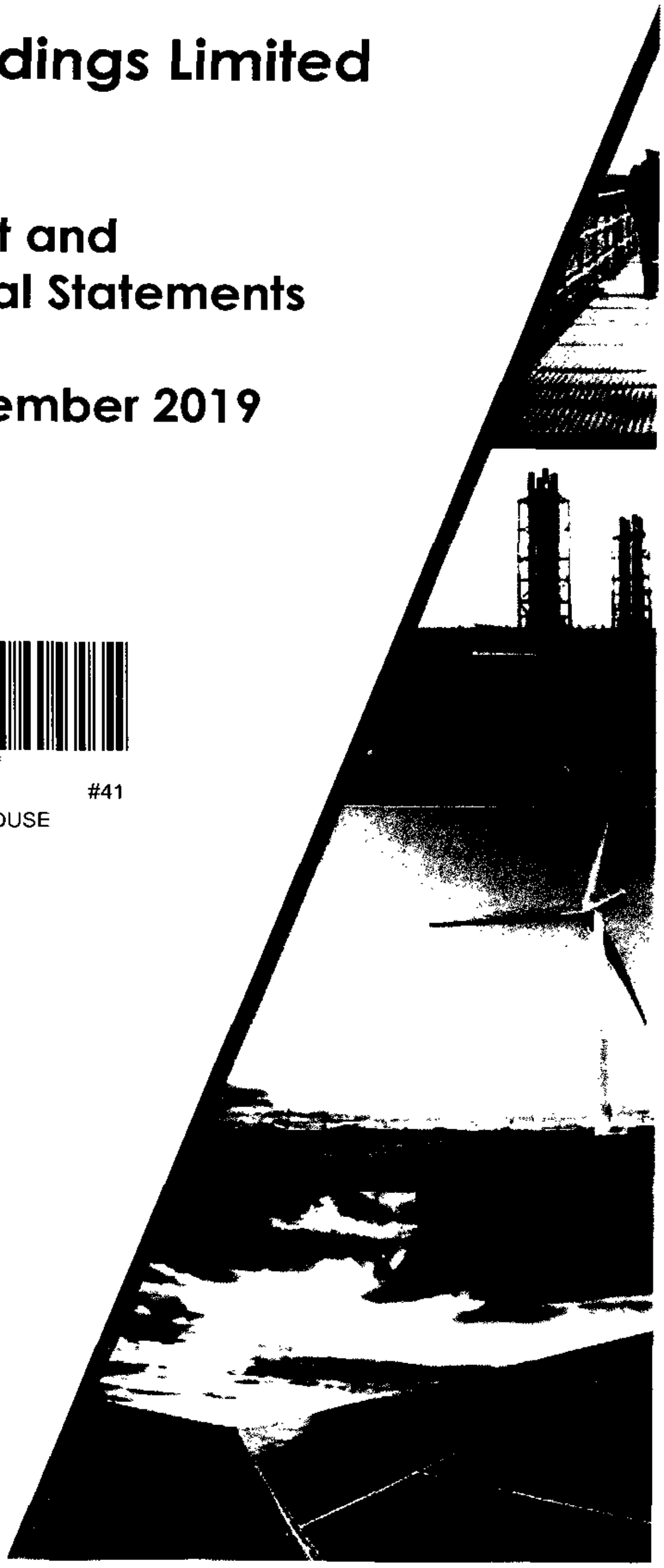
GLOBELEQ

POWERING AFRICA'S GROWTH

Globeleq Africa Holdings Limited

Annual Report and Consolidated Financial Statements

Year Ended 31 December 2019



Registered No. 55574

Current Directors

Michael Scholey	Executive Director	Chief Executive Officer
Ian Coxon	Executive Director	Chief Financial Officer
Stephen Ramsay	Executive Director	General Counsel

Company Secretary
Stephen Ramsay

Auditor
Ernst & Young LLP
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London
United Kingdom
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Directors' Report

The directors present their report together with the financial statements for the year ended 31 December 2019.

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 Company is legally incorporated in Guernsey and since 1 January 2018 has been UK resident for tax purposes and fully compliant with UK tax legislation.

The financial statements of Globeleq Africa Holdings Limited and its subsidiaries (collectively, 'the Group' or 'Globeleq') for the year ended 31 December 2019 were authorised for issue by the board of directors on 22 June 2020. 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 ("$"). The Group's consolidated profit including non-controlling interests for the year, after taxation, was $45.2m (2018: $73.5m). 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 2019 and 31 December 2018.

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

Principal activities of the Group

The Group develops, owns and operates power plants, with a sole focus on the African continent as underlined by the Group's mission of "Powering Africa's Growth". The vision is to be "the power sector leader and partner of choice for African nations." The Group's experience in implementing an array of generating technologies in different geographic locations, provides Globeleq with a unique perspective and strong foundations for developing new capacity as a trusted, reliable and committed partner of choice within the African Independent Power Producer (IPP) market. Within this landscape Globeleq has three overarching strategic imperatives:

- Adding megawatts (MWs) in its target countries;
- Developing and closing projects that have high developmental impact; and
- Increasing the monetary value of the Group.

Projects are evaluated on a case by case basis with a balanced view on the overall diversity, risk and timeline of projects in the portfolio. The focus is on renewable power plants (particularly solar and wind) and gas fired generation. While the medium term aim is to increase the renewable portfolio (due to the imperatives of climate change and their ever-decreasing costs to construct and operate) it is expected that the Group will continue to develop and build Paris Accord compliant gas projects. When developing power projects Globeleq will often work with partners. Globeleq's preference is to be the majority owner with the right to operate the plant.

The plants all have the benefit of long-term contracts with the country utility which provide for the sale of all output from the plant, usually with a capacity element to ensure returns can be obtained over the life of the plant. In these contracts fuel costs are usually a pass through. The contracts also deal with operation and maintenance costs, power sales and hedges in respect of local currency exposure.

1. Business Value

Globeleq aims to deliver value across the project life cycle from greenfield development to operations and both from a financial and non-financial perspective. The framework highlighted below outlines example areas where Globeleq creates value from development to operations.

Value examples	**Development**	**Construction**	**Operations**
Financial	Financial, returns, distributions and taxes		
Capital	Deploy new capital	Efficient use of capital	Returns for partners and shareholders
Market	Open up new markets	Develop local suppliers	Reliable electricity supply
People	Job creation, new skills, diversity, local suppliers		
Environment	Mitigate climate impact, focus on renewables.	Ensure construction best practices	Efficient resource use, high standards
Social	Early stage risk management, and create licence to operate	Maximise local labour opportunities.	Create shared values with stakeholders
Integrity	Transparency and accountability		
Safety	Integrate into design, set standards.	Prioritise safety practices, high quality performance.	Safety culture fully embedded.

2. Operating Assets

Currently Globeleq has interests in 13 operating plants with a total capacity of 1,413 MW (gross). The plants are spread across Cameroon, Cote d'Ivoire, Kenya, South Africa and Tanzania. There are also two plants in construction. A table of assets is set out below:

Overview by Plant

Asset	Country	Fuel / Technology	Globeleq Role	Stake (%)	Capacity (MW)
Kribi	Cameroon	Gas / Engine	Operator	56.0	216
Dibamba	Cameroon	HFO / Engine	Operator	56.0	88
Azito	Cote d'Ivoire	Gas / Combined Cycle	Operator	76.9	460
Jeffreys Bay	S. Africa	Wind	Operator	59.0	138
De Aar	S. Africa	Solar PV	Operator	56.8	50
Droogfontein	S. Africa	Solar PV	Operator	56.8	50
Boshof	S. Africa	Solar PV	Manager	55.0	66
Soutpan	S. Africa	Solar PV	Operator	51.1	31
Klipheuwel	S. Africa	Wind	Operator	65.0	27
Aries	S. Africa	Solar PV	Manager	70.0	11
Konkoonsies	S. Africa	Solar PV	Manager	70.0	11
Tsavo	Kenya	HFO / Engine	Investor	30.0	75
Songas	Tanzania	Gas / Open Cycle	Operator	54.1	190
TOTAL					**1,413**

In addition, during 2019, Globeleq group companies commenced construction of the Malindi plant (52 MW solar plant in Kenya) and the Phase 4 extension at Azito (253MW Combined Cycle Gas Turbine plant in Cote d'Ivoire).

3. Development Activities

The Group carries out development activities across numerous countries in Africa. By development activities we mean bidding for a contract through a competitive tender process (usually run by a government department or utility), entering into bi-lateral negotiations with a host government to develop a power plant, stepping into an existing development which needs industry expertise and capital to take it to financial close or acquiring an asset by acquisition.

Currently the Group is looking at developing power projects across Africa, including opportunities in South Africa, Namibia, Mozambique, Zambia, Tanzania, Kenya, Ghana, Nigeria, Togo, Tunisia, Egypt and Burkina Faso.

During 2019 the business reached financial close on the Malindi 52MW solar project in Kenya. It is expected to reach commercial operations during the second half of 2020. The plant will provide power to Kenya Power under a 20 year power purchase agreement. It also acquired Brookfield's interest in a portfolio of renewable assets in South Africa. These included the solar plants at Aries and Konkoosies, both located in the Northern Cape, Boshof in Free State Province and Soutpan and the wind plant at Klipheuwel, Western Cape. These plants all have 20-year power purchase agreements with Eskom, the state-owned power utility. In January 2020 the Azito expansion project reached financial close.

4. Health and Safety

Globeleq is committed to operating a healthy and safe workplace at all its operations. Each plant has a dedicated health and safety officer and there is an annual conference to review and improve safety performance across the business. Safety performance is monitored throughout the year and safety performance is reported every month to management and shareholders.

5. Social Engagement

Globeleq regards a "social licence to operate" as critical to its success. Each of the operating power plants has an effective socio-economic programme in place. Strategically developed and locally implemented, these programmes primarily focus on health, education, employment and enterprise development, with the aim to impact positively the communities close to the operating plants.

