

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

100001 / 20

☒ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law.

☒ What this form is NOT for
You cannot use this form to
an alteration of manner of
with accounting requirements



A06 *A8DWCVB* #92
13/09/2019
COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ①
Globeleq Africa Holdings Limited

UK establishment number
B R 0 2 0 2 7 3

→ Filling in this form
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other
information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ②
Companies (Guernsey) Law, 2008

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts
Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?
Please tick the appropriate box.
☒ No. Go to Section A3.
☐ Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.

Name of organisation
or body ③

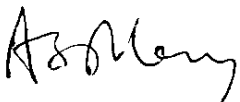
③ Please insert the name of the
appropriate accounting organisation
or body.

A3 Accounts

Accounts
Have the accounts been audited? Please tick the appropriate box.
☐ No. Go to Section A5.
☒ Yes. Go to Section A4.

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts		
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. <input checked="" type="checkbox"/> No. Go to Part 3 'Signature' . <input type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature' .	1 Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body 1		
A5 Unaudited accounts		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. <input type="checkbox"/> No. <input type="checkbox"/> Yes.	
Part 3 Signature		
Signature	I am signing this form on behalf of the overseas company.	
	Signature X  X	
	This form may be signed by: Director , Secretary, Permanent representative.	

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Company Secretary**

Company name **Globeleq Africa Holdings Limited**

Address **6th Floor,**

67 Lombard Street,

Post town

County/Region **London,**

Postcode **E C 3 V 9 L J**

Country **UK**

DX

Telephone **0203 823 5589**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

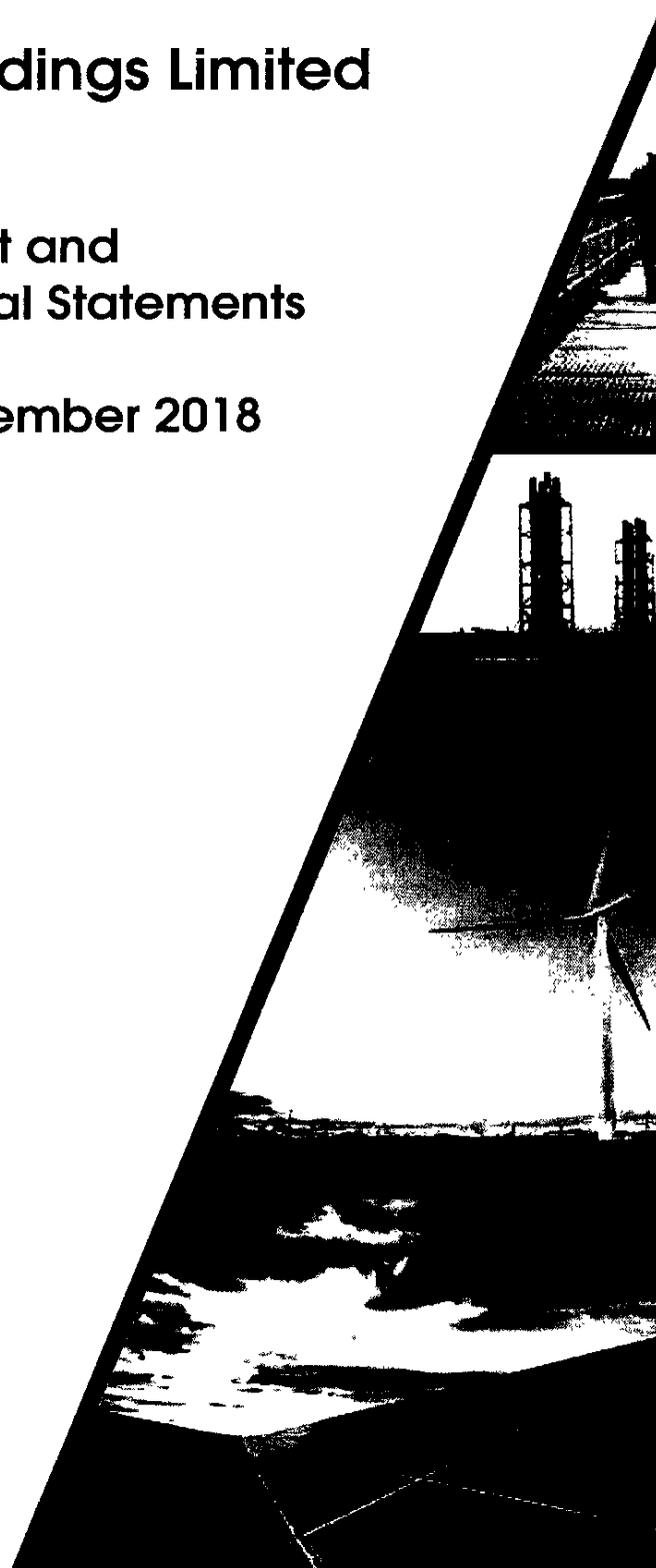


Globeleq Africa Holdings Limited

Annual Report and Consolidated Financial Statements

Year Ended 31 December 2018

FC035192



**Globeleq Africa Holdings Limited Annual Report and
Consolidated Financial Statements 2018**

Registered No. 55574

Current Directors

Paul Hanrahan
Stephen Ramsay
Michael Scholey

Chief Executive Officer
Executive Director
Executive Director

Secretary

Stephen Ramsay

Auditors

Ernst & Young LLP
1 More London Place
London
United Kingdom
SE1 2AF

Principal Place of Business

6th Floor,
67 Lombard Street,
London,
EC3V 9LJ

Registered Office

Second Floor,
Regency Court,
Glatigny Esplanade,
St Peter Port,
Guernsey
GY1 1WW

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

Directors' Report

The directors present their report together with the financial statements for the year ended 31 December 2018.

Globeleq Africa Holdings Limited (the 'Company') is the parent company of a group that develops, builds and operates power generation businesses in Africa. The Company is owned by Globeleq Limited which in turn is owned 70% by the United Kingdom's development finance institution CDC Group plc ('CDC') and 30% by the Norwegian Investment Fund for Developing Countries ('Norfund').

The financial statements of Globeleq Africa Holdings Limited and its subsidiaries (collectively, 'the Group' or 'Globeleq') for the year ended 31 December 2018 were authorised for issue by the board of directors on 30 April 2019. The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the interpretations issued by the International Accounting Standards Board ('IASB'). The consolidated financial statements are in agreement with the accounting records, which have been properly kept in accordance with relevant law.

The Group consolidated financial statements are presented in US Dollars ("US\$"). The Group's consolidated profit including non-controlling interests for the year, after taxation, was \$73.5m (2017: \$104.6m). The Group operates a portfolio of power companies across Africa and all businesses in the group performed well during the year. The Group plans to expand its operations in Africa and has an extensive pipeline of development opportunities to build, own and operate additional power companies.

The directors neither declared nor paid a dividend for the years ended 31 December 2018 and 31 December 2017.

The principal subsidiaries in the Group are listed in note 27.

Incorporation

The Company was incorporated on 30 August 2012 and is registered in Guernsey. The tax residency but not the country of incorporation of the company was changed to the UK on 1 January 2018. This was achieved by moving the effective management and control of the business to the UK by appointing UK resident directors and company secretary and transferring responsibility for the day to day administration of the Company to the Group's London based staff.

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

Principal activities of the Group

The Group is focused on the development, construction and operation of power generation businesses that support economic growth in Africa. With a wealth of experience across its businesses the Group has successfully demonstrated that the provision of safe, clean and reliable power in Africa can be commercially viable while improving the lives of the people in the countries it serves. All Globeleq power facilities are operated to ensure a high standard of health and safety, environmental performance and compliance with local and international laws and regulations.

A summary of key operating businesses is included in the table below;

Power Generation Facility	Country	Fuel	MW	Ownership
Songas	Tanzania	Gas	190	54.1%
Tsavo Power	Kenya	Oil	75	30.0%
Azito Energie	Côte d'Ivoire	Gas	430	76.9%
Droogfontein	South Africa	Solar	50	56.8%
De Aar	South Africa	Solar	50	56.8%
Jeffreys Bay	South Africa	Wind	138	59.0%
Kribi Power	Cameroon	Gas	216	56.0%
Dibamba Power	Cameroon	Oil	88	56.0%

In addition the Group, through its employees, is pursuing further growth in its portfolio. With the continued strong performance of its existing businesses, supportive shareholders and a growing development pipeline, the Group expects to expand further over the next few years.

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and generally accepted accounting principles.

Guernsey Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The directors of the Company consider that it has adequate financial resources such that the Company and the Group is in the position to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements of the Group.

The directors of the Company have satisfied themselves that it is in a sound financial position, taking into account forecast cash flows and access to all means of liquidity. It can therefore be considered that the Company and the Group have access to sufficient financial resources to meet their liabilities as they fall due and it can be reasonably expected that those financial resources will be made available to the Company and the Group in order to meet the foreseeable cash requirements.

Directors and their interests

The current directors are listed on page 2. The changes in directors during the year and to the date of approval of the financial statements are as follows;

	Appointed	Resigned
Paul Hanrahan	08 Jan 2018	
Michael Parsons	29 Dec 2017	28 March 2018
Paul Hodgson	03 Sep 2015	01 Jan 2018
Lindsay Ozanne*	03 Sep 2015	01 Jan 2018
Havre Management Services Ltd	03 Sep 2015	01 Jan 2018
Butterfield Management Services	03 Sep 2015	08 Jan 2018

* As alternative to Paul Hodgson

So far as each of the directors is aware, and in accordance with section 249 (2) of the Companies (Guernsey) Law, 2008, there is no relevant audit information of which the Company's auditor is unaware, and each has taken all the steps he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

The directors passed a resolution to reappoint Ernst & Young LLP as auditors during the period.

On behalf of the board of directors



Paul Hanrahan
Chief Executive Officer

30 April 2019

Independent auditor's report to the members of Globeleq Africa Holdings Limited

Opinion

We have audited the financial statements of Globeleq Africa Holdings Limited (the "group") for the year ended 31 December 2018 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, and the Consolidated Statement of Cash Flows and the related notes 1 to 30, 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and

have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

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 Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Independent auditor's report to the members of Globeleq Africa Holdings Limited
(Continued)**

Other information

The other information comprises the information included in the annual report, other than 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, except to the extent otherwise explicitly stated in this report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company; or
- the financial statements are not in agreement with the company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group'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 the directors either intend to liquidate the or to cease operations, or have no realistic alternative but to do so.

**Independent auditor's report to the members of Globeleq Africa Holdings Limited
(Continued)**

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing ("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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. 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.

Ernst & Young LLP

Ernst & Young LLP
London, United Kingdom

2 May 2019

Notes:

1. The maintenance and integrity of the Globeleq web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

Consolidated Income Statement

For the year ended 31 December

	Notes	2018 \$000	2017 \$000
Operating revenue	3a	472,573	451,951
Other income	3b	5,907	2,935
Total revenue		478,480	454,886
Operating and maintenance expenditure		(154,100)	(162,862)
Administrative expenditure	4a	(45,369)	(28,433)
Other gains/(losses)	4b	(34,238)	225
Depreciation and amortisation	5	(58,620)	(61,079)
Share of profit in associated undertakings	10	2,844	2,839
Operating profit before interest and income tax		188,997	205,576
Finance income	6	18,813	17,258
Finance expense	6	(87,569)	(71,166)
Profit before income tax		120,241	151,668
Income tax expense	7	(46,760)	(47,027)
Profit from continuing operations		73,481	104,641
Attributable to:			
Equity holder of the parent		24,985	55,030
Non-controlling interests	28	48,496	49,611
Profit for the year from all activities		73,481	104,641

Consolidated Statement of Comprehensive Income

For the year ended 31 December

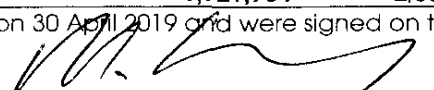
	2018 \$000	2017 \$000
Net profit for the year	73,481	104,641
<i>Other comprehensive income to be reclassified to the income statement in subsequent periods:</i>		
Exchange differences on translating foreign operations	(18,969)	31,812
Gain on hedging instruments	5,422	(1,481)
Total recognised income and expense for the year (net of tax)	59,934	134,972
Attributable to:		
Equity holder of the parent	19,820	68,769
Non-controlling interests	40,114	66,203

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

Consolidated Balance Sheet		2018	2017
As at 31 December		\$000	\$000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	8	407,497	477,182
Other intangible assets	9	230,232	258,242
Investments in associates	10	5,719	5,733
Finance lease receivable	11	46,681	48,546
Deferred tax asset	21	39,325	28,797
Trade and other receivables	12	532,520	652,828
Derivative financial instruments	23	2,509	16
		1,264,483	1,471,344
Current assets			
Inventories	13	37,890	42,908
Loans receivable		-	6,475
Trade and other receivables	12	337,382	310,930
Derivative financial instruments	23	139	-
Finance lease receivable	11	384	310
Cash and cash equivalents	14	281,686	237,477
		657,481	598,100
TOTAL ASSETS		1,921,964	2,069,444
EQUITY AND LIABILITIES			
Attributable to the equity holder of the parent			
Share capital	17	49,909	49,909
Hedge reserve		548	(3,406)
Currency translation reserve		(52,775)	(43,656)
Contributed capital on interest free loans		90,727	90,727
Retained earnings		257,388	245,219
		345,797	338,793
Non-controlling interests	28	213,937	233,294
Total equity		559,734	572,087
Non-current liabilities			
Deferred income	18	25,303	30,826
Interest bearing loans and borrowings	19	555,464	668,368
Obligations under finance leases	20	20,333	21,957
Provisions	24	62,962	77,339
Shareholder loans	29	59,007	54,874
Derivative financial instruments	23	-	1,179
Deferred tax liabilities	21	152,213	158,634
		875,282	1,013,177
Current liabilities			
Trade and other payables	22	179,605	199,082
Deferred income	18	5,523	5,675
Current tax liabilities		20,454	22,750
Interest bearing loans and borrowings	19	197,615	207,162
Obligations under finance leases	20	949	920
Provisions	24	81,220	43,947
Derivative financial instruments	23	1,582	4,644
		486,948	484,180
Total liabilities		1,362,230	1,497,357
TOTAL EQUITY AND LIABILITIES		1,921,964	2,069,444

