements and key sources of estimation uncertainty

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy to be followed could materially affect the reported amounts of revenues, expenses, assets and liabilities of the group should it later be determined that a different choice would be more appropriate. In addition, in preparing the consolidated accounts in conformity with IFRS, the Company is required to make estimates and assumptions that impact on the reported amounts of revenues, assets and liabilities of the Group. Actual results may differ from these estimates. These are discussed below. These critical accounting judgements and key sources of estimation uncertainty should be read in conjunction with the full statement of accounting policies in note 1.

Revenue

The nature of the energy industry in Zambia in which the Group operates is such that the Group's revenue recognition is not subject to any degree of estimation. The assessment of energy sales to ZESCO, which is the only customer of the Group, is based on meter readings, which are carried out at the end of every month at rates defined in the PPA. Revenue from the sale of energy to ZESCO Limited is based on the value of the units supplied between meter readings. At the end of each month, amounts of energy delivered since the last billing date are calculated and recorded in revenue.

Impairment of Trade Receivables

The Group estimates its provision for impairment taking into account future cash flows, based on prior experience, ageing analysis and an assessment of the current economic environment within which the Group operates. Such estimates involve a significant degree of judgement. The provision for impairment of trade receivables at 31 December 2022 amounted to \$12,707,691 (2021: \$10,043,204) and trade and other receivables (net of the provision for impairment) amounted to \$ 403,425,178 (2021: \$386,986,240).

Impairment of property, plant and equipment

In certain circumstances property, plant and equipment is required to be reviewed for impairment. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of the expected future cash flows of the relevant Cash Generating Unit ("CGU"), or disposal value if higher. The discount rate applied is based on the Group's weighted average cost of capital with appropriate adjustments for the risks associated with the CGU. Estimates of cash flows involve a significant degree of judgement and are consistent with management's plans and forecasts. At 31 December 2022, the carrying value of property, plant and equipment amounted to \$ 78,374,168 (2021: \$83,466,742).

21. Ultimate parent company and parent company of larger group

The group's ultimate controlling party is H Kariuki.

Until 24 December 2019, the Group had no parent company. From that date the immediate and ultimate parent company was JCG Holdings Ltd, with registered office Suite 308, St James Court, St Denis Street, Port Louis, Mauritius.

The largest and smallest group undertaking for which consolidated financial statements are produced is JCG Holdings Ltd and a copy of these can be obtained from JCG Holdings Ltd, Suite 308, St James Court, St Denis Street, Port Louis, Mauritius).