6. Environment

Each power plant development project is subject to an environmental impact assessment, which is based on World Bank guidelines and standards. The aim is to apply leading environmental management practices to prevent, minimise and otherwise mitigate or remediate any negative impacts the operations may have. The environmental impact of the business (including CO2 emissions) is continually measured and reported to management and shareholders.

7. Principal Risks and Uncertainties

The business faces a number of risks which, although overlapping, can be categorised into a number of headings:

<u>External Risks</u>

This includes a number of factors. Climate change can result in extreme weather patterns which can cause floods and damage to equipment as well as an impact on output for windfarms and increased insurance costs. It also includes acts of government, for example implementing changes of law or changes to tender programmes, all of which can cause financial loss or a negative impact on the growth of the business. The business is also exposed to downturns in global and local economies and global pandemics (which can impact on staffing levels at power plants and supply chain management).

<u>Financial Risks</u>

The success of the business depends on prompt payment of its bills by customers. In certain countries (particularly Cameroon) the sector is not robust and the utility does not have enough money to pay its bills so large amounts can be left unpaid. The reasons for non-payment include the government not paying for electricity that it or state owned entities consume, the retail price of the electricity being too low, poor collection rates and the utility having unfunded capital expenditure programmes (for example to expand its grid network). In addition, the assets can be exposed to large tax claims and foreign exchange movements (although contractual protection is obtained where necessary).

Directors' Report (*continued*)

Operational Risks

These cover the day to day operations of the power plant. There are usually availability guarantees set out in the contracts with the customer and any drop below this level can lead to financial loss. A power plant is a large industrial unit where employees can be exposed to physical risk – while the safety of all people on site is taken very seriously there is always the risk that someone can come to harm. Currently the business has two projects under construction. While the construction is carried out by a contractor under a full engineering, procurement and construction contract, there can be risks of delay or the plant not operating as forecast. All businesses rely on computer systems to operate and as such are subject to failure, whether caused by illegal third-party activity or otherwise. Cyber security is given a large priority within the organisation and policies and procedures are in place to mitigate exposure to this risk.

Environmental and Social Risks

The operating plants are subject to strict environmental laws relating to emissions, noise and vibration levels, breaches of which could result in fines or closure. In addition to compliance with these laws, it operates programmes to lessen its overall impact on the local environment. During the development of a power plant, care is taken to limit the impact of the proposed plant on the local environment, including local communities. There is always the risk that local communities can protest and disrupt the operations of a plant once it is built.

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 have satisfied themselves that it is in a sound financial position, taking into account forecast cash flows of the Company and of its subsidiaries and access to all means of liquidity. Shareholder loans are not repayable until 2030 and the Company has no other external financing or significant liabilities. There are no guarantees to subsidiaries expect those disclosed in the notes to the accounts. The Company has access to cash within its subsidiaries should it be required to settle its liabilities.

The Group's financial statements have been prepared using the going concern assumption.

Due to the Covid-19 pandemic, there are greater uncertainties regarding the future performance of the Group's subsidiaries. Detailed work has been undertaken to look at the potential impacts to the cash flows of the Group and its subsidiaries, including stress testing the assumptions to an extreme degree with a range of outcomes. These have included assuming a significant reduction in distributions from operating subsidiaries. Even under the extreme stress tested scenarios, the Group remains solvent and does not need to draw on its committed credit facilities.

The Group owns and operates critical utility infrastructure across the continent. Power demand has fallen rapidly in many countries and that will place utility cashflows under stress. It is therefore hard to predict how much we will get paid and as a result we are continuously monitoring a range of cashflow scenarios for the business. Group cash flow is driven by the inflows to the operating business to cover operating expenditure and debt service. The plants are typically project financed without recourse to the wider Group. Operating assets regularly distribute to the Group and cover all outflows for corporate and business development expenses as well as provide additional funds for either distribution to the shareholder or further investment. Cash balances are tracked continuously, and a range of scenarios monitored to ensure the Group remains in a strong cash position going forwards. As an additional measure the corporate revolver facility will be used to maintain a minimum Group cash balance.

It can therefore be considered that the Group has access to sufficient financial resources to meet its liabilities as they fall due and it can be reasonably expected that those financial resources will be made available to the Group in order to meet the foreseeable cash requirements. Further details on the liquidity of the Group are discussed within the notes to the financial statements.

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**
Ian Coxon	23 Jan 2020	
Paul Hanrahan	08 Jan 2018	31 December 2019

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 ought to have taken as a director to make himself 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

Mike Scholey
Chief Executive Officer

22 June 2020

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 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity 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 2019 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.

Emphasis of Matter - Effects of COVID-19

We draw attention to Note 1 and Note 30 of the financial statements, which describes the economic and social consequences the Group is facing as a result of COVID-19 which is impacting financial markets, consumer demand, personnel and the performance of the Group's subsidiaries. Our opinion is not modified in respect of this matter.

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.

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 7, 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 Group or to cease operations, or have no realistic alternative but to do so.

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 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
25 June 2020

Notes:

1. The maintenance and integrity of the Globeleq Africa Holdings Limited 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.

Consolidated Income Statement

For the year ended 31 December

	Notes	2019 $000	2018 $000
Operating revenue	3a	**532,298**	472,573
Other income	3b	**1,986**	5,907
Total revenue		**534,284**	478,480
Operating and maintenance expenditure		**(154,186)**	(154,100)
Administrative expenditure	4a	**(40,463)**	(45,369)
Other gains/(losses)	4b	**(86,759)**	(34,238)
Depreciation and amortisation	5	**(70,098)**	(58,620)
Share of profit in associated undertakings	10	**2,527**	2,844
Operating profit before interest and income tax		**185,305**	188,997
Finance income	6	**27,142**	18,813
Finance expense	6	**(108,750)**	(87,569)
Profit before income tax		**103,697**	120,241
Income tax expense	7	**(58,566)**	(46,760)
Profit from continuing operations		**45,131**	73,481
Attributable to:			
Equity holder of the parent		**7,864**	24,985
Non-controlling interests	28	**37,267**	48,496
Profit for the year from all activities		**45,131**	73,481

Consolidated Statement of Comprehensive Income

For the year ended 31 December

	2019 $000	2018 $000
Net profit for the year	**45,131**	73,481
Other comprehensive income to be reclassified to the income statement in subsequent periods:		
Exchange differences on translating foreign operations	**1,207**	(18,969)
(Loss) / gain on hedging instruments	**(11,333)**	5,422
Total recognised income and expense for the year (net of tax)	**35,005**	59,934
Attributable to:		
Equity holder of the parent	**(1,466)**	19,820
Non-controlling interests	**36,471**	40,114

Consolidated Balance Sheet As at 31 December	Notes	2019 $000	2018 $000
ASSETS			
Non-current assets			
Property, plant and equipment	8	**630,691**	407,497
Right of use assets	20	**27,045**	-
Other intangible assets	9	**442,721**	230,232
Investments in associates	10	**4,972**	5,719
Finance lease receivable	11	**45,284**	46,681
Deferred tax asset	21	**60,512**	39,325
Trade and other receivables	12	**567,716**	532,520
Derivative financial instruments	23	**67,052**	2,509
		1,845,993	1,264,483
Current assets			
Inventories	13	**43,089**	37,890
Trade and other receivables	12	**267,128**	337,382
Derivative financial instruments	23	**2,556**	139
Finance lease receivable	11	**482**	384
Cash and cash equivalents	14	**316,088**	281,686
		629,343	657,481
TOTAL ASSETS		**2,475,336**	1,921,964
EQUITY AND LIABILITIES			
Attributable to the equity holder of the parent			
Share capital	17	**49,909**	49,909
Hedge reserve		**(8,235)**	548
Currency translation reserve		**(54,091)**	(52,775)
Contributed capital on interest free loans		**75,576**	90,727
Retained earnings		**266,021**	257,388
		329,180	345,797
Non-controlling interests	28	**290,269**	213,937
Total equity		**619,449**	559,734
Non-current liabilities			
Trade and other payables	22	**29,814**	-
Deferred income	18	**19,780**	25,303
Interest bearing loans and borrowings	19	**891,480**	555,464
Lease liabilities	20	**28,587**	20,333
Provisions	24	**78,104**	62,962
Shareholder loans	29	**47,369**	59,007
Derivative financial instruments	23	**39,567**	-
Deferred tax liabilities	21	**260,503**	152,213
		1,395,204	875,282
Current liabilities			
Trade and other payables	22	**184,134**	179,605
Deferred income	18	**5,523**	5,523
Current tax liabilities		**19,900**	20,454
Interest bearing loans and borrowings	19	**217,525**	197,615
Lease liabilities	20	**2,423**	949
Provisions	24	**17,723**	81,220
Derivative financial instruments	23	**13,455**	1,582
		460,683	486,948
Total liabilities		**1,855,887**	1,362,230
TOTAL EQUITY AND LIABILITIES		**2,475,336**	1,921,964

The accounts were approved by members of the Board on 22 June 2020 and signed on their behalf by:

Mike Scholey,
Chief Executive Officer

Ian Coxon
Chief Financial Officer

Consolidated Statement of Changes in Equity

	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 2019	**49,909**	**(52,775)**	**548**	**90,727**	**257,388**	**345,797**	**213,937**	**559,734**
Dividends paid from subsidiary	-	-	-	-	-	-	**(41,405)**	**(41,405)**
Acquisition of subsidiary - Brookfield	-	-	-	-	-	-	**81,266**	**81,266**
Fair value Adjustment	-	-	-	**(15,151)**	-	**(15,151)**	-	**(15,151)**
Hedge reserve	-	-	**(8,235)**	-	-	**(8,235)**	**(3,098)**	**(11,333)**
Exchange differences on translating foreign operations	-	**(1,316)**	**(548)**	-	**769**	**(1,095)**	**2,302**	**1,207**
Net income recognised directly in equity	-	**(1,316)**	**(8,783)**	**(15,151)**	**769**	**(24,481)**	**39,065**	**14,584**
Profit for the year	-	-	-	-	**7,864**	**7,864**	**37,267**	**45,131**
Total movement for the year	-	**(1,316)**	**(8,783)**	**(15,151)**	**8,633**	**(16,617)**	**76,332**	**59,715**
At 31 December 2019	**49,909**	**(54,091)**	**(8,235)**	**75,576**	**266,021**	**329,180**	**290,269**	**619,449**