The accounts were approved by members of the Board on 30 April 2019 and were signed on their behalf by:


Paul Hanrahan, Chief Executive Officer


Michael Scholey, Executive Director

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

Consolidated Statement of Changes in Equity

	Share capital	Currency translation reserve	Hedge reserve	Contributed capital on interest free loans	Retained earnings	Total Shareholders' equity	Non-controlling interests	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 January 2018	49,909	(43,656)	(3,406)	90,727	245,219	338,793	233,294	572,087
Opening impact of IFRS 9	-	-	-	-	(13,011)	(13,011)	(6,295)	(19,306)
Dividends paid from subsidiary	-	-	-	-	-	-	(53,176)	(53,176)
Equity reserve for Diamond Wind acquisition payment	-	-	-	-	195	195	-	195
Hedge reserve	-	-	3,954	-	-	3,954	1,468	5,422
Exchange differences on translating foreign operations	-	(9,119)	-	-	-	(9,119)	(9,850)	(18,969)
Net income recognised directly in equity	-	(9,119)	3,954	-	(12,816)	(17,981)	(67,853)	(85,834)
Profit for the year	-	-	-	-	24,985	24,985	48,496	73,481
Total movement for the year	-	(9,119)	3,954	-	12,169	7,004	(19,357)	(12,353)
At 31 December 2018	49,909	(52,775)	548	90,727	257,388	345,797	213,937	559,734

**Globeleq Africa Holdings Limited Annual Report and
Consolidated Financial Statements 2018**

Consolidated Statement of Changes in Equity (continued)

	Share capital	Currency translation reserve	Hedge reserve	Contributed capital on interest free loans	Retained earnings	Total Share- holders' equity	Non- controlling interests	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 January 2017	49,909	(57,913)	(2,888)	90,727	213,914	293,749	215,919	509,668
Dividends paid from subsidiary	-	-	-	-	-	-	(41,433)	(41,433)
Acquisition of Subsidiary (Malindi)	-	-	-	-	-	-	549	549
Decrease in ownership of Globeleq South Africa Management Services	-	-	-	-	426	426	193	619
Increase in ownership of De Aar, Droogfontein and Jeffreys Bay	-	-	-	-	(24,112)	(24,112)	(8,146)	(32,258)
Equity reserve for Diamond Wind acquisition payment	-	-	-	-	(39)	(39)	9	(30)
Hedge reserve	-	-	(518)	-	-	(518)	(963)	(1,481)
Exchange differences on translating foreign operations	-	14,257	-	-	-	14,257	17,555	31,812
Net income recognised directly in equity	-	14,257	(518)	-	(23,725)	(9,986)	(32,236)	(42,222)
Profit for the year	-	-	-	-	55,030	55,030	49,611	104,641
Total movement for the year	-	14,257	(518)	-	31,305	45,044	17,375	62,419
At 31 December 2017	49,909	(43,656)	(3,406)	90,727	245,219	338,793	233,294	572,087

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

Consolidated Statement of Cash Flows

For the year ended 31 December

	Notes	2018 \$000	2017 \$000
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		120,241	151,668
<i>Non cash adjustments to reconcile profit before tax to net operating cash flows:</i>			
Depreciation and amortisation	5	58,620	61,079
Gain on disposal of property, plant and equipment	4b	(438)	(225)
Loss on write off of inventories	4b	3,219	-
Loss on write off of receivables	4b	31,457	-
Share of profit in associated undertakings	10	(2,844)	(2,839)
Change in fair value of derivatives	6	(407)	407
IFRIC 12 non-cash movements		13,533	15,171
Interest income	6	(18,406)	(17,258)
Imputed interest on shareholder loans	6	4,825	4,709
Finance expense	6	74,629	75,593
Deferred income	18	(5,675)	(5,815)
Net foreign exchange differences	6	8,115	(9,543)
Net movement in provisions		20,552	35,317
Cashflow from operations before changes in working capital		307,421	308,264
Decrease / (increase) in trade and other receivables		6,019	(69,782)
Decrease in inventories		609	171
(Decrease) / increase in trade and other payables		(10,303)	10,336
Cashflow from operations before tax paid		303,746	248,989
Tax paid		(46,121)	(41,355)
Cashflows from operating activities after tax paid		257,625	207,634
CASHFLOWS FROM INVESTING ACTIVITIES			
Investment in property, plant and equipment	8	(19,792)	(14,853)
Investment in finite life intangible assets		(3,598)	(759)
Investments in subsidiaries net of cash and cash equivalents acquired		(2,426)	(28,418)
Proceeds from disposal of property, plant and equipment		671	575
Interest received		18,046	17,258
Dividends received from associates	10	2,858	2,510
Cashflows from investing activities		(4,241)	(23,687)
CASHFLOWS FROM FINANCING ACTIVITIES			
Loans issued to third parties		(1,211)	(3,632)
Non-recourse interest paid and other finance charges		(65,266)	(66,359)
Repayment of loans and borrowings		(78,248)	(75,973)
Repayment of shareholder loans		(692)	-
Dividends paid to non-controlling interests	28	(53,176)	(40,533)
Cashflows from financing activities		(198,593)	(186,497)
Net increase / (decrease) in cash and cash equivalents		54,791	(2,550)

Globeleq Africa Holdings Limited Annual Report and
Consolidated Financial Statements 2018

Consolidated Statement of Cash Flows (*continued*)

Net increase / (decrease) in cash and cash equivalents		54,791	(2,550)
Cash and cash equivalents as at 1 January	14	237,477	224,673
Effect of exchange rate changes on cash		(10,582)	15,354
Cash and cash equivalents as at 31 December	14	281,686	237,477

NOTES TO THE ACCOUNTS

1 CORPORATE INFORMATION

The consolidated financial statements of the Company and its subsidiaries, together the Group, for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 30 April 2019.

The Company is a limited company incorporated in Guernsey. The tax residency but not the country of incorporation was changed to the UK on 1 January 2018. All issued ordinary shares of the Company are held by Globeleq Limited.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') and its interpretations issued by the International Accounting Standards Board ('IASB'). The consolidated financial statements have been prepared on a historical cost basis, except for items measured at fair value. The consolidated financial statements have also been prepared in accordance with the Companies (Guernsey) Law, 2008, and give a true and fair view.

Going Concern Assumption

The Group's financial statements have been prepared using the going concern assumption. The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Further details on the liquidity of the Group are discussed within the notes to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards and its interpretations as issued by the IASB, IFRIC Interpretations and the Companies (Guernsey) Law, 2008.

Measurement Base

The consolidated financial statements have been prepared under the historical cost convention, as modified by the valuation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Functional and Presentational Currency

The consolidated financial statements are presented in US Dollars ('\$') which is the Company's functional currency. All financial information presented in \$ has been rounded to the nearest thousand dollars unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Judgement Used In Applying Accounting Policies and Sources of Estimation Uncertainty

The preparation of financial statements under IFRS requires management to make judgements, estimates and apply assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The key assumptions concerning the future and other key sources of estimation uncertainty at each balance sheet date that could have a significant risk of causing a material adjustment include intangible assets, financial assets, provisions and deferred tax assets. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised. In particular, information about the significant areas of estimation uncertainty and critical judgements in applying accounting policies that have had a significant effect on the amounts recognised in the financial statements are described below.

Critical judgements made in applying the entity's accounting policies:

(a) Revenue recognition

The timing of customer payments for services does not always coincide with the timing of delivery of services. Billing of customers may be based on estimated usage and differences to actual usage are adjusted for in subsequent periods. Judgement is therefore required in deciding when revenue is to be recognised.

(b) Substance of leasing contracts

Accounting for lease contracts requires management to assess the substance of the contract over its legal form. This includes judgement around whether on balance substantially all the significant risks and rewards of ownership of leased assets reside with the Group or another entity in order to determine whether those assets meet the recognition criteria specified in the Group's accounting policies for finance leases.

(c) Accounting for property, plant and equipment and intangible assets

On initial recognition of items of property, plant, equipment and finite life intangible assets, judgements must be made about whether costs incurred relate to bringing an asset to working condition for its intended use, and therefore are appropriate for capitalisation as part of the cost of the asset, or whether they should be expensed as incurred. Thereafter, judgement is required to assess whether subsequent expenditure increases the future economic benefits to be obtained from that asset and is therefore also appropriate for capitalisation or whether such expenditure should be treated as maintenance and expensed.

(d) Accounting for business combinations

Accounting for business combinations requires management to determine the fair value of the assets and liabilities acquired. Where observable markets for these assets and liabilities are not available, their fair value is determined using discounted cashflows. Judgement is required to determine the projected future cashflows of the assets and liabilities acquired and the appropriate discount rate to be included in these calculations. Part of this judgement requires considering whether acquisitions are of a business or a group asset, see note 15 for more details.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Critical accounting estimates and assumptions:

When making accounting estimates the outcomes in the next financial period may be different to the assumptions made. It is therefore impracticable to predict the impact but it could result in a material adjustment to the carrying amount.

(a) Accrual accounting

Management must make judgements when making estimates of accrued revenue and expenditure which relate to past transactions occurring within the current financial year but for which the actual revenue or expenditure is not known at the time the financial statements are prepared. Management assess the available information relating to the period, and examine past trends and other external evidence to reach an estimate of the amount to accrue. Actual results may differ from these estimates. Accruals by nature are subject to continually changing assumptions and those assumptions are only valid for a short period of time.

(b) Provision for doubtful debts

The provision for doubtful debts takes into account known commercial factors impacting specific debtor balances. In assessing the provision required, micro and macro-economic factors are taken into account. Given the material trade receivable balances at the year-end date, management also consider the repayment profile and related discounting required for each receivable balance.

Under IFRS 9, up-front impairments of financial assets classified as measured at amortized cost are recognized on an expected loss basis which incorporates forward-looking information when assessing credit risk. Movements in the expected loss reserve are recognized in the Consolidated Income Statement.

(c) Accounting for property, plant and equipment and intangible assets

The determination of the appropriate useful life for a particular asset requires management to make judgements about, among other factors, the expected period of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the Group ceasing to use the asset in its business operations. Management reassesses the appropriateness of useful lives applied to property, plant and equipment at least annually and also considers whether any indicators of impairment have occurred which might require impairment testing.

(d) Provisions and contingencies

Preparation of the financial statements requires management to make estimates in order to provide for potential liabilities. This involves making judgements about the likelihood of an amount becoming payable, estimation of the quantum of the potential obligations based on available information and estimating when such obligations are likely to be settled. Where a variety of possible outcomes exist, management must apply judgement in assessing the probability that any given outcome may occur.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December each year. The financial statements of Group entities included in the consolidated financial statements are prepared for the same reporting year as the parent company. Consistent accounting policies are applied, with adjustments being made to bring into line any dissimilar accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(a) Subsidiaries

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(b) Transactions with non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable, directly and indirectly, to the parent company. These transactions are presented separately within equity in the Consolidated Balance Sheet, and separately from equity attributable to owners of the parent. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of associates post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains and losses arising in investments in associates are recognised in the Consolidated Income Statement.

(d) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of consideration transferred, measured at acquisition fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative costs.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 in profit or loss.

Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in the income statement.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when it is probable that the economic benefits will flow to the Group, the revenue can be reliably measured and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of goods - power generation

The Group generates and sells electricity to its customers. Revenue from the sale of the energy, including any transportation revenue, is recognised in the period when the energy is delivered to its customers. The revenues from the generation business are recorded based upon output delivered and capacity provided at rates as specified under contract terms.

(b) Construction

Construction revenue is recognised during the period of construction in accordance with IFRS 15 when there is a long term legally enforceable contract and it is possible to reliably estimate revenues, costs and the percentage of the project completed.

(c) Deferred income

Deferred income represents prepayments received for future capacity charges. It is released over the life of the applicable Power Purchase Agreement ('PPA').

(d) Interest income

Interest income is recognised in finance income and is recognised on a time-proportion basis using the effective interest method.

(e) Insurance income

Insurance income resulting from an insurable event is recognised at the fair value of the consideration received or expected to be received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Income and Expenses

Finance income comprises interest income on funds invested.

Finance expenses comprise of interest expense on borrowings, net foreign currency gains and losses, changes in the value of financial assets held at fair value through profit and loss, impairment losses recognised on financial assets (except for trade and other receivables) and net gains and losses on hedging instruments or elements of hedging instruments that have not been designated for hedge accounting. Borrowing costs other than those capitalised to qualifying property, plant and equipment are recognised in the income statement using the effective interest rate method. No borrowing costs have been capitalised during the year ended 31 December 2018.

Income tax

Income tax expense for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised in equity.

Income tax assets and liabilities are the expected tax payable or receivable on the taxable income for the year based on tax rates and laws that are enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable or receivable in respect of previous years.

Income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

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, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in \$, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the underlying reporting entity using the exchange rate prevailing at the dates of the transactions or valuation measurement. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents are presented in the income statement as finance income or expense. All other foreign exchange gains and losses are presented in the income statement as other losses or gains.

(c) Subsidiaries

The results and financial position of all subsidiaries (none of which operate in a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate applicable on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component in equity.

When a foreign operation is disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Property, Plant and Equipment

Property, plant and equipment is comprised of tangible assets expected to be used during more than one financial period by the Group. Property includes land and buildings which comprise mainly power station structures and related offices. Plant and equipment includes major plant items, critical spares, vehicles, IT equipment, and fixtures and fittings.

The initial cost of purchased property, plant and equipment is the value of the consideration given to acquire the item and the value of other directly attributable costs, which have been incurred in bringing the property, plant and equipment to the location and condition necessary for the intended use.

The initial cost of self-constructed property, plant and equipment includes the cost of all materials used in construction, direct labour on the project, financing costs that are attributable to the project, costs of ultimately dismantling and removing the items and restoring the site on which they are located (where an obligation exists to do so) and an appropriate proportion of the other directly attributable overheads incurred in bringing the items to working condition for the intended use. Financing costs that would have been avoided if the expenditure on the qualifying asset had not been made are capitalised while construction activities are in progress. Costs cease to be capitalised as soon as the property, plant and equipment is ready for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major maintenance or overhaul items are capitalised and depreciated over the expected useful lives. The carrying amount of the replaced part is derecognised. Routine repairs and maintenance are charged to the income statement in the period in which they are incurred.

Land is shown at historical cost and all other buildings, property, plant and equipment are shown at historical cost less accumulated depreciation and where applicable accumulated impairment losses. Historical cost includes expenditure directly attributable to the acquisition of these items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The cost of improvements to leasehold property are capitalised and depreciated over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

Property, plant and equipment in use by the Group is depreciated on a straight-line basis to allocate the difference between the cost and estimated residual value over the estimated useful lives of those assets, with the following exceptions:

- freehold land and assets under construction are not depreciated; and
- gas turbines at Songas, which are depreciated according to gas fired hours.

Depreciation starts when an asset is available for use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The following useful lives apply (shown on an average basis) across the Group:

Buildings	up to 20 years
Plant and equipment:	
Power generating assets	up to 20 years (life of project), or running hours (for gas turbines) up to 4 years
Other plant and equipment	up to 10 years
Major overhaul parts in power plants	up to 7 years

Residual values and useful life of assets are reviewed and adjusted if appropriate at each balance sheet date.

The carrying amount of property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset are recognised in the period of de-recognition. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in other gains and losses in the income statement.

Project Development Assets

Project related costs are capitalised as an asset if they satisfy relevant criteria. In general the two criteria which must be met are (i) the project for which the expenditures have been made is in a very advanced stage of development and/or construction as of the financial reporting date; and (ii) the expenditures are directly attributable to the project.

Costs incurred in and directly attributable to the development of greenfield projects controlled by the Group are initially expensed until Board project approval and funding is in place generally at "Financial Close". From this date to commercial operations date certain expenses are capitalised as work in progress. At commercial operations date such capitalised costs are reclassified from work in progress to plant and machinery. These assets are carried at the amount initially recognised less any accumulated depreciation. Depreciation is calculated using the straight-line method over the useful life, which does not exceed the life of the PPA or applicable contractual terms governing each project.

Costs that are directly attributable include project development employee costs and an appropriate portion of relevant overheads. Expenditures that do not meet the criteria for recognition are recognised as an expense as incurred, including those associated with conducting initial research. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. No borrowing costs have been capitalised during the year ended 31 December 2018.

Leased Assets

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

(a) Finance Leases

Property, plant and equipment under finance leases, where the Group as the lessee assumes substantially all the risks and rewards of ownership, are recognised as non-current assets in the balance sheet. Leased property, plant and equipment are recognised initially at the lower of the present value of the minimum lease payments or fair value at the inception of the lease term. A corresponding liability is established and each lease payment apportioned between the reduction of the outstanding liability and income statement as finance expense so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased property, plant and equipment are depreciated over the shorter of the lease term and the useful life.

Property, plant and equipment under finance leases, where the Group as the lessor retains legal title but passes substantially all the risks and rewards of ownership to the lessee in return for a stream of rentals, is recognised as a receivable at an amount equal to the net investment in the lease at inception of the lease term. The net investment in the lease is determined as the present value of the aggregate of minimum lease payments receivable by the Group and any guaranteed and unguaranteed residual value to which the lessor is entitled. Lease payments received from the lessee are treated as repayments of principal and finance income.

(b) Operating Leases

Operating leases exist where substantially all the risks and benefits of ownership of the leased property, plant and equipment is retained by the lessor.

Payments made under operating leases are recognised as expense in the income statement on a straight-line basis of the lease term. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. Property, plant and equipment used by the Group under operating leases are not recognised in the balance sheet.

Receipts from operating leases are recognised as revenue in the income statement on a straight-line basis over the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

From 1 January 2019, IFRS 16 will push most of the operating leases where the Group is a lessee onto the balance sheet, creating a right to use asset and liability. Please refer to the notes about new and amended standards.

Intangible assets

(a) Acquired as part of a business combination

Intangible assets acquired as part of a business combination are recognised outside of goodwill if the assets are separable or arise from contractual or other legal rights and fair value can be measured reliably. Following initial recognition, intangible assets are carried at the amount initially recognised less any accumulated amortisation for finite life intangibles and any accumulated impairment losses. Amortisation is calculated using the straight-line method over the useful life, which does not exceed the life of the PPA or applicable contractual arrangements governing each project.

(b) Software

Computer software that is not integral to the functionality of the related hardware is recognised as an intangible asset on the balance sheet. Software assets which are integral to the operation of the related hardware are classified as computer equipment within property, plant and equipment.

The initial cost of purchased software is the value of the consideration given to acquire the item and of other directly attributable costs incurred in bringing the software to working condition necessary for the intended use. Other directly attributable costs include those incurred in the design and testing of identifiable and unique software products controlled by the Group, related employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet the criteria for recognition are recognised as an expense as incurred. Cost associated with maintaining computer software programmes are recognised as an expense as incurred.

Computer software costs recognised as assets are amortised over estimated useful life, not exceeding 3 years.

(c) Licences

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over the contracted licence period.

Service concession arrangements

The activities of Azito, Dibamba and Kribi are accounted for by the Group under *IFRIC 12 Service Concession Arrangements*.

At Azito, a lease and assignment agreement exists between Azito and the State of Côte d'Ivoire whereby the State, as grantor, regulates what service Azito (as operator) must provide with the power generation facilities, to whom and at what price. The arrangement is administered by Compagnie Ivoirienne d'Electricité ('CIE'), a privately owned company incorporated in Côte d'Ivoire holding a concession allowing it to operate the transmission and distribution infrastructure in that country in return for a fee from the State. CIE also controls through ownership and beneficial entitlement any significant residual interest in the infrastructure upon expiry of the lease and assignment agreement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Offtake arrangements at Dibamba and Kribi are governed by twenty-year arm's length tolling and PPAs respectively with ENEO, who is the sole off-taker of electricity produced by both entities. The projects are structured as build, own, operate and transfer projects.

For both Dibamba and Kribi, similar to Azito, the grantor regulates what services Dibamba and Kribi (as operator) must provide with the power generation facilities. The arrangements are backed by a Government of Cameroon Support Agreement, and under certain events there is a contractual guarantee which applies to yield an 18% return to the equity investor. The Government of Cameroon controls through ownership and beneficial entitlement any significant residual interest in the power generation facilities upon expiry of the agreements.

As a result of these arrangements the following is the impact on the financial statements:

Deferred capacity payments under the arrangements are recognised as a financial asset within other receivables for the service concession arrangements. The finance income calculated on the basis of the effective interest rate, equivalent to the project's internal rate of return, is recognised within operating revenue.

In the case of an expansion, construction revenue is recognised during the construction period and is equal to the cost of construction plus a small margin. Interest income on the resulting financial asset is recognised within revenue and the financial asset is reduced as capacity payments under the PPA are received.

Impairment of non-financial assets

The carrying amount of the Group's assets is reviewed at each balance date to determine whether there is any indicator of impairment. An analysis is then conducted to determine whether an actual impairment exists. Where assets are deemed to be impaired, the impairment loss is the amount that the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

An impairment loss in respect of all assets other than goodwill is reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised or if there has been a change in the estimates used to calculate 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.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate largely independent cash inflows the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories, including consumable spares, are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each item to its present location and condition as follows:

- Raw materials are determined using either the first in, first out (FIFO) method or the weighted average cost method as determined by their characteristics; and
- Work in progress is determined using the weighted average cost method.

The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs, spare parts and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade and other receivables

Trade receivables, loans and other receivables are initially recorded at fair value plus transaction costs (where applicable), then subsequently measured at amortised cost less impairment. An expected credit loss is recognised up-front based on customer credit risk. Please refer to the notes about new and amended standards. *Trade receivable amounts are written off when the probability of recovery is assessed as being remote. When a trade receivable is uncollectable it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the income statement.*

Cash and cash equivalents

Cash and cash equivalents includes cash in hand held at banks and short term deposits with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

(a) Defined Contribution Plans

The Group provides defined contribution pension schemes for the benefit of its employees. The schemes are funded by contributions, partly from employees and partly from the Group, to separately administered funds. The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Group contributions to the schemes are recognised in the income statement in the period in which they became payable.

(b) Short Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided.

An accrual is recognised for accumulating benefits which remain unused at balance date.

An accrual is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions, contingent liabilities and contingent assets

Provisions are recognised if there is a present obligation, whether legal or constructive, which has arisen as a result of a past event, payment is more likely than not and the amount can be reliably measured. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Contingent liabilities are disclosed in relation to possible obligations depending on uncertain future events or in relation to present obligations where payment is not probable or there is uncertainty over the amount. Where the likelihood is remote, there is neither recognition nor disclosure.

Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable. Disclosure will arise in relation to possible assets arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more probable, but uncertain future events not wholly within the control of the enterprise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning Provisions

A provision is recognised where there is a legal obligation to decommission a power plant and reinstate the land to its former state under the PPA. An estimate of future decommissioning costs is discounted back to the balance sheet date and included in the cost of the plant and equipment. The capitalised decommissioning cost is depreciated over the life of the PPA and the unwinding of the discount is recognised within finance costs.

Interest bearing loans and borrowings

Contractual obligations, excluding derivative financial instruments, to deliver cash or another financial asset to another entity are initially recognised at the fair value of the consideration received net of transaction costs incurred. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is the difference between the proceeds, net of transaction costs, and the redemption value. Gains and losses are recognised in the income statement through the amortisation process.

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.

Loans receivable and payable from / to Parent Group companies

Loans with Globeleq Limited are non-interest bearing and are non-current in nature. In accordance with IFRS 9 *Financial Instruments: Recognition and Measurement* imputed interest is recognised on these loans. The interest rate used is comparable to the interest rate applicable to loans the Company could obtain from third parties.

Derivative instruments

The Group enters into derivative financial instruments to manage its risks associated with interest rate by using interest rate swaps, and manages its risks associated with foreign exchange using foreign exchange forward contracts or options.

All interest rate swap derivative transactions are undertaken, or maintained, to provide a commercial hedge of the interest rate risks associated with the Group's underlying business activities and the financing of those activities. Interest rate exposure arises from the variability in future interest payments on assets and liabilities which bear interest at variable rates.

Interest rate swaps are maintained, and designated as hedge accounted cash flow hedges, where they qualify, to manage this exposure. Derivatives are carried in the balance sheet at their fair value.

Fair value changes on designated cash flow hedges are initially recognised directly in the cash flow hedge reserve, as gains or losses recognised in equity. Amounts are transferred from equity and recognised in the income statement as the income or expense is recognised on the hedged asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

To qualify for hedge accounting the hedge relationship must be designated and documented at inception. Documentation must include the company's risk management objective and strategy for undertaking the hedge and formal allocation to the item or transaction being hedged. The company also documents how it will assess the effectiveness of the hedge and carries out assessments on a regular basis to determine whether it has been, and is likely to continue to be, highly effective.

The gains and losses on ineffective portions of such derivatives are recognised immediately in re-measurements within the income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement or on the balance sheet. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to re-measurements within the income statement.

New and Amended Standards and Interpretations Applicable to the December 2018 Year End

The Group adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' with effect from 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These new standards include:

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018. The Group elected, as a policy choice permitted under IFRS 9, to apply hedge accounting in accordance with IFRS 9.

IFRS 9 provides a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. The group's financial assets are classified as measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income. Investments in equity instruments are classified as measured at fair value through profit or loss unless the group elects, on an instrument-by-instrument basis, on initial recognition to recognize fair value gains and losses in other comprehensive income. The adoption of IFRS 9 did not have a significant effect on the group's accounting policies relating to financial liabilities.

Under IFRS 9, up-front impairments of financial assets classified as measured at amortized cost are recognized on an expected loss basis which incorporates forward-looking information when assessing credit risk. Movements in the expected loss reserve are recognized in the Consolidated Income Statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018 and are disclosed below.

The adoption of IFRS 9 has changed the Group's accounting for trade receivables, accrued income and IFRIC 12 financial assets loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all financial assets not held at FVPL. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

Expected credit loss methodology

Credit adjustments on trade receivables, accrued income and IFRIC 12 financial assets are calculated by multiplying the probability of default by the likely loss should a default occur. Sovereign Credit Default Swap ("CDS") rates have been used as a proxy for probability of default, given the Group's contracts to sell electricity are guaranteed by the governments of the jurisdictions the power stations are located. The quantum of the probable loss in an event of default is considered to be 100%.

The overall impact on transition to IFRS 9 was a reduction of \$19.3m in net assets, net of deferred tax. As permitted by IFRS 9 comparatives were not restated. For certain line items in the balance sheet the closing balance at 31 December 2017 and the opening balance at 1 January 2018 therefore differ (as summarized below).