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 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

Consolidated Statement of Cash Flows

For the year ended 31 December

	Notes	2019 $000	2018 $000
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		**103,697**	120,241
Non cash adjustments to reconcile profit before tax to net operating cash flows:			
Depreciation and amortisation	5	**70,098**	58,620
Loss / (gain) on disposal of property, plant and equipment	4b	**3,636**	(438)
Loss on write off of inventories	4b	**-**	3,219
Loss on write off of receivables	4b	**69,760**	31,457
Share of profit in associated undertakings	10	**(2,527)**	(2,844)
Change in fair value of derivatives	6	**13,765**	(407)
IFRIC 12 non-cash movements		**(22,071)**	13,533
Interest income	6	**(18,922)**	(18,406)
Imputed interest on shareholder loans	6	**3,864**	4,825
Finance expense	6	**91,121**	74,629
Deferred income	18	**(5,523)**	(5,675)
Net foreign exchange differences	6	**(8,220)**	8,115
Net movement in provisions		**(52,507)**	20,552
Cashflow from operations before changes in working capital		**246,171**	307,421
Decrease / (increase) in trade and other receivables		**(3,957)**	6,019
Decrease / (increase) in inventories		**(5,159)**	609
(Decrease) / increase in trade and other payables		**22,213**	(10,303)
Cashflow from operations before tax paid		**259,268**	303,746
Tax paid		**(52,715)**	(46,121)
Cashflows from operating activities after tax paid		**206,553**	257,625
CASHFLOWS FROM INVESTING ACTIVITIES			
Investment in property, plant and equipment	8	**(46,556)**	(19,792)
Investment in finite life intangible assets	9	**(3,201)**	(3,598)
Investments in subsidiaries net of cash and cash equivalents acquired		**(35,618)**	(2,426)
Proceeds from disposal of property, plant and equipment		**1,540**	671
Interest received		**18,922**	18,046
Dividends received from associates	10	**3,274**	2,858
Cashflows from investing activities		**(61,639)**	(4,241)
CASHFLOWS FROM FINANCING ACTIVITIES			
Loans issued to third-parties		**-**	(1,211)
Repayments of lease liabilities		**(4,229)**	-
Non-recourse interest paid and other finance charges		**(83,743)**	(65,266)
Repayment of loans and borrowings		**(79,178)**	(78,248)
Increase/(decrease) in loans and borrowings received		**133,747**	-
Repayment of shareholder loans		**(30,317)**	(692)
Dividends paid to non-controlling interests	28	**(41,405)**	(53,176)
Cashflows from financing activities		**(105,125)**	(198,593)
Net increase in cash and cash equivalents		**39,789**	54,791
Cash and cash equivalents as at 1 January	14	**281,686**	237,477
Effect of exchange rate changes on cash		**(5,387)**	(10,582)
Cash and cash equivalents as at 31 December	14	**316,088**	281,686

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 2019 were authorised for issue in accordance with a resolution of the directors on 22 June 2020.

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 directors of the Company have satisfied themselves that it is in a sound financial position, taking into account forecast cash flows of the Company and of its subsidiaries and access to all means of liquidity. Shareholder loans are not repayable until 2030 and the Company has no other external financing or significant liabilities. There are no guarantees to subsidiaries expect those disclosed in the notes to the accounts. The Company has access to cash within its subsidiaries should it be required to settle its liabilities.

The Group's financial statements have been prepared using the going concern assumption.

Due to the Covid-19 pandemic, there are greater uncertainties regarding the future performance of the Group's subsidiaries. Detailed work has been undertaken to look at the potential impacts to the cash flows of the Group and its subsidiaries, including stress testing the assumptions to an extreme degree with a range of outcomes. These have included assuming a significant reduction in distributions from operating subsidiaries. Even under the extreme stress tested scenarios, the Group remains solvent and does not need to draw on its committed credit facilities.

The Group owns and operates critical utility infrastructure across the continent. Power demand has fallen rapidly in many countries and that will place utility cashflows under stress. It is therefore hard to predict how much we will get paid and as a result we are continuously monitoring a range of cashflow scenarios for the business. Group cash flow is driven by the inflows to the operating business to cover operating expenditure and debt service. The plants are typically project financed without recourse to the wider Group. Operating assets regularly distribute to the Group and cover all outflows for corporate and business development expenses as well as provide additional funds for either distribution to the shareholder or further investment. Cash balances are tracked continuously, and a range of scenarios monitored to ensure the Group remains in a strong cash position going forwards. As an additional measure the corporate revolver facility will be used to maintain a minimum Group cash balance.

It can therefore be considered that the Group has access to sufficient financial resources to meet its liabilities as they fall due and it can be reasonably expected that those financial resources will be made available to the Group in order to meet the foreseeable cash

1 CORPORATE INFORMATION *(continued)*

requirements. 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Substance of leasing contracts prior to 1 January 2019
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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

(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,

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 IFRS 9 in profit or loss.

Impairment of goodwill 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.

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.

The Group is eligible for, and therefore has 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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

Leased Assets from 1 January 2019

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The useful life of the underlying asset is used if the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in Administrative expenditure.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its plant and equipment.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Leased Assets prior to 1 January 2019

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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; 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. Under IFRS9, an expected credit loss is recognised up-front based on customer credit risk, see note 12. 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 has elected to apply hedge accounting in accordance with IFRS 9.

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.

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.

Financial Instruments

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 amortised cost, fair value through profit or loss, or fair value through other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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 where the power stations are located. The quantum of the probable loss in an event of default is considered to be 100%.

New and Amended Standards and Interpretations Applicable to the December 2019 Year End

In the current year, the Group has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the Company is not required to restate comparative information. Consequently, the date of initial application is the first day of the annual reporting period in which the Company first applied the requirements of IFRS 16. At the date of initial application of IFRS 16, the Company recognised the cumulative effect of initial application as an adjustment to the opening balance of equity as of 1 January 2019. For any existing leases as at 1 January 2019, the Company recognised:

- lease liabilities, measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate; and
- right of use assets asset at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments recognised immediately before the date of initial application.

Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company considers that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease.

Impact on Accounting

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases under IAS 17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases
For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments.

The right-of-use asset and the lease liability are accounted for under IFRS 16 from 1 January 2019.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the balance sheet as of 1 January 2019.

Measurement of lease liabilities as at 1 January 2019

	$'000
Operating lease commitments at 31 December 2018	16,739
Effect of discounting the above amounts	(5,315)
Finance lease liabilities recognised under IAS 17 at 31 December 2018	21,282
Lease liabilities recognised at 1 January 2019	**32,706**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Group has recognised $36.8m of right-of-use assets and $32.7m of lease liabilities upon transition to IFRS 16. The difference of $4.1m is due to the principal payments made on the lease liability from lease inception to 31 December 2018.

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the balance sheet on 1 January 2019 is 8.24%.

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.

Standards not yet effective for the financial statements for the year ended 31 December 2019	Effective for annual periods beginning on or after
Amendments to IAS 1 and IAS 8 – Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendment to IFRS 3 – Definition of Business	1 January 2020*
Amendments to IFRS 9, IAS 39, IFRS 7 (Interest Rate Benchmark Reform)	1 January 2020
IFRS 17 "Insurance Contracts"	1 January 2021*
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2020

*Subject to EU endorsement

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3 OPERATING REVENUE AND OTHER INCOME

	2019 $000	2018 $000
3a. Operating revenue		
Power generation	**337,236**	311,946
Concession revenue (1)	**195,062**	160,627
Total operating revenue	**532,298**	472,573

(1) Income relating to the concession arrangement at Azito, Dibamba and Kribi (refer to note 16), $113.6m of which relates to interest income on the financial asset balance at the effective interest rate (2018: $95.7m). The increase in this interest income primarily relates to a $32.6m (2018: nil) increase at Azito related to the MXL2 upgrade, partially offset by decreases at Kribi and Dibamba. A further $17.1m (2018: nil) of IFRIC 12 operating revenue relates to the MXL2 upgrade.

	2019 $000	2018 $000
3b. Other income		
Gas transportation revenue	**1,242**	1,274
Other operating income	**744**	4,633
Total other income	**1,986**	5,907

Disaggregation of revenue from contracts with customers

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

Segment Revenue

	2019 $000	2018 $000
Energy revenue (recognised at a point in time)	**337,236**	311,946
IFRIC12 revenue (recognised over time)	**195,062**	160,627
	532,298	472,573

4 EXPENDITURE

	2019 $000	2018 $000
4a. Administrative expenses		
Salaries and wages (1)	**(15,676)**	(10,832)
Social security costs	**(1,844)**	(1,225)
Post-employment benefits	**(794)**	(720)
Other staff related expenses	**(1,529)**	(1,065)
Travel and related costs	**(3,181)**	(3,402)
Consultants expenses	**(14,690)**	(24,549)
Communications costs	**(1,317)**	(933)
Auditors' remuneration	**(579)**	(507)
Office premises expenses	**(423)**	(1,157)
Other administrative expenses	**(430)**	(979)
Total administrative expenditure	**(40,463)**	(45,369)

(1) Employee benefits totalling $21.4m (2018: $19.3m) are included within operating and maintenance expenditure.

	2019 $000	2018 $000
4b. Other gains / (losses)		
(Loss) / gain on disposal of property, plant and equipment	**(3,636)**	438
Loss on write-off of inventories (1)	**-**	(3,219)
Loss on impairment and write off of receivables (2)	**(69,760)**	(31,457)
Cameroon Transaction Taxes (3)	**(13,363)**	-
Total gains / (losses)	**(86,759)**	(34,238)

(1) Related to inventory write down at Azito in the prior year.

(2) Balance relates to expected credit losses and provisions for doubtful debts recognised under IFRS 9, see note 12. 2018 includes $23.4m write off in Songas for previously recognised arrears interest and $8m of loan receivable write offs which is principally due to the Group's Salone project in Sierra Leone failing to reach financial close.