	31 December 2017 \$000	1 January 2018 \$000	Adjustment on adoption of IFRS 9 \$000
Non-current			
Trade and other receivables	652,828	626,401	(26,427)
Deferred tax assets	28,797	37,651	8,854
Current			
Trade and other receivables	310,930	309,197	(1,733)
Net assets	992,555	973,249	(19,306)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has adopted IFRS 15 "Revenue from Contracts with Customers". The adoption has had an immaterial impact on the disclosures and amounts reported in these financial statements.

The standard has an effective date of 1 January 2018. IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers unless the contracts are within the scope of other standards such as IAS 17 "Leases". The standard outlines the principles that entities must apply to measure and recognise revenue with the core principle being that entities should recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to a customer.

The principles in IFRS 15 must be applied using the following 5 step model:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when or as the entity satisfies its performance obligations.

The standard requires entities to exercise considerable judgement taking into account all the relevant facts and circumstances when applying each step of this model to its contracts with customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract, as well as requirements covering matters such as licences of intellectual property, warranties, principal versus agent assessment and options to acquire additional goods or services.

The Company has adopted the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

No adjustment to opening retained earnings has been made on adoption as the groups revenue recognition policy does not change under this new standard. Additional disclosures required under the standard have been presented in note 3.

The Group is eligible for, and therefore applies, the practical expedient available in IFRS 15 and has not disclosed information related to the transaction price allocated to the remaining performance obligations. The right to receive consideration from a customer is at an amount that corresponds directly with the value to the customer of the Group's performance completed to date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

New and Amended Standards Issued but not yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards when they become effective.

Standard	Effective from periods beginning
IFRS 16 Leases	1 January 2019
IAS 28 Investments in associates and joint ventures (amendments)	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019

IFRS 16 Leases

IFRS 16 "Leases" provides guidance on the classification, recognition and measurement of leases to help provide useful information to the users of financial statements. The main aim of this standard is to ensure all leases will be reflected on the Consolidated Balance Sheet, irrespective of substance over form. The new standard will replace IAS 17 "Leases" and is effective for annual periods beginning on or after 1 January 2019 unless adopted early. IFRS 16 is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements. On adoption of IFRS 16 the Group will recognise within the balance sheet a right of use asset and lease liability for all applicable leases. Within the income statement, rent expense will be replaced by depreciation and interest expense. This will result in a decrease in operating expenses and an increase in finance costs.

The Group's ongoing review of IFRS 16 indicates that a material financial impact will occur resulting in an increase in finance leased assets and a corresponding increase in financial liabilities on the Consolidated Balance Sheet based on the current portfolio at the year end.

The group will transition to the new standard using the modified retrospective approach, which factors in all future lease payments as at 1 January 2019. There will be no impact on opening retained earnings and no restatement for prior periods.

3 OPERATING REVENUE AND OTHER INCOME

	2018 \$000	2017 \$000
3a. Operating revenue		
Power generation (1)	311,946	296,303
Concession revenue (2)	160,627	155,648
Total operating revenue	472,573	451,951

(1) \$54.2m (2017: \$53.7m) is received as operating lease income at Songas (refer to note 25). Further disclosure on the level of income at Songas is discussed in note 12.

(2) Income relating to the concession arrangement at Azito, Dibamba and Kribi (refer to note 16), \$95.7m of which relates to interest income on the financial asset balance at the effective interest rate (2017: \$93.5m)

	2018 \$000	2017 \$000
3b. Other income		
Gas transportation revenue	1,274	1,472
Other operating income	4,633	1,463
Total other income	5,907	2,935

Disaggregation of revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segment Revenue	2018 \$000	2017 \$000
Energy revenue (recognised at a point in time)	257,717	242,597
Operating lease income (recognised at a point in time)	54,229	53,706
IFRIC12 revenue (recognised over time)	160,627	155,648
	472,573	451,951

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

4 EXPENDITURE	2018 \$000	2017 \$000
4a. Administrative expenses		
Salaries and wages (1)	(10,832)	(9,032)
Social security costs	(1,225)	(1,532)
Post-employment benefits	(720)	(643)
Other staff related expenses	(1,065)	(656)
Travel and related costs	(3,402)	(2,119)
Consultants expenses (2)	(24,549)	(11,336)
Communications costs	(933)	(665)
Auditors' remuneration	(507)	(427)
Office premises expenses	(1,157)	(1,256)
Other administrative expenses	(979)	(767)
Total administrative expenditure	(45,369)	(28,433)

- (1) Employee benefits totalling \$19.3m (2017: \$17.1m) are included within operating and maintenance expenditure.
(2) \$10.9m increase in Consultants expenses in 2018 is due to QIPP development spending.

	2018 \$000	2017 \$000
4b. Other gains / (losses)		
Gain on disposal of property, plant and equipment	438	225
Loss on write off of inventories (1)	(3,219)	-
Loss on write off of receivables (2)	(31,457)	-
Total gains / (losses)	(34,238)	225

- (1) Relates to inventory write down at Azito.
(2) 2018 includes \$23.4m write off in Songas for previously recognised arrears interest. Management have written this off due to disputes raised by the customer. Also included is \$8m of loan receivable write offs which is principally due to the Group's Salone project in Sierra Leone failing to reach financial close.

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

5 DEPRECIATION AND AMORTISATION		
	2018	2017
	\$000	\$000
Depreciation expense		
Property, plant and equipment	(42,938)	(45,692)
Assets held under finance lease	(1,305)	(1,259)
Total depreciation expense	(44,243)	(46,951)
Amortisation expense		
Intangible assets	(14,377)	(14,128)
Total amortisation expense	(14,377)	(14,128)
Total depreciation and amortisation expense	(58,620)	(61,079)
6 NET FINANCE EXPENSE		
	2018	2017
	\$000	\$000
Finance income		
Interest income	5,657	4,897
Finance income receivable under finance leases (1)	12,749	12,361
Reversal of loss from derivative financial instruments	407	-
Total finance income	18,813	17,258
Finance expenses		
Interest payable on loans (4)	(73,233)	(74,193)
Imputed interest on shareholder loans	(4,825)	(4,709)
Net foreign exchange differences (2)	(8,115)	9,543
Loss from derivative financial instruments	-	(407)
Finance charges payable under finance leases (3)	(1,396)	(1,400)
Total finance expense	(87,569)	(71,166)
Net finance expense	(68,756)	(53,908)

(1) Refer to note 11 for further details.

(2) Includes \$2.3m foreign exchange loss (2017: \$9.3m gain) on a Euro denominated intercompany loan between entities with USD and Euro functional currencies.

(3) Refer to note 20 for further details.

(4) Includes \$4.8m relating to unwind of discount on provisions (2017: \$3.0m)

7 TAXATION

Analysis of income tax expense for the year		
	2018 \$000	2017 \$000
<i>Current tax:</i>		
Current tax on profits for the year	45,063	36,704
Under provision for current tax for prior years	126	233
Total current tax	45,189	36,937
<i>Deferred tax (note 21):</i>		
Origination and reversal of temporary differences	1,571	10,090
Total deferred tax	1,571	10,090
Income tax expense for the year	46,760	47,027

Reconciliation between the income tax expense and the theoretical amount that would arise using the weighted average domestic tax rate applicable to profits of the Group:

Total profit before tax	120,241	151,668
Tax at domestic tax rate applicable to profits in the respective countries	37,967	38,148
Income not taxable	(4,053)	(4,840)
Expenses not deductible	663	6,462
Net under provision for prior years	126	233
Unremitted overseas earnings of associates	-	(1)
Unremitted overseas earnings of subsidiaries	(1,111)	5,398
Withholding tax on group dividends	10,956	6,523
Unrecognised tax losses	5,821	1,965
Amounts relating to non-IFRS profits	440	(2,670)
Unwind of acquisition intangibles	(4,314)	(4,191)
Deferred tax on expected credit loss	265	-
Income tax expense for the year	46,760	47,027

Profits arising in the Company for the 2018 year of assessment will be subject to UK tax at the standard corporate income tax rate of 19%. No taxable profit was made by the company in 2018, and given no taxation is expected in the foreseeable future, no deferred tax assets have been recognised on these losses.

The tax residency but not the country of incorporation of the Company was changed to the UK on 1 January 2018. This was achieved by moving the effective management and control of the business to the UK by appointing UK resident directors and company secretary and transferring responsibility for the day to day administration of the Company to the Group's London based staff.

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

8 PROPERTY, PLANT AND EQUIPMENT

	2018				2017			
	Land and buildings \$000	Plant and equipment \$000	Work in Progress \$000	Total \$000	Land and buildings \$000	Plant and equipment \$000	Work in Progress \$000	Total \$000
Cost, at 1 January	10,813	779,453	3,060	793,326	9,079	737,882	422	747,383
Additions (1)	244	2,351	17,197	19,792	1,670	2,127	11,056	14,853
Disposals (2)	-	(9,071)	-	(9,071)	(396)	(9,775)	-	(10,171)
Exchange adjustment	(458)	(55,272)	(10)	(55,740)	212	41,039	10	41,261
Transfer (1)	-	12,670	(12,670)	-	248	8,180	(8,428)	-
Cost, at 31 December	10,599	730,131	7,577	748,307	10,813	779,453	3,060	793,326
Accumulated depreciation and impairment, at 1 January	(4,797)	(311,347)	-	(316,144)	(4,328)	(268,840)	-	(273,168)
Depreciation charge for the year	(545)	(43,698)	-	(44,243)	(524)	(46,428)	-	(46,952)
Impairment	-	-	-	-	-	-	-	-
Exchange adjustment	26	10,712	-	10,738	(19)	(5,826)	-	(5,845)
Depreciation disposals (2)	-	8,839	-	8,839	74	9,747	-	9,821
Accumulated depreciation and impairment, at 31 December	(5,316)	(335,494)	-	(340,810)	(4,797)	(311,347)	-	(316,144)
At 1 January								
Cost	10,813	779,453	3,060	793,326	9,079	737,882	422	747,383
Accumulated depreciation and impairment	(4,797)	(311,347)	-	(316,144)	(4,328)	(268,840)	-	(273,168)
Net carrying amount at 1 January	6,016	468,106	3,060	477,182	4,751	469,042	422	474,215
At 31 December								
Cost	10,599	730,131	7,577	748,307	10,813	779,453	3,060	793,326
Accumulated depreciation and impairment	(5,316)	(335,494)	-	(340,810)	(4,797)	(311,347)	-	(316,144)
Net carrying amount at 31 December	5,283	394,637	7,577	407,497	6,016	468,106	3,060	477,182

(1) Of the \$4.5m (2017: \$3.0m) net work in progress additions, \$4.5m (2017: \$2.4m) relates to Songas major maintenance and UPP capital projects in progress.

(2) In 2018, \$8.7m of disposals relate to Songas disposal of a PA engine during the year. In 2017, \$9.4m of disposals relate to Songas disposal of UGT6 and UGT2 parts during the year.

8 PROPERTY, PLANT AND EQUIPMENT (*continued*)

The net carrying amount of property, plant and equipment is allocated by type as follows:

	2018	2017
	\$000	\$000
Gas fired generation	146,814	155,550
Wind generation	132,274	163,721
Solar generation	122,471	151,755
Oil fired generation	2,576	2,518
Other	3,362	3,638
Net carrying amount	407,497	477,182

The carrying value of Property, Plant and Equipment held under finance leases at 31 December 2018 was \$18.0m (2017: \$21.2m).

In addition to the above balances, financial asset with a value of \$300.6m (2017: \$321.1m) before fair value adjustments at Azito is accounted for in accordance with service concession agreements in non-current and current receivables.

Similarly financial asset with a value of \$164.7m at Kribi (2017: \$176.9m) and \$52.5m at Dibamba (2017: \$54.3m) before fair value adjustments is accounted for in accordance with service concession agreements in non-current and current receivables.

9 OTHER INTANGIBLE ASSETS

	2018		2017	
	Other intangible assets (1) \$000	Total \$000	Other intangible assets (1) \$000	Total \$000
Cost, at 1 January	315,469	315,469	241,333	241,333
Additions (2)	4,619	4,619	43,448	43,448
Disposals	-	-	(45)	(45)
Revaluation of contingent consideration (3)	(4,000)	(4,000)	-	-
Exchange adjustment (4)	(19,407)	(19,407)	30,733	30,733
Cost, at 31 December	296,681	296,681	315,469	315,469
Amortisation, at 1 January	(57,227)	(57,227)	(37,848)	(37,848)
Amortisation charge for the year	(14,377)	(14,377)	(14,128)	(14,128)
Amortisation disposals	-	-	45	45
Exchange adjustment	5,155	5,155	(5,296)	(5,296)
Amortisation, at 31 December	(66,449)	(66,449)	(57,227)	(57,227)
Net carrying amount, at 31 December				
Cost	296,681	296,681	315,469	315,469
Accumulated amortisation	(66,449)	(66,449)	(57,227)	(57,227)
Net carrying amount at 31 December	230,232	230,232	258,242	258,242

- (1) Other intangible assets primarily relate to the value of licenses, planning permissions, PPAs and tolling agreements recognised upon acquisition of the Cameroonian and South African businesses. The other intangible assets are amortised to the end of PPA, which will end in 2033 and 2034 for the Cameroonian and South African businesses respectively.
- (2) In 2017, \$36.4m and \$6.8m relate to the intangible asset recognised as part of the QiPP and Malindi asset acquisitions. In 2018 the additions balance includes an additional \$1m recognised for the Malindi asset acquisition and \$3.4m for the corporate ERP system.
- (3) During 2018 the estimate of the contingent consideration and the corresponding intangible asset balance reduced by \$4m. The intangible asset represents the value of the PPA, land rights and other regulatory approvals held by the project of QiPP asset acquisition.
- (4) Loss of \$9.3m (2017: gain of \$24.3m) relates to exchange differences of intangible assets recognised in the acquisition of Dibamba and Kribi which are denominated in Euros, loss of \$7.7m (2017: gain of \$5.4m) relates to exchange differences of intangible assets recognised in the acquisition of Jeffreys Bay, De Aar and Droogfontein which are denominated in South Africa Rand. The remainder relates to exchange differences in translation between opening and closing intangible asset cost balances in Azito, Kribi, Dibamba and corporate offices.