(3) Includes $4.3m capital gains tax and $1.6m registration duties paid in Cameroon in relation to CDC and Norfund's acquisition of Globeleq in 2015. The remaining $7.5m relates to provisions recognised by Kribi and Dibamba for deposits required to be paid to appeal tax claims raised against Kribi and Dibamba in relation to CDC and Norfund's acquisition of Globeleq and Globeleq's acquisition of Kribi and Dibamba in 2014. Although no contingent liability has been recognised there is a potential risk that the total amount ultimately paid in relation to these tax disputes exceeds the $13.4m that has been paid or provided for.

5 DEPRECIATION AND AMORTISATION

	2019 $000	2018 $000
Depreciation expense		
Property, plant and equipment	**(48,325)**	(42,938)
Right of use assets	**(2,784)**	(1,305)
Total depreciation expense	**(51,109)**	(44,243)

Amortisation expense		
Intangible assets	**(18,989)**	(14,377)
Total amortisation expense	**(18,989)**	(14,377)
Total depreciation and amortisation expense	**(70,098)**	(58,620)

6 NET FINANCE EXPENSE

	2019 $000	2018 $000
Finance income		
Interest income	**6,892**	5,657
Finance income receivable under finance leases (1)	**12,030**	12,749
Net foreign exchange gain (2)	**8,220**	-
Gain on fair value movement of derivative financial instruments	**-**	407
Total finance income	**27,142**	18,813
Finance expenses		
Interest payable on loans (3)	**(89,011)**	(73,233)
Imputed interest on shareholder loans	**(3,864)**	(4,825)
Net foreign exchange loss	**-**	(8,115)
Loss on fair value movement of derivative financial instruments	**(13,765)**	-
Finance charges payable under leases (4)	**(2,110)**	(1,396)
Total finance expense	**(108,750)**	(87,569)
Net finance expense	**(81,608)**	(68,756)

(1) Refer to note 11 for further details.
(2) Includes $5.1m foreign exchange gain on a ZAR denominated loan to fund the acquisition of SA Springbok Holdings and Sunedison Firefly assets.
(3) Includes $1.7m relating to unwind of discount on provisions (2018: $4.8m)
(4) Refer to note 20 for further details.

7 TAXATION

Analysis of income tax expense for the year

	2019 $000	2018 $000
Current tax:		
Current tax on profits for the year	**44,154**	45,063
Under provision for current tax for prior years	**2,665**	126
Total current tax	**46,819**	45,189
Deferred tax (note 21):		
Origination and reversal of temporary differences	**11,747**	1,571
Total deferred tax	**11,747**	1,571
Income tax expense for the year	**58,566**	46,760

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	**103,697**	120,241
Tax at domestic tax rate applicable to profits in the respective countries	**28,738**	37,967
Income not taxable	**(5,419)**	(4,053)
Expenses not deductible	**3,445**	663
Net under provision for prior years	**2,665**	126
Unremitted overseas earnings of subsidiaries	**19,126**	(1,111)
Withholding tax on group dividends	**3,714**	10,956
Unrecognised tax losses	**6,393**	5,821
Amounts relating to non-IFRS profits	**3,322**	440
Unwind of acquisition intangibles	**(3,418)**	(4,314)
Deferred tax on expected credit loss	**-**	265
Income tax expense for the year	**58,566**	46,760

Profits arising in the Company for the 2019 year of assessment will be subject to UK tax at the standard corporation tax rate of 19%. No taxable profit was made by the company in 2019, and given no taxation is expected in the foreseeable future, no deferred tax assets have been recognised on these losses.

The tax residency 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.

8 PROPERTY, PLANT AND EQUIPMENT

	2019				2018			
	Land and buildings	**Plant and equipment**	**Work in Progress**	**Total**	Land and buildings	Plant and equipment	Work in Progress	Total
	$000	**$000**	**$000**	**$000**	$000	$000	$000	$000
Cost, at 1 January	**10,599**	**730,131**	**7,577**	**748,307**	10,813	779,453	3,060	793,326
Additions (1)	**154**	**2,751**	**43,651**	**46,556**	244	2,351	17,197	19,792
Disposals (2)	**-**	**(19,848)**	**-**	**(19,848)**	-	(9,071)	-	(9,071)
Acquired with subsidiaries (3)	**1,021**	**225,673**	**-**	**226,694**	-	-	-	-
Exchange adjustment	**132**	**27,586**	**4**	**27,722**	(458)	(55,272)	(10)	(55,740)
Transfer to right-of-use assets (4)	**-**	**(25,092)**	**(319)**	**(25,411)**	-	-	-	-
Transfer (1)	**33**	**23,201**	**(23,234)**	**-**	-	12,670	(12,670)	-
Cost, at 31 December	**11,939**	**964,402**	**27,679**	**1,004,020**	10,599	730,131	7,577	748,307
Accumulated depreciation and impairment, at 1 January	**(5,316)**	**(335,494)**	**-**	**(340,810)**	(4,797)	(311,347)	-	(316,144)
Depreciation charge for the year	**(680)**	**(47,645)**	**-**	**(48,325)**	(545)	(43,698)	-	(44,243)
Transfer to right-of-use assets (3)	**-**	**7,430**	**-**	**7,430**	-	-	-	-
Exchange adjustment	**(30)**	**(6,266)**	**-**	**(6,296)**	26	10,712	-	10,738
Depreciation disposals (2)	**-**	**14,672**	**-**	**14,672**	-	8,839	-	8,839
Accumulated depreciation and impairment, at 31 December	**(6,026)**	**(367,303)**	**-**	**(373,329)**	(5,316)	(335,494)	-	(340,810)
At 1 January								
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 1 January	**5,283**	**394,637**	**7,577**	**407,497**	6,016	468,106	3,060	477,182
At 31 December								
Cost	**11,939**	**964,402**	**27,679**	**1,004,020**	10,599	730,131	7,577	748,307
Accumulated depreciation and impairment	**(6,026)**	**(367,303)**	**-**	**(373,329)**	(5,316)	(335,494)	-	(340,810)
Net carrying amount at 31 December	**5,913**	**597,099**	**27,679**	**630,691**	5,283	394,637	7,577	407,497

(1) In the current year the $20.4m net work in progress additions primarily relate to the Azito expansion project and Malindi Solar projects.
(2) In 2019, $19.2m (2018: $8.7m) of disposals relate to disposal of engines at Songas during the year.
(3) See Note 15 for acquisitions in the year.
(4) Relates to Kribi gas transport assets previously held under finance leases.

8 PROPERTY, PLANT AND EQUIPMENT (*continued*)

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

	2019	2018
	$000	$000
Gas fired generation	**132,743**	146,814
Wind generation	**150,082**	132,274
Solar generation	**342,722**	122,471
Oil fired generation	**3,133**	2,576
Other	**2,011**	3,362
Net carrying amount	**630,691**	407,497

In addition to the above balances, financial asset with a value of $341.5m (2018: $300.6m) 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 $162.9m at Kribi (2018: $164.7m) and $51.6m at Dibamba (2018: $52.5m) before fair value adjustments is accounted for in accordance with service concession agreements in non-current and current receivables.

9 INTANGIBLE ASSETS

	2019 $000	2018 $000
Cost, at 1 January	**296,681**	315,469
Additions (1)	**3,201**	4,619
Acquired with subsidiaries (2)	**221,307**	-
Revaluation of contingent consideration (3)	**(1,969)**	(4,000)
Exchange adjustment (4)	**8,583**	(19,407)
Cost, at 31 December	**527,803**	296,681

Amortisation, at 1 January	**(66,449)**	(57,227)
Amortisation charge for the year	**(18,989)**	(14,377)
Exchange adjustment	**356**	5,155
Amortisation, at 31 December	**(85,082)**	(66,449)

Net carrying amount, at 31 December		
Cost	**527,803**	296,681
Accumulated amortisation	**(85,082)**	(66,449)
Net carrying amount at 31 December	**442,721**	230,232

Intangible assets primarily relate to the value of licenses, planning permissions, PPAs and tolling agreements recognised upon acquisition of the South African and Cameroonian businesses. The other intangible assets will be amortised to the end of PPAs, which will end from 2033 to 2044.

(1) In 2019 the additions balance includes $3.1m (2018: $3.4m) for the corporate ERP system. In 2018, $1m was recognised for the Malindi asset acquisition.

(2) Relates to the acquisition of the South African assets acquired in the year. The assets will be amortised on a straight-line basis of the remaining terms of the corresponding PPAs. See note 15.

(3) During 2019 the estimate of the contingent consideration and the corresponding intangible asset balance reduced by $2.0m (2018: $4.0m). The intangible asset represents the value of the PPA, land rights and other regulatory approvals held by the project of QIPP asset acquisition.

(4) Gain of $10.9m relates to exchange differences of intangible assets recognised in the acquisition of SA Springbok Holdings and Sunedison Firefly denominated in South African Rand. This was partially offset by a $3.8m loss (2018: $9.3m loss) related to exchange differences of intangible assets recognised in the acquisition of Dibamba and Kribi which are denominated in Euros. 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 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.

	2019	2018
	$000	$000
Carrying amount of associates		
At 1 January	**5,719**	5,733
Equity accounted earnings of associates	**2,527**	2,844
Dividends received from associates during the year	**(3,274)**	(2,858)
At 31 December	**4,972**	5,719

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

	2019	2018
	$000	$000
Associate's balance sheet		
Current assets	**4,626**	4,347
Non-current assets	**3,072**	4,301
Current liabilities	**(967)**	(1,051)
Non-current liabilities	**(325)**	(299)
Net assets	**6,406**	7,298
Associate's revenue and profit		
Revenue	**10,966**	12,901
Profit after tax	**2,527**	2,844

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

11 FINANCE LEASE RECEIVABLE

Finance leases - Globeleq as lessor

	2019 $000	2018 $000
Amounts receivable under finance leases:		
Not later than one year	**12,436**	12,688
In second to fifth years inclusive	**49,744**	50,752
Later than five years	**102,598**	117,364
Total receivable	**164,778**	180,804
Less unearned finance income	**(119,012)**	(133,739)
Present value of minimum lease payments receivable	**45,766**	47,065
Present value of minimum lease payments:		
Not later than one year	**482**	384
In second to fifth years inclusive	**1,928**	2,922
Later than five years	**43,356**	43,759
Total present value of minimum lease payments receivable	**45,766**	47,065
Analysed as:		
Non-current finance lease receivables	**45,284**	46,681
Current finance lease receivables	**482**	384
Total present value of minimum lease payments receivable	**45,766**	47,065

The Group's finance lease arrangements do not include variable payments.