10 INVESTMENTS IN ASSOCIATES

CDC Financial Services (Mauritius) Limited ('CDCFS'), a subsidiary of CDC, holds a 30% interest in Tsavo, a power generation company based in Kenya. Under a total return swap the Group holds the beneficial interest in CDCFS 4,950,000 KES 1 ordinary A1 shares whereby it is entitled to all returns generated by the investment, and a management agreement confers decision making control of the interest to the Group. As a result, the Group equity accounts the interests in Tsavo as if it was a directly held associate of the Group.

	2018	2017
	\$000	\$000
Carrying amount of associates		
At 1 January	5,733	5,404
Equity accounted earnings of associates	2,844	2,839
Dividends received from associates during the year	(2,858)	(2,510)
At 31 December	5,719	5,733

Aggregated key financial figures for the associate accounted for using the equity method based on apportionment of 30% attributable to the Group are as follows:

	2018	2017
	\$000	\$000
Associate's balance sheet		
Current assets	4,347	5,717
Non-current assets	4,301	4,488
Current liabilities	(1,051)	(1,847)
Non-current liabilities	(299)	(1,074)
Net assets	7,298	7,284

Associate's revenue and profit

Revenue	12,901	12,402
Profit after tax	2,844	2,839

A list of principal subsidiaries and associates is included in note 27.

11 FINANCE LEASE RECEIVABLE

Finance leases - Globeleq as lessor

	2018 \$000	2017 \$000
Amounts receivable under finance leases:		
Not later than one year	12,688	13,091
In second to fifth years inclusive	50,752	52,362
Later than five years	117,364	134,180
Total receivable	180,804	199,633
Less unearned finance income	(133,739)	(150,777)
Present value of minimum lease payments receivable	47,065	48,856
 Present value of minimum lease payments:		
Not later than one year	384	310
In second to fifth years inclusive	2,922	2,337
Later than five years	43,759	46,209
Total present value of minimum lease payments receivable	47,065	48,856
 Analysed as:		
Non-current finance lease receivables	46,681	48,546
Current finance lease receivables	384	310
Total present value of minimum lease payments receivable	47,065	48,856

Finance lease receivables represent the electricity transmission lines at Dibamba and Kribi that were built by the entities and handed over to the Government of Cameroon at commercial operation date.

The effective interest implicit in the leases are 27% (2017: 27%) and 22% (2017: 22%) respectively for Kribi and Dibamba.

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

12 TRADE AND OTHER RECEIVABLES	2018 \$000	2017 \$000
Current		
Net trade receivables (1)	152,626	168,463
Prepayments and accrued income (2)	74,787	69,488
Other receivables (3)	109,969	72,979
Total current trade and other receivables	337,382	310,930
Non-current		
Net trade receivables (1)	48,592	98,788
Other receivables (4)	483,928	554,040
Total non-current trade and other receivables	532,520	652,828
Total trade and other receivables	869,902	963,758

(1) Net trade receivables includes expected credit losses recognised under IFRS 9 of \$7.9m, and a provision for doubtful debts at Songas of \$24.4m, which primarily relates to the arrears interest fully provided for in 2018. Note that under IFRS 9, the group has opted not to restate prior periods and so 2017 numbers are not directly comparable in that they exclude expected credit losses.

Non-current trade receivable balances relate to trade receivables of \$19.8m at Songas (2017: \$56.5m), \$21.5m at Kribi (2017: \$17.0m) and \$7.3m at Dibamba (2017: \$Nil) respectively, which are expected to be received greater than 12 months from the reporting date. The assumptions made are based on management's best estimate considering current developments and agreed repayment plans.

(2) Accrued income by subsidiaries includes material balances at Kribi \$13.4m (2017: \$14.7m), Dibamba \$3.7m (2017: \$4.3m), Songas \$9.2m (2017: \$9.5m) and Azito \$14.0m (2017: \$18.2m). These primarily relate to the December 2018 revenue not yet invoiced.

In 2018, prepayments included \$27.8m in Azito Energie which mainly consists of MXL2 upgrade costs paid in advance. In 2017, prepayments included maintenance activities at Azito O&M \$5.9m, Songas \$5.6m and Azito \$7.0m of which \$4.0m MXL2 down payments.

(3) \$32.8m (2017: \$6.1m), \$2.2m (2017: \$2.2m) and \$5.3m (2017: \$5.3m) is related to the current portion of financial assets recognised at Azito, Dibamba and Kribi respectively under IFRIC 12 (refer to note 16). The 2018 balances for IFRIC 12 include expected credit losses of \$1.6m. \$17.8m (2017: \$45m) relates to promissory notes received as repayment of arrears at Azito Energie.

(4) Primarily comprised of \$267.8m (2017: \$311.9m), \$50.3m (2017: \$56.7m) and \$159.4m (2017: \$177.9m) financial assets recognised at Azito, Dibamba and Kribi respectively under IFRIC 12. The numbers are stated after applying expected credit losses of \$20.0m which relate to Azito (\$10.1m), Dibamba (\$2.4m) and Kribi (\$7.5m).

Non-current trade receivables are recognised based upon all available information, including past trends and external information, which indicate it is probable the receivable balance will not be collected within 12 months of the year end date. As a policy change under IFRS 9, trade receivables are no longer discounted and instead an expected credit loss based on probability of default is recognised.

Trade receivables are generally non-interest bearing and are on 30 days' terms.

12 TRADE AND OTHER RECEIVABLES (continued)

As at 31 December, the ageing analysis of net trade receivables (including non-current) after applying expected credit losses under IFRS 9 is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days	30-60 days	60-90 days	90-365 days	>365 days
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2018	201,218	39,097	35,357	32,324	28,944	46,970	18,526
2017	267,251	45,413	34,889	32,471	30,296	91,209	32,973

The significant debtors of the Group at the 2018 year end are:

- (i) \$38.3m (2017: \$76.2m): TANESCO in Tanzania. Revenue earned is under a long term PPA which also requires a liquidity facility to be provided by the Government of the United Republic of Tanzania. The facility is currently unfunded (refer to note 23). \$17.4m (2017: \$49.1m) of this balance is past due by more than 90 days.
- (ii) \$47.0m (2017: \$52.9m): CIE in Côte d'Ivoire. Revenue earned is under a long term PPA. \$12.1m (2017: \$20.4m) of this balance is past due by more than 90 days.
- (iii) \$87.8m (2017: \$110.0m): ENEO in Cameroon, of which \$72.5m relates to Kribi (2017: \$97.7m) and \$15.3m (2017: \$12.3m) relates to Dibamba. Revenue earned is under two long term PPAs. \$34.0m (2017: \$53.3m) of this balance is past due by more than 90 days.
- (iv) \$2.6m (2017: \$2.6m): Pan African Energy Tanzania Limited ('PAT') for the use of Songas gas processing and transportation facilities. \$Nil (2017: \$0.9m) of this balance is past due by more than 90 days.

13 INVENTORIES

	2018 \$000	2017 \$000
Spare Parts	33,694	38,610
Fuel and Lubricants	4,196	4,298
Inventories	37,890	42,908

Spare parts inventories represent consumable spares held at the lower of cost or net realisable value.

14 CASH AND CASH EQUIVALENTS

	2018 \$000	2017 \$000
Cash at bank and in hand	281,191	230,057
Short term deposits receivable within 90 days	495	7,420
Cash and cash equivalents	281,686	237,477

14 CASH AND CASH EQUIVALENTS (*continued*)

The fair value of cash and deposits is \$281.7m (2017: \$237.5m). Cash and cash equivalents earn interest at a commercial floating rate on daily deposit rates. Short term deposits are made for periods of up to 90 days, depending on the immediate requirements of the Group.

The total cash and cash equivalents balance includes \$110.5m (2017: \$111.8m) of cash which is considered to be restricted as it is primarily to fund maintenance and debt service reserves required by project finance agreements.

15 ACQUISITIONS

Increased ownership in De Aar, Droogfontein and Jeffreys Bay

During the prior year, the Group acquired an additional 6.7% interest in De Aar Solar Power (RF) (Pty) Limited and Droogfontein Solar Power (RF) (Pty) Limited and an additional interest of 8.9% in Jeffreys Bay Wind Farm (RF) (Pty) Limited. Cash consideration of \$28.4m was paid to the non-controlling shareholders:

Malindi Solar

During the prior year, the Group acquired a 90% stake in the Malindi 40MWac solar project in Kenya on 7 December 2017. The project has a signed PPA and is working to obtain debt financing and the remaining regulatory approvals required to reach financial close. The consideration for the shares is payable in stages subject to project milestones being met. At financial close the consideration will total \$6.0m, with \$2.4m having been paid by 2018 year end.

The transaction was not considered a business combination under IFRS 3 as the target company does not contain sufficient inputs and processes to be classified as a business. The fair value of the consideration at acquisition date was \$4.9m, resulting in a \$6.8m intangible asset being recognised, equal to the difference between the fair value of the consideration and the entity's net liabilities. During 2018, this intangible amount has increased by \$1m representing the increased probability of the project reaching financial close.

QIPP

During the prior year, the Group acquired a 100% interest in Black Rhino Group Holdings B.V. The company owns an 85% stake in the QIPP 567MW combined cycle gas fired power project in Nigeria. The project has an initialled PPA and is working to obtain debt financing and the remaining regulatory approvals required to reach financial close. The consideration for the shares is payable when the project reaches financial close and is dependent on the forecast internal rate of return of the project on that date.

The transaction was not considered a business combination under IFRS 3 as the target company does not contain sufficient inputs and processes to be classified as a business. The fair value of the consideration at acquisition date was \$35.8m, resulting in a \$36.4m intangible asset being recognised, equal to the difference between the fair value of the consideration and the entity's net liabilities. During 2018 the estimate of the contingent consideration and the corresponding intangible asset balance reduced by \$4m. The intangible asset represents the value of the PPA, land rights and other regulatory approvals held by the project.

16 SERVICE CONCESSION ARRANGEMENTS (IFRIC 12)

Azito

The activities of Azito are accounted for by the Group as a service concession arrangement under IFRIC 12. A lease and assignment agreement exists between Azito and the State of Côte d'Ivoire (the 'State') whereby the State as grantor, regulates what service Azito as operator, must provide with the power generation facilities, to whom and at what price. In addition legal title to the plant will transfer to the State upon expiry of the agreement. The State has appointed CIE to administer the arrangement.

Azito, having undertaken the construction of the project, also undertakes to operate and maintain the power plant. At the end of the concession agreement, title to the assets is required to be delivered to the State in good working order after taking account of the normal use of the equipment and following an adequate maintenance programme recommended by manufacturers and in compliance with industry standards.

Deferred contract revenue payments are recognised as a financial asset within other receivables for the service concession arrangements.

Dibamba and Kribi

Offtake arrangements at Dibamba and Kribi are governed by twenty-year arm's length tolling and PPAs respectively with ENEO, the sole off-taker of electricity produced by both entities. The projects are structured as build, own, operate and transfer projects.

For both Dibamba and Kribi, similar to Azito, the grantor regulates what services Dibamba and Kribi (as operator) must provide with the power generation facilities. The arrangements are backed by a Government of Cameroon Support Agreement, and under certain events there is a contractual guarantee which applies to yield an 18% return to the equity investor. The Government of Cameroon controls through ownership and beneficial entitlement any significant residual interest in the power generation facilities upon expiry of the agreement.

Dibamba and Kribi, having undertaken the construction of the project, also undertake to operate and maintain the power plant. At the end of the Dibamba tolling agreement in May 2031 and the Kribi PPA in April 2033, title to the assets is required to be delivered to the State in good working order after taking account of the normal use of the equipment and following an adequate maintenance programme recommended by manufacturers and in compliance with industry standards.

17 EQUITY

49,909,098 \$1 ordinary shares are in issue at par value and fully paid.

The sole shareholder is Globeleq Limited. The amount of authorised ordinary shares of \$1 is unlimited (2017: unlimited).

18 DEFERRED INCOME

	2018 \$000	2017 \$000
At 1 January	36,501	42,316
Additions	-	-
Credit for the year to the income statement	(5,675)	(5,815)
At 31 December	30,826	36,501
Non-current deferred income	25,303	30,826
Current deferred income	5,523	5,675
Total deferred income	30,826	36,501

Deferred income principally represents prepayments received for future capacity charges related to Songas, released to the income statement over the life of Songas' PPA of 20 years.

19 LOANS AND BORROWINGS

The Group satisfied all obligations under the terms of all loans and borrowings during the year with exceptions at Kribi and Dibamba where the companies were in breach of lending covenants and were therefore in default. As a result all third-party Kribi loans are disclosed in current loans and borrowings as at 31 December 2018 and 31 December 2017, and all third-party Dibamba loans are disclosed in current loans and borrowings as at 31 December 2018. The default remains due to late payment of invoices by the off-taker which commenced during 2016. At the date of signing no lenders have expressed an interest to call in the debt and all debt service payments have been made as they fall due.