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% (2018: 27%) and 22% (2018: 22%) respectively for Kribi and Dibamba.

The directors estimate the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime Expected Credit Loss (ECL). None of the finance lease receivables at the end of the reporting period are past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables, the directors consider that no finance lease receivable is impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

12 TRADE AND OTHER RECEIVABLES

	2019 $000	2018 $000
Current		
Net trade receivables (1)	**110,910**	152,626
Prepayments and accrued income (2)	**109,534**	74,787
Other receivables (3)	**46,684**	109,969
Total current trade and other receivables	**267,128**	337,382
Non-current		
Net trade receivables (1)	**77,533**	48,592
Other receivables (4)	**490,183**	483,928
Total non-current trade and other receivables	**567,716**	532,520
Total trade and other receivables	**834,844**	869,902

(1) Net trade receivables includes expected credit losses and provisions for doubtful debts recognised under IFRS 9 of $48.6m (2018: $32.3m). In the current year the balance primarily relates to expected credit losses on trade receivables and late payment interest at Kribi and Dibamba due to the increase in arrears observed in the year and the challenges faced in the Cameroon electricity sector. In the prior year the balance primarily related to arrears interest fully provided for in Songas.
Non-current trade receivable balances relate to trade receivables of $29.8m at Songas (2018: $19.8m), $35.6m at Kribi (2018: $21.5m) and $12.1m at Dibamba (2018: $7.3) 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 $26.9m (2018: $13.4m), Dibamba $3.6m (2018: $3.7m), Songas $8.4m (2018: $9.2m) and Azito $13.5m (2018: $14.0m). These primarily relate to the December 2019 revenue not yet invoiced, however the Kribi balance includes an additional amount due to a gas supplier meter malfunction preventing the November 2019 invoice to be issued as of year end. This was resolved in January 2020. The balances include expected credit losses of $5.4m.
Prepayments included $36.0m in Azito paid to the expansion project construction contractor in advance. In 2018, prepayments included $27.8m in Azito which mainly consists of MXL2 upgrade costs paid in advance.

(3) The current portion of financial assets under IFRIC12 are Azito $17.0m (2018: $32.8m), Dibamba $2.0m (2018: $2.2m) and Kribi $4.8m (2018: $5.3m), refer to note 16. The 2019 balances for IFRIC 12 include expected credit losses of $1.8m. In the prior year $17.8m related to promissory notes received as repayment of arrears at Azito Energie.

(4) Includes the financial assets under IFRIC12 recognised at Azito $321.1m (2018: $267.8m), Dibamba $39.8m (2018: $50.3m) and Kribi $126.3m (2018: $159.4m). The numbers are stated after applying expected credit losses of $43.4m which were primarily recognised at Kribi and Dibamba.

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.

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
2019	**188,443**	**37,669**	**29,658**	**25,066**	**17,670**	**45,985**	**32,395**
2018	201,218	39,097	35,357	32,324	28,944	46,970	18,526

The significant debtors of the Group at the 2019 year end are:

(i) $39.5m (2018: $38.3m): 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). $15.7m (2018: $17.4m) of this balance is past due by more than 90 days.

(ii) $15.8m (2018: $47.0m): CIE in Côte d'Ivoire. Revenue earned is under a long term PPA. nil (2018: $12.1m) of this balance is past due by more than 90 days.

(iii) $93.4m (2018: $87.8m): ENEO in Cameroon, of which $63.9m relates to Kribi (2018: $72.5m) and $29.5m (2018: $15.3m) relates to Dibamba. Revenue earned is under two long term PPAs. $62.7m (2018: $34.0m) of this balance is past due by more than 90 days.

13 INVENTORIES

	2019 $000	2018 $000
Spare Parts	**38,581**	33,694
Fuel and Lubricants	**4,508**	4,196
Inventories	**43,089**	37,890

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

14 CASH AND CASH EQUIVALENTS

	2019 $000	2018 $000
Cash at bank and in hand	**296,604**	281,191
Short term deposits receivable within 90 days	**19,484**	495
Cash and cash equivalents	**316,088**	281,686

The fair value of cash and deposits is $316.1m (2018: $281.7m). 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 $158.8m (2018: $110.5m) 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

May 2019 South Africa Renewables Acquisitions

On 31 May 2019, the Group acquired 65 per cent in a wind energy company Klipheuwel-Dassiefontein Wind Energy Facility RF Pty Ltd ("Klipheuwel"); 70 per cent in 2 solar power generating companies, Sevenstones 159 (RF) Pty Ltd ("Sevenstones") and Limarco 77 (RF) Pty Ltd ("Limarco"), and 51 per cent in Erika Energy (RF) (Pty) Ltd ("Erica"), solar power generating company. The Group also acquired 100 per cent of the issued share capital of TerraForm Global Africa Operating (Pty) Ltd a company that provides operations and management services to the acquired entities as well as various holding companies (the "Acquisitions"). The Acquisitions qualify as a business as defined in IFRS 3. The Acquisitions have enabled the Group to increase its fleet of renewables assets which is a strategic objective and leverage its existing asset management, operations and maintenance platform in South Africa.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

15 ACQUISITIONS *(continued)*

Assets	**Fair value recognised on acquisition $000**
Property, plant and equipment	**106,726**
Identifiable intangible assets	**187,453**
Other investments	**76**
Right-of-use assets	**631**
Deferred tax assets	**156**
Inventory	**104**
Trade receivables	**7,099**
Cash and cash equivalents	**36,832**
	339,077
Liabilities	
Loans and borrowings	**(121,000)**
Lease liabilities	**(631)**
Derivative financial instruments	**(2,536)**
Deferred tax assets/(liabilities)	**(62,410)**
Trade and other payables	**(6,320)**
Total identifiable assets acquired, and liabilities assumed	**(192,897)**
Non-controlling interest in:	
35 per cent in Klipheuwel	**(6,639)**
30 per cent in Sevenstones	**(10,177)**
30 per cent in Limarco	**(6,519)**
49 per cent in Erica	**(29,631)**
Total consideration	**93,214**
Satisfied by:	
Cash	**93,214**
Net cash outflow arising on acquisition:	
Cash consideration	**93,214**
Less: cash and cash equivalent balances acquired	**(36,832)**
	56,382

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

The deferred tax assets and liabilities mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets, provisions, carry-forward of assessed losses and hedge reserves.

15 ACQUISITIONS *(continued)*

Acquisition-related costs (included in administrative expenses) amount to $1.7m.

The fair value of the non-controlling interest in Klipheuwel, Sevenstones, Limarco, and Erica all non-listed companies, has been estimated by applying a discounted earnings technique. The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on an assumed pre-tax discount rate of 14.76%.

The Acquisitions contributed $23.8m revenue and $9.3m to the Group's profit before tax for the period between the date of acquisition and the reporting date.

If the Acquisitions had been completed on the first day of the financial year, revenues from continuing operations for the year would have been $40.7m and profit before tax would have been $16.0m.

Boshof

On 31 August 2019, the Group acquired 51 per cent of the issued share capital in Firefly Investment 230 (Pty) Ltd ("Boshof"), a solar power generating company as well as various holding companies. The acquisition qualifies as a business as defined in IFRS 3. The acquisition of Boshof has enabled the Group to increase its fleet of renewables assets which is a strategic objective and leverage its existing asset management, operations and maintenance platform in South Africa.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

15 ACQUISITIONS *(continued)*

Assets	Fair value recognised on acquisition $000
Property, plant and equipment	119,968
Derivative financial instruments	77,235
Identifiable intangible assets	33,854
Inventory	223
Trade receivables	4,413
Cash and cash equivalents	42,851
	278,544
Loans and borrowings	(168,901)
Derivative financial instruments	(34,613)
Deferred tax assets/(liabilities)	(10,468)
Trade and other payables	(3,393)
	(217,375)
Total identifiable assets acquired, and liabilities assumed	61,169
Non-controlling interest in 49 per cent in Boshof	(28,300)
Total consideration	32,869
Satisfied by:	
Cash	32,869
Net cash inflow arising on acquisition:	
Cash consideration	32,869
Less: cash and cash equivalent balances acquired	(42,851)
	(9,982)

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

The deferred tax assets and liabilities mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets, provisions, carry-forward of assessed losses and hedge reserves.

$11.7m of deferred consideration is included within Trade and other payables.

Acquisition-related costs (included in administrative expenses) amount to $0.6m.

The fair value of the non-controlling interest in Boshof, a non-listed company, has been estimated by applying a discounted earnings technique. The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on an assumed pre-tax discount rate of 13.73%.

15 ACQUISITIONS *(continued)*

Boshof contributed $10.5m revenue and $5.6m to the Group's profit before tax for the period between the date of acquisition and the reporting date.

If the acquisition of Boshof had been completed on the first day of the financial year, revenues from continuing operations for the year would have been $31.6m and profit before tax would have been $16.9m.

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 (2018: unlimited).