Details of interest bearing loans and borrowings are as follows:

Unsecured loans and borrowings			2018		2017	
	Interest Rate	Maturity Date	Current	Non-current	Current	Non-current
			\$000	\$000	\$000	\$000
Government of United Republic of Tanzania (on-lending arrangement from the European Investment Bank)	6.00% fixed	Nov 2021	4,672	10,787	4,407	15,718
Government of United Republic of Tanzania (on-lending arrangement from the World Bank – International Development Association)	7.10% fixed	Jul 2021	9,418	24,998	8,797	34,011
Total unsecured loans and borrowings			14,090	35,785	13,204	49,729

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

19 LOANS AND BORROWINGS (continued)

Secured loans and borrowings			2018		2017	
	Interest Rate	Maturity Date	Current	Non-current	Current	Non-current
			\$000	\$000	\$000	\$000
Standard Bank	Libor + 5.00%	Mar 2019	-	-	10,000	-
AfDB	7.40% fixed	Jun 2023	9,145	-	2,231	9,204
FMO	7.20% fixed	Jun 2023	9,145	-	2,231	9,204
IFC	7.20% fixed	Jun 2023	9,145	-	2,231	9,204
AfDB	Euribor + 4.50%	Nov 2025	17,782	-	20,894	-
BDEAC	8.00% fixed	Nov 2025	6,321	-	6,890	-
EIB	Euribor + 3.53%	Nov 2025	17,488	-	20,603	-
IFC	Euribor + 4.50%	Nov 2025	23,661	-	28,086	-
FMO	Euribor + 4.50%	Nov 2025	10,727	-	12,399	-
PROPARCO	Euribor + 4.50%	Nov 2025	6,024	-	6,510	-
Cameroon lenders	TIAO + 4.50%	Nov 2025	35,995	-	43,247	-
BOAD	10.25% fixed	Feb 2028	3,529	31,660	3,537	34,051
FMO	Libor + 4.75%	Feb 2028	2,728	25,603	2,592	27,771
DEG	Libor + 4.75%	Feb 2028	2,304	17,853	2,200	19,358
IFC	Libor + 4.00%	Feb 2028	4,081	41,268	4,119	44,729
EAIF	Libor + 4.75%	Feb 2028	2,194	20,736	2,096	22,517
BIO	Libor + 4.75%	Feb 2028	1,174	15,869	1,161	17,263
PROPARCO	Libor + 4.75%	Feb 2028	4,433	38,057	4,156	41,252
OFID	Libor + 4.00%	Feb 2028	1,788	16,713	1,715	18,143
AfDB	Libor + 4.00%	Feb 2028	2,912	27,622	2,749	29,971
ABSA Capital	Jibar + 3.00%	Apr 2029	3,202	58,514	3,539	71,630
ABSA Capital	Jibar + 3.00%	May 2029	6,610	119,581	7,306	146,332
ABSA Capital	Jibar + 3.00%	Apr 2029	3,137	57,308	3,466	70,116
Republic of Cameroon	TIAO + 2%	Sep 2032	-	48,895	-	47,894
Total secured loans and borrowings			183,525	519,679	193,958	618,639

19 LOANS AND BORROWINGS (continued)

All secured loans and borrowings are non-recourse to the Group and are subject to standard non-recourse project finance terms, secured on the total assets of the subsidiary to which they relate. Assets are released immediately following the maturity date of each loan.

Total loans and borrowings	2018		2017	
	Current	Non-current	Current	Non-current
	\$000	\$000	\$000	\$000
Unsecured loans and borrowings	14,090	35,785	13,204	49,729
Secured loans and borrowings	183,525	519,679	193,958	618,639
Total loans and borrowings	197,615	555,464	207,162	668,368

At 31 December 2018 the loan facilities available to the Group were:

	Purpose	Counterparty	Total facility \$000	Amount drawn \$000
Globeleq Africa Holdings Limited	Working capital	Standard Bank	40,000	-

At 31 December 2017 the loan facilities available to the Group were:

	Purpose	Counterparty	Total facility \$000	Amount drawn \$000
Globeleq Africa Holdings Limited	Working capital	Standard Bank	40,000	10,000

The group also had \$3.6m (2017: \$3.1m) of bonds in issue under a Barclays \$20.0m facility, to cover new projects and office rental.

20 OBLIGATIONS UNDER LEASES

Finance leases – Globeleq as lessee

	2018 \$000	2017 \$000
Future minimum payments due:		
Not later than one year	2,250	2,321
Within one to five years	8,998	9,284
Later than five years	20,995	23,983
Total minimum lease payments	32,243	35,588
Less finance charges allocated to future periods	(10,961)	(12,711)
Present value of minimum lease payments	21,282	22,877
Present value of minimum lease payments:		
Not later than one year	949	920
Within one to five years	4,446	4,311
Later than five years	15,887	17,646
Total present value of minimum lease payments	21,282	22,877

The finance lease represents an arrangement between Kribi and Société Nationale des Hydrocarbures for usage of a gas processing facility.

21 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The deferred tax position is reflected in the statement of financial position as follows:

	2018 \$000	2017 \$000
Deferred tax assets	39,325	28,797
Deferred tax liabilities	(152,213)	(158,634)
Net deferred tax liability	(112,888)	(129,837)

The net deferred tax position relates to the following:

	2018 Deferred tax asset/(liability) \$000	2017 Deferred tax asset/(liability) \$000
Losses	44,642	68,441
Other assets (1)	29,823	23,134
Total assets	74,465	91,575
Property, plant and equipment	(103,871)	(126,225)
Unremitted overseas profits of subsidiaries	(26,761)	(28,571)
Unremitted overseas profits of associates	84	84
Other liabilities	(56,805)	(66,700)
Total Liabilities	(187,353)	(221,412)
Net deferred tax liabilities	(112,888)	(129,837)

(1) Primarily relates to provisions at Azito and Kribi.

21 DEFERRED TAX (*continued*)

Movement in temporary differences during the year:

	Accelerated tax depreciation	Tax Losses	Other assets	Unremitted overseas profits	Other liabilities	Total
	\$000	\$000	\$000	\$000	\$000	\$000
At 1 January 2017	(126,141)	81,141	17,120	(21,642)	(61,765)	(111,287)
(Charged) / credited to the income statement	7,899	(20,258)	1,601	(5,397)	6,065	(10,090)
Under Provision for prior years	-	59	-	(72)	13	-
Reclassification during the year	1,890	-	864	-	(2,754)	-
Deferred tax on a cash flow hedge fair value movement recognised through equity (1)	-	-	1,383	-	320	1,703
Exchange differences on translation	(9,873)	7,499	2,166	(1,376)	(8,579)	(10,163)
At 31 December 2017	(126,225)	68,441	23,134	(28,487)	(66,700)	(129,837)
At 1 January 2018	(126,225)	68,441	23,134	(28,487)	(66,700)	(129,837)
(Charged) / credited to the income statement	8,958	(17,157)	245	1,111	5,272	(1,571)
Deferred tax on a cash flow hedge fair value movement recognised through equity (1)	-	-	(611)	-	(355)	(966)
Deferred tax recognised on expected credit loss	-	-	8,590	-	-	8,590
Exchange differences on translation	13,396	(6,642)	(1,535)	699	4,978	10,896
At 31 December 2018	(103,871)	44,642	29,823	(26,677)	(56,805)	(112,888)

(1) \$0.6m decrease (2017: \$1.3m increase) relates to the interest rate swaps held by De Aar, Droogfontein and Jeffreys Bay businesses and \$0.4m decrease (2017: \$0.3m increase) relates to Azito.

22 TRADE AND OTHER PAYABLES

	2018 Current \$000	2017 Current \$000
Trade payables (1)	68,338	82,049
Social security	2,340	2,535
Accruals (2)	21,854	29,560
Deferred and contingent consideration (3)	35,320	40,163
Other payables (4)	51,753	44,775
Total trade and other payables	179,605	199,082

(1) 2018 includes \$38.3m (2017: \$45.5m) payable by Kribi, most of which is due to SNH in relation to fuel delivery and has decreased due to better arrears collection from ENEO, and \$21.1m (2017: \$26.0m) payable by Songas to TPDC in relation to gas supply and has decreased due to better arrears collection from Tanesco.

(2) 2018 includes \$Nil (2017: \$6.4m) in relation to a penalty incurred by Azito in 2014 for generating less than minimum annual capacity target specified in the PPA.

(3) \$31.8m (2017: \$35.8m) and \$3.5m (2017: \$4.4m) relates to contingent consideration payable on the QIPP and Malindi asset acquisitions. Refer to note 15.

(4) 2018 includes \$24.7m (2017: \$18.1m) VAT payable at Azito.

The terms and conditions of the trade payables are non-interest bearing and are usually settled on 30-day terms. The terms and conditions of the other payables are non-interest bearing.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS

Globeleq's principal financial assets (as defined in IAS 32) are comprised of cash, short-term deposits, short term loans, trade receivables, service concession receivables and interest rate swaps. Financial liabilities comprise trade and other payables, interest and non-interest bearing loans and borrowings and interest rate swaps. The main purpose of these financial instruments is to raise finance for the Group's operations and investments. The benchmark rate for floating rate assets and liabilities is based on daily to six month LIBOR rates. None of the Group's trade receivables or deferred income is interest bearing.

Capital management

The Group defines capital as the total equity of the Group plus subordinated debt instruments supporting its investments in subsidiaries. Globeleq's objective for managing capital is to target sustainable and appropriate risk adjusted commercial returns in support of its key objectives. The Group works toward international best practices in plant operations, business integrity, social responsibility, environment, and health and safety. Globeleq is not subject to any externally imposed capital requirements.

When selecting investments, the Group conducts appropriate levels of due diligence within established investment guideline procedures, including extensive review of all commercial and operational aspects of a target project, and detailed quantitative analysis. Investments are contractually structured to provide strong risk mitigation. The Group monitors performance by regularly measuring financial indicators such as rates of return and performance against predetermined forecast returns.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS (continued)

Operating businesses

For operating businesses (subsidiaries and associates) the Group's strategy is to utilise non-recourse/limited recourse debt where appropriate to achieve a gearing ratio (net debt divided by total capital plus net debt) within a 60-80% range. This achieves the isolation of operational and financial risk at the operating business level and limits the exposure of the holding companies and the Group. In certain instances the Group further protects equity by obtaining insurances related to political risk, including breach of contract and/or expropriation as appropriate.

CDC has previously issued credit guarantees to Group entities which has been cancelled in Q1 2018. In 2017, the total exposure was \$11.5m. The Group paid fees in return for the provision of the guarantees and they have never been drawn on.

The third party debt facilities utilised are highly structured and include financial covenants which must be satisfied in order to allow distributions. The covenants include gearing ratios appropriate for the type of investment and on commercially available terms, debt service coverage ratio, debt service reserve accounts and major maintenance reserves. The total debt outstanding for the Group at 31 December 2018 was \$812.1m (2017: \$931.5m).

The Group satisfied all obligations under the terms of all loans and borrowings during the year with exceptions at Kribi and Dibamba where the companies were in breach of lending covenants and were therefore in default. As a result all third-party Kribi loans were disclosed in current loans and borrowings as at 31 December 2018 and 31 December 2017, and all third-party Dibamba loans were disclosed in current loans and borrowings as at 31 December 2018. The default remains due to late payment of invoices by the off-taker which commenced during 2016. In early 2019, ENEO signed up to a repayment plan to prioritise clearing these arrears at Kribi, so the situation is expected to improve throughout 2019.

Group / holding companies

At the Group level the intention is that a prudent level of debt is maintained to minimise the cost of capital and manage liquidity.

Foreign currency risk

Foreign currency risk is the risk that the Group suffers financial loss due to changes in the value of an asset or liability or in the value of future cash flows due to movements in foreign exchange rates.

The Group's exposure to foreign currency risk in part relates to De Aar, Droogfontein and Jeffreys Bay in South Africa which have PPAs denominated in South African Rand. The whole tariff is escalated by the South African inflation index annually. This provides mitigation against depreciation of the Rand. High depreciation of the Rand is expected to lead to higher inflation.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS
(continued)

A portion of the debt to fund the Azito expansion project has been taken out in Central Africa Francs ('CFA'), the national currency in Côte d'Ivoire which is pegged to the Euro.

The debt in Dibamba and Kribi is split between CFAs, the national currency of Cameroon which is pegged to the Euro, and Euros. These entities receive CFAs under the PPA arrangements, and there is an agreed mechanism with the government to convert CFA to Euro in order for the entities to repay the Euro element of the debt.

Throughout the group, intercompany lending occurs in currencies other than the functional currency of the entity providing or receiving the loan. Primarily the group is exposed to Euro denominated loans held in USD functional currency entities. These transactions expose the group to potential foreign currency gains and losses even though the principal value of the lending is eliminated upon consolidation.

The Group has the option to enter into foreign currency exchange contracts in order to manage the exposure of currency movements between the GBP and USD currencies. There were no such instruments at 31 December 2018 and 31 December 2017.

The Group is not exposed to any other material foreign currency risks.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS (continued)

Currency exposures

Foreign exchange risk arises when certain transactions are denominated in a currency that is not a subsidiary's functional currency. The table below shows the Group's currency exposures that give rise to exchange rate gains and losses that are recognised in the income statement. Such exposures comprise those monetary assets and liabilities of Group subsidiaries that are not denominated in their functional currency.

Functional Currencies	USD \$000	Euro \$000	CFA \$000	Others \$000	Total \$000
	2018	2018	2018	2018	2018
USD	-	47,440	35,917	650	84,007
Sterling	-	-	-	-	-
CFA	(19)	(93,949)	-	(646)	(94,614)
Other currencies (1)	(54,366)	(24)	-	-	(54,390)
Total	(54,385)	(46,533)	35,917	4	(64,997)
	2017	2017	2017	2017	2017
USD	-	51,571	57,487	19,217	128,275
Sterling	2,663	(1)	-	620	3,282
CFA	697	(116,441)	-	(4,675)	(120,419)
Other currencies	(3,179)	-	-	-	(3,179)
Total	181	(64,871)	57,487	15,162	7,959

(1) Other currencies are mainly represented by Euro.