18 DEFERRED INCOME

	2019	2018
	$000	$000
At 1 January	**30,826**	36,501
Credit for the year to the income statement	**(5,523)**	(5,675)
At 31 December	**25,303**	30,826
Non-current deferred income	**19,780**	25,303
Current deferred income	**5,523**	5,523
Total deferred income	**25,303**	30,826

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 2019 and 31 December 2018, and all third-party Dibamba loans are disclosed in current loans and borrowings as at 31 December 2019. 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			**2019**		2018	
	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	**5,902**	**3,908**	4,672	10,787
Government of United Republic of Tanzania (on-lending arrangement from the World Bank – International Development Association)	7.10% fixed	Jul 2021	**9,137**	**16,908**	9,418	24,998
Total unsecured loans and borrowings			**15,039**	**20,816**	14,090	35,785

19 LOANS AND BORROWINGS *(continued)*

Secured loans and borrowings			2019		2018	
	Interest Rate	**Maturity Date**	**Current**	**Non-current**	Current	Non-current
			$000	**$000**	$000	$000
Standard Bank	86% of Prime	Dec 2026	**11,369**	**51,478**	-	-
ABSA Bank	86% of Prime	Dec 2026	**6,049**	**27,391**	-	-
Depfin Investments	86% of Prime	Dec 2026	**4,033**	**18,260**	-	-
AfDB	7.40% fixed	Jun 2023	**7,033**	**-**	9,145	-
FMO	7.20% fixed	Jun 2023	**7,033**	**-**	9,145	-
IFC	7.20% fixed	Jun 2023	**7,033**	**-**	9,145	-
AfDB	Euribor + 4.50%	Nov 2025	**15,021**	**-**	17,782	-
BDEAC	8.00% fixed	Nov 2025	**5,021**	**-**	6,321	-
EIB	Euribor + 3.53%	Nov 2025	**14,799**	**-**	17,488	-
IFC	Euribor + 4.50%	Nov 2025	**20,157**	**-**	23,661	-
FMO	Euribor + 4.50%	Nov 2025	**8,861**	**-**	10,727	-
PROPARCO	Euribor + 4.50%	Nov 2025	**4,750**	**-**	6,024	-
Cameroon lenders	TIAO + 4.50%	Nov 2025	**30,992**	**-**	35,995	-
BOAD	10.25% fixed	Feb 2028	**3,735**	**29,064**	3,529	31,660
FMO	Libor + 4.75%	Feb 2028	**2,864**	**23,242**	2,728	25,603
DEG	Libor + 4.75%	Feb 2028	**2,596**	**16,209**	2,304	17,853
IFC	Libor + 4.00%	Feb 2028	**5,493**	**37,430**	4,081	41,268
EAIF	Libor + 4.75%	Feb 2028	**2,329**	**18,824**	2,194	20,736
BIO	Libor + 4.75%	Feb 2028	**1,363**	**14,406**	1,174	15,869
PROPARCO	Libor + 4.75%	Feb 2028	**4,261**	**34,603**	4,433	38,057
OFID	Libor + 4.00%	Feb 2028	**1,927**	**15,156**	1,788	16,713
BAD	Libor + 4.00%	Feb 2028	**3,078**	**25,053**	2,912	27,622
ABSA Capital	Jibar + 3.00%	Apr 2029	**3,684**	**56,520**	3,202	58,514
ABSA Capital	Jibar + 3.00%	May 2029	**7,606**	**115,552**	6,610	119,581
ABSA Capital	Jibar + 3.00%	Apr 2029	**3,609**	**55,356**	3,137	57,308
Republic of Cameroon	TIAO + 2%	Sep 2032	**-**	**50,561**	-	48,895
Nedbank Limited	Jibar + 2.4%	Dec 2028	**416**	**6,020**	-	-
IDCSA	12%	Dec 2028	**429**	**6,116**	-	-
DFC	Libor + 2%	Sep 2031	**8,064**	**156,778**	-	-
Standard Bank	3 Month Jibar%	Dec 2028	**1,248**	**19,358**	-	-
IDC	3 Month Jibar%	Dec 2028	**535**	**8,296**	-	-
Nedbank Limited	Jibar + 2.4%	Dec 2028	**414**	**5,985**	-	-
IDCSA	12%	Dec 2028	**426**	**6,081**	-	-
Standard Bank	Jibar +3.9%	Mar 2031	**3,200**	**40,779**	-	-
Standard Bank	12%	Mar 2031	**601**	**7,727**	-	-
Standard Bank	Jibar +3.9%	Mar 2031	**727**	**9,273**	-	-
CDC	6%	May 2020	**-**	**9,310**	-	-
DEG	6%	May 2020	**-**	**5,836**	-	-
Malindi Minority Shareholder AEDC	12%	On demand	**1,730**	**-**	-	-
Total secured loans and borrowings			**202,486**	**870,664**	183,525	519,679

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	**2019**		2018	
	Current	**Non-current**	Current	Non-current
	$000	**$000**	$000	$000
Unsecured loans and borrowings	**15,039**	**20,816**	14,090	35,785
Secured loans and borrowings	**202,486**	**870,664**	183,525	519,679
Total loans and borrowings	**217,525**	**891,480**	197,615	555,464

At 31 December 2019 the loan facilities available to the Group were:

	Purpose	**Counterparty**	**Total facility**	**Amount drawn**
			$000	**$000**
Globeleq Africa Holdings Limited	Working capital	Standard Bank	**20,000**	**-**

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

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

The group also had $7.9m (2018: $3.6m) of bonds in issue under a Barclays $20.0m facility, to cover new projects and office rental.

20 LEASES

The Group has lease contracts for various items of plant, machinery, vehicles, land and other equipment used in its operations. Leases of land generally have lease terms of at least 15 years, while leases of plant and machinery generally have lease terms between 3 and 15 years; motor vehicles and other equipment generally between 3 and 5 years and leases of office and residential buildings between 3 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets. The Group does not have lease contracts that include extension and termination options. However, the Group has lease contracts that have variable lease payments linked to revenue, which are further discussed below.

The Group also has certain leases of motor vehicles and residential buildings with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Lease liabilities – Globeleq as lessee

	2019	2018
	$000	$000
Maturity Analysis		
Year 1	**4,335**	2,250
Year 2	**4,288**	2,250
Year 3	**4,292**	2,250
Year 4	**4,228**	2,250
Year 5	**3,929**	2,248
Onwards	**24,863**	20,995
Total minimum lease payments	**45,935**	32,243
Less: Unearned Interest	**(14,925)**	(10,961)
Lease liabilities	**31,010**	21,282
Analysed as:		
Non-current	**28,587**	20,333
Current	**2,423**	949
	31,010	21,282

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

20 LEASES (*continued*)

Right of use assets

Cost	Land and Buildings $000	Plant $000	Vehicles $000	Total $000
At 1 January 2019 - restated	11,348	25,411	76	36,835
Additions	-	-	31	31
Acquired through business combinations	505	127	-	632
Exchange differences	129	(499)	3	(367)
Total	11,982	25,039	110	37,131

Accumulated depreciation	Land and Buildings $000	Plant $000	Vehicles $000	Total $000
At 1 January 2019 - restated	-	7,430	-	7,430
Charge for the year	1,501	1,249	34	2,784
Exchange differences	10	(139)	1	(128)
Total	1,511	8,540	35	10,086

Carrying amount	Land and Buildings $000	Plant $000	Vehicles $000	Total $000
At 1 January 2019 - restated	11,348	17,981	76	29,405
At 31 December 2019	10,471	16,499	75	27,045

The Group leases assets including buildings, plant and equipment; and motor vehicles. The average remaining lease term is 9 years.

Amounts recognised in profit and loss	Land and Buildings $000
Depreciation expense on right-of-use assets	2,784
Interest expense on lease liabilities	2,091
Expense relating to short-term leases	223
Expense relating to leases of low value assets	27
Expense relating to variable lease payments not included in the measurement of the lease liability	616
Total	5,741

20 LEASES (*continued*)

Some of the leases for land in which the Group is the lessee contain variable lease payment terms that are linked to sales. Variable payment terms are used to link rental payments to cash flows. The breakdown of lease payments for these leased assets for the year ended 31 December 2020 is as follows:

Carrying amount	Fixed payments $000	Variable payments $000	Total $000
Variable rent with minimum rent payment	190	133	323
Variable rent only	-	489	489
Total	190	622	812

A 5% increase in revenue would increase total lease payments by 1%.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Group as a lessor

The power purchase arrangements for the Group's power generating company in Tanzania should be reported as an operating lease in accordance with IFRS 16 'Leases'. These arrangements have been considered non-cancellable leases and have remaining terms of 5 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:

Carrying amount	Fixed payments $000	Variable payments $000
Year 1	60,710	57,427
Year 2	51,991	63,509
Year 3	34,837	53,787
Year 4	35,330	33,459
Year 5	21,708	35,332
Onwards	-	23,184
Total	204,576	266,698

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:

	2019 **\$000**	2018 \$000
Deferred tax assets	**60,512**	39,325
Deferred tax liabilities	**(260,503)**	(152,213)
Net deferred tax liability	**(199,991)**	(112,888)

The net deferred tax position relates to the following:

	2019	2018
	Deferred tax asset/(liability) **\$000**	Deferred tax asset/(liability) \$000
Losses	**48,083**	44,642
Other assets (1)	**45,529**	29,823
Total assets	**93,612**	74,465
Property, plant and equipment	**(146,362)**	(103,871)
Unremitted overseas profits of subsidiaries	**(45,524)**	(26,761)
Unremitted overseas profits of associates	**83**	84
Other liabilities	**(101,800)**	(56,805)
Total liabilities	**(293,603)**	(187,353)
Net deferred tax liabilities	**(199,991)**	(112,888)

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

21 DEFERRED TAX (*continued*)

Movement in temporary differences during the year:

	Accelerated tax depreciation $000	Tax Losses $000	Other assets $000	Unremitted overseas profits $000	Other liabilities $000	Total $000
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)
At 1 January 2019	**(103,871)**	**44,642**	**29,823**	**(26,677)**	**(56,805)**	**(112,888)**
(Charged) / credited to the income statement	**10,029**	**(21,106)**	**16,064**	**(19,124)**	**2,391**	**(11,746)**
Acquired through Business Combination	**(60,507)**	**40,964**	**2,579**	**-**	**(55,758)**	**(72,722)**
Deferred tax on a cash flow hedge fair value movement recognised through equity (1)	**-**	**-**	**-**	**-**	**1,925**	**1,925**
Exchange differences on translation	**7,987**	**(16,417)**	**(2,937)**	**360**	**6,447**	**(4,560)**
At 31 December 2019	**(146,362)**	**48,083**	**45,529**	**(45,441)**	**(101,800)**	**(199,991)**

(1) This $1.9m decrease (2018: $0.6m increase) relates to the interest rate swaps held by De Aar, Droogfontein and Jeffreys Bay businesses.