There are no significant currency risks on cash balances held in Group subsidiaries. All investments apart from five held during the reporting period were denominated in USD, the functional currency of the investing entity, the exceptions being the three power projects in South Africa which were held in South African Rand and the two power projects in Cameroon which were held in Cameroon Central Africa CFA Franc.

The Group monitors the valuation of the USD closely against other currencies held by the Group. If a significant currency risk arises in the future, the Group would consider using hedging instruments which are widely and readily available at little cost to mitigate the risk.

Interest rate risk

Interest rate risk is the risk that the Group suffers financial loss due to changes in the value of an asset or liability or in the value of future cash flows due to movements in interest rates.

**23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS
(continued)**

The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's borrowings and short term deposits with floating interest rates. To manage the Group's interest rate risk in relation to its borrowings (cash flow risk) it uses interest rate derivatives where necessary. When eligible these are designated as cash flow hedges. As at the 2018 year end the Group holds the following interest rate swaps to manage such risk:

- (1) De Aar entered into an interest rate swap with ABSA in November 2012. The swap currency is South African Rand and matures in 2029 with a fixed swap rate of 7.92%. The fair value of the transaction at year end was an asset of \$0.1m (2017: liability of \$0.6m) and the outstanding notional loan value was \$56.8m (2017: \$69.3m).
- (2) Droogfontein entered into an interest rate swap with ABSA in November 2012. The swap currency is South African Rand and matures in 2029 with a fixed swap rate of 7.92%. The fair value of the transaction at year end was an asset of \$0.1m (2017: liability of \$0.5m) and the outstanding notional loan value was \$55.4m (2017: \$67.6m).
- (3) Jeffreys Bay entered into an interest rate swap with ABSA in November 2012. The swap currency is South African Rand and matures in 2029 with a fixed swap rate of 7.99%. The fair value of the transaction at year end was a liability of \$0.1m (2017: liability of \$1.4m) and the outstanding notional loan value was \$117.0m (2017: \$142.8m).
- (4) Azito entered into an interest rate swap with IFC in February 2013. The swap currency is USD and matures in 2028 with a fixed swap rate of 2.59%. The fair value of the transaction at period end was an asset of \$1.0m (2017: liability of \$3.3m) and the outstanding notional loan value was \$236.5m (2017: \$252.6m).

With regards to the Group's interest rate risk on deposits, it would take an additional 17 basis points decrease in all interest rates, with all other variables held constant, to adversely impact the Group's profit before tax by \$0.1m (2017: 14 basis points to impact by \$0.1m).

With regards to the Group's interest rate risk on interest bearing loans and borrowings, it would take an additional 3 basis points increase in all interest rates, with all other variables held constant, to adversely impact the Group's profit before tax by \$0.1m (2017: 2 basis points to impact by \$0.1m).

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS
(continued)

The amount of fixed and floating rate debt of the Group is as follows:

	Fixed rate	Floating rate	No interest	Total	Weighted average interest rate	Weighted average period to full maturity
Interest rate exposures	\$000	\$000	\$000	\$000	%	Years
2018 Financial assets: Cash and short term deposits	15,968	42,753	222,965	281,686	0.8	0
2017 Financial assets: Cash and short term deposits	26,553	52,696	158,228	237,477	1.2	0
2018 Financial assets: Loans and receivables	-	-	-	-	0.0	0
2017 Financial assets: Loans and receivables	-	-	6,475	6,475	0.0	0
2018 Financial assets: Trade and other receivables	-	-	842,176	842,176	0.0	0
2017 Financial assets: Trade and other receivables	-	-	943,126	943,126	0.0	0
2018 Financial assets: Finance lease receivable	47,065	-	-	47,065	26.2	14.3
2017 Financial assets: Finance lease receivable	48,857	-	-	48,857	26.2	15.3
2018 Financial liabilities: Trade and other payables	-	-	179,605	179,605	0.0	0
2017 Financial liabilities: Trade and other payables	-	-	198,802	198,802	0.0	0
2018 Financial liabilities: Obligations under finance lease	21,282	-	-	21,282	6.2	14.3
2017 Financial liabilities: Obligations under finance lease	22,878	-	-	22,878	6.2	15.3
2018 Financial liabilities: Interest bearing loans & borrowings	118,820	634,259	59,007	812,086	8.0	4.0
2017 Financial liabilities: Interest bearing loans & borrowings	189,587	685,943	54,874	930,404	8.6	7.9

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient funds to meet its liabilities. The Group monitors its risk to shortage of funds through use of cash forecasts which identify the liquidity requirements of the Group; these are produced and reviewed regularly to ensure sufficient financial headroom exists for at least a 12 month period. It actively manages and maintains its cash flows and obtains financial support from its stakeholders should it be required.

To allow flexibility in management of short term liquidity requirements the Group entered into a revolving credit facility of \$40.0m with Standard Bank of South Africa Limited on 23 March 2016 and a \$20.0m letter of credit facility from Barclays Bank plc also on 23 March 2016. At 31 December 2018 utilisation of the Standard Bank facility was \$Nil (2017: \$10.0m) and utilisation of the Barclays facility was \$3.6m (2017: \$3.1m).

The following table shows projected cash outflows to service Group debt.

2018	Interest bearing loans & borrowings (1)	Interest rate swaps (1) (2)	Finance lease obligations (1)	Trade and other payables
Financial Liabilities: maturity profile	\$000	\$000	\$000	\$000
Due on demand	145,434	-	-	-
Due within one year, but not on demand	86,316	1,681	2,250	179,605
Due within one to two years	107,973	946	2,250	-
Due within two to three years	97,440	492	2,250	-
Due within three to four years	90,475	134	2,250	-
Due within four to five years	65,508	24	2,250	-
Due after five years	326,018	-	20,995	-
Total	919,164	3,277	32,245	179,605

2017				
Financial Liabilities: maturity profile	\$000	\$000	\$000	\$000
Due on demand	138,627	-	-	-
Due within one year, but not on demand	117,856	4,644	2,321	199,802
Due within one to two years	136,460	3,054	2,321	-
Due within two to three years	108,972	1,577	2,321	-
Due within three to four years	98,767	719	2,321	-
Due within four to five years	94,529	224	2,321	-
Due after five years	470,128	50	23,983	-
Total	1,165,339	10,268	35,588	199,802

- (1) All financial liabilities described in this table are non-recourse to the wider Group except for the Shareholder loans
- (2) The total interest rate swap liability above is greater than the liability shown on the face of the balance sheet. This is because the interest rate swap asset on the balance sheet includes offset for a number of liabilities. In each instance a legal right of set-off exists as the assets and liabilities relate to the same derivative contract.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS
(continued)

Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on their obligations under the contract. This includes any cash amounts owed to the Group by those counterparties, less any amounts owed to the counterparty by the Group where a legal right of set-off exists.

The Group's primary exposure is to performance at its operating businesses:

- (1) Approximately 83% of Songas' reported revenue relates to transactions between Songas and TANESCO; 6% from Tanzania Portland Cement Company Limited ('TPCC') and 11% from Pan African Energy Tanzania Limited.

In the event TANESCO does not make remittances within terms, Songas is automatically released from its obligations, and has the right to draw from a government funded liquidity facility maintained with a reputable commercial bank equal to approximately four months equivalent of subordinated obligations. As at the date of writing the liquidity facility is unfunded and Songas is exposed to the extent of its delivered but unpaid supplies.

At 31 December 2018, before adjusting for expected credit losses under IFRS 9, TANESCO owed Songas a total of \$40.3m (2017: \$87.8m) \$40.3m (2017: \$72.7m) of which was overdue.

The amount of outstanding receivables has reduced during 2018, due to in excess of \$100m being received from TANESCO throughout 2018 which is consistent with 2017. This has enabled Songas to continue to meet its debts as and when they fall due, and maintain an adequate level of cash at the project level.

Songas has the right to impose interest on late payment. When payment is delayed for 30 days or more supply of gas may be stopped and/or the sales agreement terminated.

Taking into account the economic importance of the provision of electricity, the recent history of payments and the recovery of historical balances, management considers there is adequate mitigation against credit risk.

- (2) Azito receives tariff payments under a Concession Agreement with the Ivorian State from CIE. CIE is a privately owned company incorporated in the Ivory Coast holding a concession allowing it to operate the transmission and distribution infrastructure in Côte d'Ivoire in return for a fee from the State. CIE collects payments from retail customers and remits revenue to the State.

Before adjusting for credit losses under IFRS 9, \$48.8m was overdue at 31 December 2018 (2017: \$53.9m) following better collections throughout 2018. The situation is expected to improve following IFC sector refinancing which should clear a material portion of the overdue balance.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS
(continued)

- (3) Kribi receives its revenue payments under a PPA with ENEO. ENEO is a privately owned company incorporated in Cameroon and is now owned by the partnerships which are together known as Actis Energy 3 ('Actis Energy 3'). Before adjusting for credit losses under IFRS 9, the total owed at 31 December 2018 is \$75.9m which has improved since 2017 (2017: \$99m).

At the start of 2019, ENEO signed up to a repayment plan to prioritise clearing these arrears, and payments committed to under this plan have so far been received.

- (4) Dibamba receives its revenue payments under a Tolling Agreement with ENEO, and at 31 December 2018 was owed \$16.0m before adjusting for credit losses under IFRS 9 (2017: \$12.3m). This has deteriorated during the year as ENEO have formally disputed all outstanding invoices on the basis of a tariff dispute with the regulator ARSEL. Management is confident that the dispute is baseless, and has further protection under the PPA should a change of law occur. The situation will be monitored closely in 2019.
- (5) De Aar, Droogfontein and Jeffreys Bay receive revenue payments under a PPA with the national utility company ('Eskom'). Eskom is a public limited liability company incorporated in South Africa and wholly owned by the South African Government. Invoices have been settled on time since the first invoices issued by project companies in early 2014. There are no known reasons to consider that late payments would occur in the future.

Power generation and distribution businesses

Counterparty credit exposures arise in the normal course of operations as a result of the potential for a customer defaulting on their payable balance. The Group has a limited number of customers to which it provides services in return for revenue, and credit risk is managed by analysing credit worthiness and financial strength during the negotiation of PPAs and during the life of the contract. Where the creditworthiness of the customer is deemed to be below standards, various contractual agreements and structures are negotiated (such as letters of credit, liquidity facilities, government guarantees and political risk insurance) to provide the required credit support.

Fair value of financial assets and liabilities

Financial assets

Unquoted equity investments are included in the balance sheet at fair value. There is no material difference between the fair value and the book value of the Group's cash and cash equivalents, short term deposits, loans or trade and other receivables.

The fair value hierarchy is as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS (continued)

The fair value and the book value of other financial assets is as follows:

	Fair value hierarchy	2018		2017	
		Book value \$000	Fair value \$000	Book value \$000	Fair value \$000
Interest rate swaps (1)	2	2,648	2,648	16	16

The fair values are based upon:

(1) Valuation technique level 2: Interest rate curves, risk-free rates, and counterparty risk.

Financial liabilities

The fair value and the book value of financial liabilities is as follows:

	Fair value hierarchy	2018		2017	
		Book value \$000	Fair value \$000	Book value \$000	Fair value \$000
Interest bearing loans and borrowings (1)	2	753,079	761,053	875,530	902,638
Non-interest bearing loans and borrowings (1)	2	59,007	59,007	54,874	54,874
Interest rate swaps (2)	2	1,582	1,582	5,823	5,823

The fair values are based upon:

(1) Valuation technique level 2: Discounting cash flows at prevailing market rates of interest.

(2) Valuation technique level 2: Interest rate curves, risk-free rates, and counterparty risk.

Interest rate swap counterparties

Counterparty credit exposures in relation to interest rate swap instruments were monitored by individual counterparty and by category of credit rating. The interest rate swaps entered into by the Group's South African subsidiaries are with ABSA bank which has a credit rating of BBB- which is similar to the country's sovereign credit rating. The counterparty to the Group's other interest rate swap is the IFC which has a AAA credit rating.

24 PROVISIONS

	2018			2017		
	Maintenance \$000 (1)	Other \$000 (2)	Total \$000	Maintenance \$000 (1)	Other \$000 (2)	Total \$000
Current						
At 1 January	38,202	5,745	43,947	8,265	853	9,118
Provided in the year	-	335	335	8,529	6	8,535
Utilised	-	(4,717)	(4,717)	(8,265)	-	(8,265)
Unused amounts reversed	-	(676)	(676)	-	(159)	(159)
Exchange difference	(299)	(29)	(328)	780	394	1,174
Transferred from non-current (3)	42,659	-	42,659	28,893	4,651	33,544
At 31 December	80,562	658	81,220	38,202	5,745	43,947
Non-current						
At 1 January	67,702	9,637	77,339	63,037	10,253	73,290
Provided in the year	25,447	163	25,610	28,587	97	28,684
Decommissioning provision	-	674	674	-	597	597
Unwinding of discount	4,845	-	4,845	2,964	-	2,964
Reclassification	-	-	-	(2,333)	2,333	-
Exchange difference	(1,666)	(1,181)	(2,847)	4,340	1,008	5,348
Transferred to current (3)	(42,659)	-	(42,659)	(28,893)	(4,651)	(33,544)
At 31 December	53,669	9,293	62,962	67,702	9,637	77,339

- (1) Relates to provisions recognised under IFRIC 12 for expected future maintenance which is required over the remaining life of the Azito, Dibamba and Kribi PPAs but not refunded under the existing concession agreement. Of the balance \$71.5m (2017: \$50.8m) relates to Azito, \$53.0m (2017: \$47.3m) to Kribi and \$9.7m (2017: 7.7m) to Dibamba.
- (2) Includes a \$7.2m (2017: \$7.6m) decommissioning provision for the South African projects which is recognised in property, plant and equipment, \$2.3m (2017: \$6.6m) in relation to Dibamba and Kribi pension and tax provisions, \$0.5m (2017: \$0.5m) in relation to an Azito pension provision.
- (3) Transfers from non-current to current represent provisions for major maintenance at Azito.