22 TRADE AND OTHER PAYABLES

	2019 Current $000	**2019 Non-Current $000**	2018 Current $000	2018 Non-Current $000
Trade payables (1)	**89,450**	-	**68,338**	-
Social security	**2,757**	-	**2,340**	-
Accruals	**34,318**	-	**21,854**	-
Deferred and contingent consideration (2)	**11,979**	**29,814**	**35,320**	-
Other payables (3)	**45,630**	-	**51,753**	-
Total trade and other payables	**184,134**	**29,814**	**179,605**	-

(1) 2019 includes $35.8m (2018: $38.3m) payable by Kribi, an element is due to SNH in relation to fuel delivery.. $27.2m in Azito substantially due to amounts payable to GE with respect to the MXL2 upgrade. $14.8m (2018: $21.1m) payable by Songas to TPDC in relation to gas supply.

(2) $11.7m (2018: nil) relates to Boshof deferred consideration, refer to note 15. $0.5m (2018: $3.5m) and $29.8m (2018: $31.8m) relate to contingent consideration payable on the Malindi and QIPP assets acquisitions

(3) 2019 includes $9.0m (2018: $24.7m) VAT payable at Azito.

22 TRADE AND OTHER PAYABLES (*continued*)

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, cross currency swaps and interest rate swaps. Financial liabilities comprise of 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 and JIBAR rates. None of the Group's trade receivables or deferred income are interest bearing.

Capital management

The Group defines capital as the total equity of the Group plus subordinated debt instruments supporting its investments in subsidiaries and associate. 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 towards 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.

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 were cancelled in Q1 2018.

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 2019 was $1,156.4m (2018: $812.1m).

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 as a result of arrears from the offtaker and were therefore in default. All third-party Kribi loans were disclosed in current loans and borrowings as at 31 December 2019

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

and 31 December 2018, and all third-party Dibamba loans were disclosed in current loans and borrowings as at 31 December 2019 and 31 December 2018.

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 Aries, Klipheuwel, Konkoonsies, Soutpan, Boshof, 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.

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

The debt in Dibamba and Kribi is split between CFAs 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.

Firefly Investment 230 (RF) Pty Ltd whose functional currency is the South African Rand has US dollar denominated debt facility extended by the Overseas Private Investment Corporation, OPIC, now called U.S. International Development Finance Corporation ('DFC'). The outstanding loan as at 31 December 2019 is $164.8m. Boshof Ltd entered into a cross-currency swap with the OPIC in June 2013. The swap matures in 2031. The fair value of the cross-currency swap asset as at 31 December 2019 is $68.6m.

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 2019 and 31 December 2018.

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
	2019	**2019**	**2019**	**2019**	**2019**
USD	**-**	**387,402**	**10,970**	**5,059**	**403,431**
Euro	**(58,297)**	**-**	**-**	**-**	**(58,297)**
CFA	**(245)**	**133,198**	**-**	**(940)**	**132,013**
Other currencies (1)	**(164,909)**	**7**	**-**	**-**	**(164,902)**
Total	**(223,451)**	**520,607**	**10,970**	**4,119**	**312,245**
	2018	2018	2018	2018	2018
USD	-	47,440	35,917	650	84,007
Sterling	-	-	-	-	-
CFA	(19)	(93,949)	-	(646)	(94,614)
Other currencies	(54,366)	(24)	-	-	(54,390)
Total	(54,385)	(46,533)	35,917	4	(64,997)

(1) Other currencies are mainly represented by ZAR.

There are no significant currency risks on cash balances held in Group subsidiaries. All investments apart from ten (2018: five) held during the reporting period were denominated in USD, the functional currency of the investing entity, the exceptions being the eight (2018: three) power projects in South Africa which were held in South African Rand and the two (2018: 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.

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.

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 2019 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 a liability of $1.5m (2018: asset of $0.1m) and the outstanding notional loan value was $55.3m (2018: $56.8m).

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

(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 a liability of $1.5m (2018: Asset of $0.1m) and the outstanding notional loan value was $54.0m (2018: $55.4m).

(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 $3.3m (2018: liability of $0.1m) and the outstanding notional loan value was $114.0m (2018: $117.0m).

(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 a liability of $7.4m (2018: asset of $1.0m) and the outstanding notional loan value was $208.7m (2018: $236.5m).

(5) Sevenstones 159 (RF) Pty Ltd entered into an interest rate swap with Nedbank Limited in November 2012. The swap currency is ZAR and matures in 2025 with a fixed swap rate of 9.0%. The fair value of the transaction at period end was a liability of $0.3m and the outstanding notional loan value was $3.4m.

(6) Klipheuwel-Dassiefontein Wind Energy Facility (RF) Pty Ltd entered into an interest rate swap with the Standard Bank of South Africa Limited in November 2012. The swap currency is ZAR and matures in 2028 with a fixed swap rate of 9.50%. The fair value of the transaction at period end was a liability of $0.9m and the outstanding notional loan value was $9.0m.

(7) Limarco 77 (RF) Pty Ltd entered into an interest rate swap with Nedbank Limited in November 2012. The swap currency is ZAR and matures in 2025 with a fixed swap rate of 9.0%. The fair value of the transaction at period end was a liability of $0.3m and the outstanding notional loan value was $3.4m.

(8) Erika Energy (RF) Pty Ltd entered into an interest rate swap with the Standard Bank of South Africa Limited in November 2012. The swap currency is USD and matures in 2024 with a fixed swap rate of 8.11%. The fair value of the transaction at period end was a liability of $1.7m and the outstanding notional loan value was $39.9m.

(9) Boshof entered into an interest rate swap with the OPIC in June 2013. The swap currency is ZAR and matures in 2031 with a fixed swap rate of 13.03%. The fair value of the transaction at period end was a liability of $7.1m and the outstanding notional loan value was $117.7m.

With regards to the Group's interest rate risk on deposits, it would take an additional 5 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 (2018: 17 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 2 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 (2018: 3 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:

Interest rate exposures	Fixed rate	Floating rate	No interest	Total	Weighted average interest rate	Weighted average period to full maturity
	$000	$000	$000	$000	%	Years
2019 Financial assets: Cash and short-term deposits	**44,333**	**143,153**	**128,602**	**316,088**	**1.42**	**0**
2018 Financial assets: Cash and short-term deposits	15,968	42,753	222,965	281,686	0.8	0
2019 Financial assets: Trade and other receivables	**-**	**-**	**834,844**	**834,844**	**0.0**	**0**
2018 Financial assets: Trade and other receivables	-	-	869,902	869,902	0.0	0
2019 Financial assets: Finance lease receivable	**45,766**	**-**	**-**	**45,766**	**26.2**	**13.3**
2018 Financial assets: Finance lease receivable	47,065	-	-	47,065	26.2	14.3
2019 Financial liabilities: Trade and other payables	**-**	**-**	**213,948**	**213,948**	**0.0**	**0**
2018 Financial liabilities: Trade and other payables	-	-	179,605	179,605	0.0	0
2019 Financial liabilities: Obligations under finance lease	**31,010**	**-**	**-**	**31,010**	**8.24**	**9.0**
2018 Financial liabilities: Obligations under finance lease	21,282	-	-	21,282	6.2	14.3
2019 Financial liabilities: Interest bearing loans & borrowings	**122,976**	**986,029**	**47,369**	**1,156,374**	**7.3**	**8.4**
2018 Financial liabilities: Interest bearing loans & borrowings	118,820	634,259	59,007	812,086	8.0	4.0

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 $20.0m (2018: $40.0m) with Standard Bank of South Africa Limited on 18th December 2019, expiring in November 2022. Additionally there is an open ended $20.0m (2018: $20.0m) letter of credit facility from Barclays Bank plc which was entered into on 23 March 2016. As at 31 December 2019 utilisation of the Standard Bank facility was $Nil (2018: $ Nil) and utilisation of the Barclays facility was $7.9m (2018: $3.6m).

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

2019	Interest bearing loans & borrowings (1)	Interest rate swaps (1) (2)	Cross Currency Interest rate swaps (2)	Cross currency Swap
Financial Liabilities: maturity profile	**$000**	**$000**	**$000**	**$000**
Due on demand	**120,701**	-	-	-
Due within one year, but not on demand	**150,321**	**6,860**	**5,650**	**1,543**
Due within one to two years	**160,182**	**7,079**	**4,940**	**1,190**
Due within two to three years	**147,366**	**5,179**	**4,357**	**816**
Due within three to four years	**129,510**	**2,360**	-	-
Due within four to five years	**107,740**	**3,094**	**6,346**	**954**
Due after five years	**519,766**	**1,262**	**6,846**	**901**
Total	**1,335,586**	**25,834**	**28,139**	**5,404**

2019	Lease obligations (1)	Trade and other payables
Financial Liabilities: maturity profile	**$000**	**$000**
Due on demand	-	-
Due within one year, but not on demand	**4,335**	**184,134**
Due within one to two years	**4,288**	**29,814**
Due within two to three years	**4,292**	-
Due within three to four years	**4,228**	-
Due within four to five years	**3,929**	-
Due after five years	**24,863**	-
Total	**45,935**	**213,948**

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

2018	Interest bearing loans & borrowings (1)	Interest rate swaps (2)	Cross Currency Interest rate swaps (2)	Cross currency Swap
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	-	-
Due within one to two years	107,973	946	-	-
Due within two to three years	97,440	492	-	-
Due within three to four years	90,475	134	-	-
Due within four to five years	65,508	24	-	-
Due after five years	326,018	-	-	-
Total	919,164	3,277	-	-

2018	Lease obligations (1)	Trade and other payables
Financial Liabilities: maturity profile	$000	$000
Due on demand	-	-
Due within one year, but not on demand	2,250	179,605
Due within one to two years	2,250	-
Due within two to three years	2,250	-
Due within three to four years	2,250	-
Due within four to five years	2,250	-
Due after five years	20,995	-
Total	32,245	179,605

(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 and cross currency interest rate swap liabilities above are greater than the liabilities 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.