25 COMMITMENTS

Capital commitments entered into during the year but not provided for are as follows:

- \$8m relating to maintenance services at Songas. The commitment value is the estimated termination fee payable.

As at 2017 there was;

- \$0.6m related to software for the corporate offices.
- \$8m relating to maintenance services at Songas. The commitment value is the estimated termination fee payable.

25 COMMITMENTS (continued)

Operating lease commitments – Group as lessor

In accordance with IFRIC 4, the power purchase arrangements for the Group's power generating company in Tanzania should be reported as an operating lease in accordance with IAS 17 'Leases'. These arrangements have been considered non-cancellable leases and have remaining terms of 6 years. The leases include clauses which could lead to amendment of the lease rentals if certain conditions occur.

Future minimum rentals receivable under the non-cancellable operating lease as at 31 December are:

	2018	2017
	\$000	\$000
Within one year	57,427	55,529
After one year but not more than five years	186,087	204,608
More than five years	23,184	56,148
Total future minimum lease payments receivable	266,698	316,285

26 CONTINGENT LIABILITIES

At 31 December 2018 the company had the following contingent liabilities incurred in the ordinary course of business, arising out of letters of credit and other transactions in respect of which in the opinion of Directors, no material losses are expected to arise;

- Dibamba: ENEO have formally disputed all outstanding invoices on the basis of a tariff dispute with the regulator ARSEL. The outstanding trade receivable balance at 31 December 2018 was \$16.0m. Management is confident that the dispute is baseless, and has further protection under the PPA should a change of law occur. As the situation unfolds management expect some delay to repayments, so have reclassified \$7.3m of the outstanding balance to non-current. The situation will be monitored closely in 2019.
- The Group and its subsidiaries have entered into various letters of credit in respect of contract performance, working capital facilities, technical services and plant maintenance, in the ordinary course of business. The likelihood of utilisation is considered remote. This includes a \$17m parent company guarantee granted to Azito energy to facilitate the MXL2 upgrade.
- During 2017, Songas received revised assessments from the Tanzania Revenue Authority ("TRA") in relation to the exchange rate used in submitting the 2010 to 2016 taxation returns totalling approximately \$7.7m. Similar to prior assessments received, these are considered wholly arbitrary and without basis and have been disputed in full.
- In line with the previous year, there is a \$12.3m (VAT exclusive) Pan African dispute for well workover costs incurred at the Songo Songo island gas processing plant. Songas' position remains unchanged; they had not requested the work be carried out and believes it is in contrary to the well workover and operatorship agreements between the two parties. In addition Songas does not benefit from the increased capacity generated from the work. Therefore all costs are disputed in full.

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

27 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Country of incorporation	Company	Class of share	Percentage share of results included in the financial statements		Principal activities
			2018	2017	
Subsidiaries					
Cameroon	Dibamba Power Development Company SA	Ordinary	56.0%	56.0%	Oil fired generation
Cameroon	Kribi Power Development Company SA	Ordinary	56.0%	56.0%	Gas fired generation
Cameroon	Globeleq Cameroon Management Services SA	Ordinary	100.0%	100.0%	Advisory services
Côte d'Ivoire ⁽¹⁾	Azito Energie SA	Ordinary	76.9%	76.9%	Gas fired generation
Kenya	Globeleq Kenya Limited	Ordinary	100%	100%	Advisory services
Kenya	Malindi Solar Group	Ordinary	90%	90%	Solar generation
Nigeria	Qua Iboe Power Company Limited	Ordinary	85%	85%	Gas fired generation
South Africa ⁽²⁾	De Aar Solar Power (RF) (Pty) Limited	Ordinary	56.8%	56.8%	Solar generation
South Africa ⁽²⁾	Droogfontein Solar Power (RF) (Pty) Limited	Ordinary	56.8%	56.8%	Solar generation
South Africa ⁽²⁾	Jeffreys Bay Wind Farm (RF) (Pty) Limited	Ordinary	59.0%	59.0%	Wind generation
South Africa ⁽³⁾	Globeleq South Africa Management Services (Pty) Limited	Ordinary	80.0%	80.0%	Advisory services
Tanzania ⁽¹⁾	Songas Limited	Common	54.1%	54.1%	Gas fired generation
United Kingdom	Globeleq Africa Limited ⁽⁴⁾	Ordinary	100.0%	100.0%	Advisory services
Associates					
Kenya	Tsavo Power Company Limited	Ordinary	30.0%	30.0%	Oil fired generation

1. In addition Globeleq owns 100% of the related operations and maintenance companies
2. During 2017, Globeleq increased its ownership in De Aar and Droogfontein by 6.7%, and in Jeffreys Bay by 8.9%.
3. 20% was sold to an educational trust during January 2017 to comply with South African Black Economic Empowerment obligations
4. During January 2018, this entity changed its name from Globeleq Advisors Limited to Globeleq Africa Limited.

28 NON-CONTROLLING INTERESTS

Financial information of subsidiaries that have material non-controlling interests are:

	2018	2017
	\$000	\$000
Dividends paid to non-controlling interests:		
Jeffreys Bay	9,068	10,568
De Aar	6,703	6,978
Droogfontein	6,411	6,239
SAMS	318	323
Azito	16,906	6,239
Songas	13,770	9,217
Dibamba	-	1,869
Kribi	-	-
Malindi	-	-
Total	53,176	41,433
Profit/(loss) allocated to non-controlling interests:		
Jeffreys Bay	6,032	6,653
De Aar	4,526	4,686
Droogfontein	4,325	4,158
SAMS	316	278
Azito	15,116	12,193
Songas	1,593	9,596
Dibamba	5,333	4,128
Kribi	11,428	7,919
Malindi	(173)	-
Total	48,496	49,611
Accumulated non-controlling interests of the subsidiary:		
Jeffreys Bay	14,095	19,324
De Aar	4,232	7,101
Droogfontein	4,372	7,166
SAMS	323	362
Azito	37,670	40,942
Songas	30,514	42,380
Dibamba	46,627	44,411
Kribi	75,728	71,060
Malindi	376	548
Total	213,937	233,294

28 NON-CONTROLLING INTERESTS (continued)

Summarised statements of profit and loss for 2018 based on underlying audited financial statements for the principal operating subsidiaries:

	Jeffreys Bay \$000	De Aar \$000	Droog- fontein \$000	Azito \$000	Songas \$000
Total revenue	54,330	29,870	28,899	121,256	91,940
Operating and maintenance	(7,414)	(1,558)	(1,537)	(41,077)	(35,028)
Administrative and other income / (expense)	(11,718)	(6,682)	(6,479)	8,724	(26,578)
Net finance costs	(14,511)	(6,964)	(6,843)	(18,767)	161
Profit before income tax	20,687	14,666	14,040	70,136	30,495
Income tax expense	(5,975)	(4,187)	(4,031)	(3,361)	(5,004)
Profit from continuing operations	14,712	10,479	10,009	66,775	25,491

	Kribi \$000	Dibamba \$000
Total revenue	98,897	29,284
Operating and maintenance	(57,604)	(8,632)
Administrative and other income / (expense)	(5,866)	(311)
Net finance costs	1,628	(1,450)
Profit before income tax	37,055	18,891
Income tax expense	(12,711)	(6,673)
Profit from continuing operations	24,344	12,218

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2018

28 NON-CONTROLLING INTERESTS (continued)

Summarised statements of profit and loss for 2017 based on underlying audited financial statements for the principal operating subsidiaries:

	Jeffreys Bay \$000	De Aar \$000	Droog- fontein \$000	Azito \$000	Songas \$000
Total revenue	53,653	29,130	27,467	121,954	98,779
Operating and maintenance	(6,987)	(1,560)	(1,586)	(43,266)	(37,547)
Administrative and other income / (expense)	(12,428)	(6,953)	(6,947)	(679)	(22,772)
Net finance income	(15,399)	(7,314)	(7,105)	(20,910)	380
Profit before income tax	18,839	13,303	11,829	57,099	38,840
Income tax expense	(5,193)	(3,747)	(3,350)	(3,192)	(7,779)
Profit from continuing operations	13,646	9,556	8,479	53,907	31,061

	Kribi \$000	Dibamba \$000
Total revenue	94,729	28,442
Operating and maintenance	(58,916)	(8,459)
Administrative and other income / (expense)	(9,161)	(2,307)
Net finance costs	(1,862)	(3,043)
Profit before income tax	24,790	14,633
Income tax expense	(7,344)	(5,252)
Profit from continuing operations	17,446	9,381

Summarised balance sheets as at 31 December 2018 based on underlying audited financial statements for the principal operating subsidiaries:

	Jeffreys Bay \$000	De Aar \$000	Droog- fontein \$000	Azito \$000	Songas \$000
Current assets	29,574	18,908	18,895	198,234	75,130
Non-current assets	136,301	65,089	63,234	350,487	128,937
Current liabilities	(9,633)	(5,382)	(5,254)	(59,134)	(50,309)
Non-current liabilities	(141,750)	(74,538)	(72,728)	(306,910)	(79,706)
Net assets	14,492	4,077	4,147	182,677	74,052

	Kribi \$000	Dibamba \$000
Current assets	188,100	44,704
Non-current assets	246,542	59,890
Current liabilities	(258,637)	(43,213)
Non-current liabilities	(114,362)	(9,109)
Net assets	61,643	52,272

28 NON-CONTROLLING INTERESTS (continued)

Summarised balance sheets as at 31 December 2017 based on underlying audited financial statements for the principal operating subsidiaries:

	Jeffreys Bay \$000	De Aar \$000	Droog- fontein \$000	Azito \$000	Songas \$000
Current assets	32,906	22,691	22,392	221,516	133,459
Non-current assets	165,919	79,338	77,078	328,485	136,576
Current liabilities	(11,399)	(7,511)	(7,113)	(90,185)	(58,582)
Non-current liabilities	(165,144)	(85,458)	(83,415)	(278,018)	(103,032)
Net assets	22,282	9,060	8,942	181,798	108,421

	Kribi \$000	Dibamba \$000
Current assets	147,705	34,941
Non-current assets	284,171	63,988
Current liabilities	(286,999)	(23,009)
Non-current liabilities	(108,919)	(34,313)
Net assets	35,958	41,607

29 RELATED PARTY TRANSACTIONS

During the current, and prior year, the Group conducted transactions with the following related parties which are not members of the Group:

- Globeleq Limited is the current sole shareholder, itself owned by CDC and Norfund. The Group provided advisory services to Globeleq Limited during the year and Globeleq Limited provided a shareholder loan to the Group.
- CDC is a current shareholder of Globeleq Limited. CDC provided short term loan facilities and credit guarantees to certain Group subsidiaries and associates.
- CEC Africa (Sierra Leone) Limited is a subsidiary of CDC and holding company for the Salone power project based in Sierra Leone. The Globeleq group has provided funding to this entity during 2017 and 2018 through a Development Loan Agreement. At the end of 2018, the management of the Globeleq Group has decided to fully write off this loan receivable, following the project failure due to financing difficulty of the project.

29 RELATED PARTY TRANSACTIONS *(continued)*

The financial impact of transactions between the Group and related parties who are not members of the Group for the periods discussed above is as follows:

	Incomes booked by the Group \$000	2018 Expenses incurred by the Group \$000	Incomes booked by the Group \$000	2017 Expenses incurred by the Group \$000
Income statement				
CDC	30	48	30	287
Globeleq Limited	-	4,825	-	4,709
CEC Africa (Sierra Leone) Limited	360	-	626	-
Total	390	4,873	656	4,996
		Net receivable/ (payable) \$000		Net receivable/ (payable) \$000
Balance sheet				
CDC - long term		53		23
Globeleq Limited		(59,007)		(54,874)
CEC Africa (Sierra Leone) Limited (1)		-		5,104
Total (net)		(58,954)		(49,747)

1. Balance was written off during 2018, following project failure on the Salone project. Total write off was for \$6.5m which included principal balance and interest.

Remuneration of key management personnel

Key management personnel numbered 11 individuals as at 31 December 2018 (2017: 9), including direct reports to the Chief Executive Officer.

The amounts in relation to remuneration of key management personnel are as follows:

	2018 \$000	2017 \$000
Short-term employee benefits	4,329	3,624
Post-employment benefits	133	135
Total remuneration	4,462	3,759

30 POST BALANCE SHEET EVENTS

Azito phase 4

During February 2019, Azito Energie and the Government of Cote d'Ivoire signed the Amendment to the Azito Concession Agreement which will allow the phase 4 project to proceed towards closing during 2019.

Construction will start immediately after Financial Close with a target commercial operations date in the fourth quarter of 2020. The Expansion of the Azito plant will add 253MW to the existing 430MW.

QIPP sell down

On 28th March 2019, Globeleq Africa Limited signed a Joint Development Agreement ("JDA") with Mitsui & Co Limited ("Mitsui") in relation to the QIPP project under development. The JDA brings in Mitsui as a partner and releases 49% of Globeleq's share in the project. This JDA reduces the future contingent consideration payable in note 22 but is not an adjusting event for reporting purposes.

Under the JDA, Mitsui will fund their share of ongoing development costs as well as repaying historical development spend subject to certain milestones being achieved during project development.