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.

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

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

(1) Approximately 85% (2018: 83%) of Songas' reported revenue relates to transactions between Songas and TANESCO; 7% (2018: 6%) from Tanzania Portland Cement Company Limited ('TPCC') and 8% (2018: 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 2019, before adjusting for expected credit losses under IFRS 9, TANESCO owed Songas a total of $44.3m (2018: $40.3m), $35.7m (2018: $40.3m) of which was overdue.

In excess of $94.0m being received from TANESCO throughout 2019 which is consistent with 2018. 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.

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.

Following better collections throughout 2019 following IFC sector refinancing, there were no overdue amounts at 31 December 2019 (2018: $48.8m before adjusting for credit losses under IFRS 9).

(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 expected credit losses under IFRS 9, the total owed at 31 December 2019 is $128.3m which has deteriorated since 2018 (2018: $75.9m).

A repayment plan is under discussion with ENEO to clear the outstanding arrears. This is expected to be signed in 2020.

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

(4) Dibamba receives its revenue payments under a Tolling Agreement with ENEO, and at 31 December 2019 was owed $44.0m before adjusting for expected credit losses under IFRS 9 (2018: $16.0m). A repayment plan was under discussion with ENEO to clear the outstanding arrears at year end and was signed in May 2020.

(5) Boshof, Klipheuwel, Limarco, Sevenstones, Erika, 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 and this has continued to be the case in 2020 despite the Covid-19 pandemic.

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	**2019**		2018	
		Book value $000	**Fair value $000**	Book value $000	Fair value $000
Interest rate swaps (1)	2	-	-	2,648	2,648
Cross-currency swap	2	**69,608**	**69,608**	-	-

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	**2019**		2018	
		Book value $000	**Fair value $000**	Book value $000	Fair value $000
Interest bearing loans and borrowings (1)	2	**1,109,005**	**1,120,827**	753,079	761,053
Non-interest-bearing loans and borrowings (1)	2	**47,369**	**47,369**	59,007	59,007
Loans payable to parent group companies		**63**	**63**	-	-
Interest rate swaps (2)	2	**53,022**	**53,022**	1,582	1,582

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 swaps are the IFC and the OPIC which both have AAA credit ratings.

24 PROVISIONS

	2019			2018		
	Maintenance $000 (1)	**Other $000 (2)**	**Total $000**	Maintenance $000 (1)	Other $000 (2)	Total $000
Current						
At 1 January	**80,562**	**658**	**81,220**	38,202	5,745	43,947
Provided in the year	**-**	**8,093**	**8,093**	-	335	335
Utilised	**(70,879)**	**-**	**(70,879)**	-	(4,717)	(4,717)
Unused amounts reversed	**-**	**-**	**-**	-	(676)	(676)
Exchange difference	**(784)**	**(51)**	**(835)**	(299)	(29)	(328)
Reclassification	**425**	**(425)**	**-**	-	-	-
Transferred to non-current	**-**	**(26)**	**(26)**	-	-	-
Transferred from non-current (3)	**150**	**-**	**150**	42,659	-	42,659
At 31 December	**9,474**	**8,249**	**17,723**	80,562	658	81,220
Non-current						
At 1 January	**53,669**	**9,293**	**62,962**	67,702	9,637	77,339
Acquired with subsidiary	**-**	**4,771**	**4,771**	-	-	-
Provided in the year	**6,435**	**964**	**7,399**	25,447	163	25,610
Decommissioning provision	**-**	**1,145**	**1,145**	-	674	674
Unwinding of discount	**1,735**	**-**	**1,735**	4,845	-	4,845
Reclassification	**(1,989)**	**1,756**	**(233)**	-	-	-
Exchange difference	**(278)**	**494**	**216**	(1,666)	(1,181)	(2,847)
Transferred from short term	**-**	**259**	**259**	-	-	-
Transferred to current (3)	**(150)**	**-**	**(150)**	(42,659)	-	(42,659)
At 31 December	**59,422**	**18,682**	**78,104**	53,669	9,293	62,962

(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 $2.7m (2018: $71.5m) relates to Azito, $54.2m (2018: $53.0m) to Kribi and $11.4m (2018: 9.7m) to Dibamba.

(2) Includes decommissioning provisions for the South African projects of $8.0m (2018: $7.2m), the Springbok assets of $2.2m and the SunEdison assets of $3.1m, which are recognised in property, plant and equipment. Also $7.7m (2018: $2.3m) in relation to Dibamba and Kribi tax provisions and $0.8m (2018: $0.5m) in relation to an Azito pension provision.

(3) Transfers from non-current to current represent provisions for maintenance at Dibamba (2018: major maintenance at Azito).

25 COMMITMENTS

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

- $189m relating to the construction of Azito Phase IV.
- $39.5m relating to the construction of Malindi Solar Power Plant.
- $8.0m relating to maintenance services at Songas. The commitment value is the estimated termination fee payable.

As at 2018:

- $8.0m relating to maintenance services at Songas. The commitment value is the estimated termination fee payable.

26 CONTINGENT LIABILITIES

At 31 December 2019 the Group 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:

- 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 $17.0m (2018: $17.0m) parent company guarantee granted to Azito energy to facilitate the MXL2 upgrade which was released in January 2020.

- Dibamba: The prior year dispute relating to the tariff with the regulator Arsel has now been resolved in Dibamba's favour (2018: $16.0m).

- 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 $10.9m (2018: $7.7m). Similar to prior assessments received, these are considered wholly arbitrary and without basis and have been disputed in full. The TRA Appeals Board found in favour of Songas in March 2020 and we are awaiting final resolution with the TRA.

- 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.

27 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Country of incorporation	Company	Class of share	Percentage share of results included in the financial statements		Principal activities
			2019	2018	
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 [1]	Malindi Solar Group	Ordinary	90%	90%	Solar generation

Country of incorporation	Company	Class of share	Percentage share of results included in the financial statements 2019	2018	Principal activities
Subsidiaries					
Nigeria	Qua Iboe Power Company Limited	Ordinary	85%	85%	Gas fired generation
South Africa	Jeffreys Bay Wind Farm (RF) (Pty) Limited	Ordinary	59.0%	59.0%	Wind generation
South Africa	De Aar Solar Power (RF) (Pty) Limited	Ordinary	56.8%	56.8%	Solar generation
South Africa	Droogfontein Solar Power (RF) (Pty) Limited	Ordinary	56.8%	56.8%	Solar generation
South Africa	Globeleq South Africa Management Services (Pty) Limited	Ordinary	80.0%	80.0%	Advisory services
South Africa [3]	Klipheuwel Wind Farm (RF) Pty Ltd	Ordinary	65%	-	Wind generation
South Africa [3]	Aries Solar Power (RF) Pty Ltd	Ordinary	70%	-	Solar generation
South Africa [3]	Konkoonsies Solar Power (RF) Pty Ltd	Ordinary	70%	-	Solar generation
South Africa [3]	Soutpan Solar Power (RF) Pty Ltd	Ordinary	51%	-	Solar generation
South Africa [3]	Boshof solar Power (RF) Pty Ltd	Ordinary	51%	-	Solar generation
South Africa [3]	TerraForm Global Africa Operating (Pty) Ltd.	Ordinary	100%	-	Advisory services
Tanzania [1]	Songas Limited	Common	54.1%	54.1%	Gas fired generation
United Kingdom	Globeleq Africa Limited [2]	Ordinary	100.0%	100.0%	Advisory services
Associates					
Kenya	Tsavo Power Company Limited	Ordinary	30.0%	30.0%	Oil fired generation

1. Globeleq owns 100% of the related operations and maintenance companies.
2. During January 2018, this entity changed its name from Globeleq Advisors Limited to Globeleq Africa Limited.
3. Acquired in the year, see note 15.

28 NON-CONTROLLING INTERESTS

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

	2019	2018
	$000	$000
Dividends paid to non-controlling interests:		
Jeffreys Bay	**10,994**	9,068
De Aar	**6,957**	6,703
Droogfontein	**6,681**	6,411
SAMS	**191**	318
Azito	**4,530**	16,906
Songas	**6,885**	13,770
Dibamba	-	-
Kribi	-	-
Malindi	-	-
Aries	**483**	-
Boshof	-	-
Dassieklip	**429**	-
Konk	**441**	-
Soutpan	**3,814**	-
Total	**41,405**	53,176

28 NON-CONTROLLING INTERESTS *(continued)*

Profit/(loss) allocated to non-controlling interests:	**2019**	2018
Jeffreys Bay	**7,074**	6,032
De Aar	**4,652**	4,526
Droogfontein	**4,423**	4,325
SAMS	**193**	316
Azito	**20,504**	15,116
Songas	**10,078**	1,593
Dibamba	**(2,142)**	5,333
Kribi	**(10,658)**	11,428
Malindi	**1**	(173)
Aries	**328**	-
Boshof	**1,019**	-
Klipheuwel	**780**	-
Konkoonsies	**347**	-
Soutpan	**668**	-
Total	**37,267**	48,496

Accumulated non-controlling interests of the subsidiary:		
Jeffreys Bay	**9,432**	14,095
De Aar	**1,475**	4,232
Droogfontein	**1,666**	4,372
SAMS	**326**	323
Azito	**52,301**	37,670
Songas	**33,706**	30,514
Dibamba	**43,547**	46,627
Kribi	**63,527**	75,728
Malindi	**386**	376
Aries	**13,205**	-
Boshof	**22,879**	-
Dassieklip	**15,953**	-
Konk	**13,267**	-
Soutpan	**18,599**	-
Total	**290,269**	213,937

28 NON-CONTROLLING INTERESTS *(continued)*

Summarised statements of profit and loss for 2019 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	**55,576**	**29,748**	**28,664**	**160,439**	**95,136**
Operating and maintenance	**(6,800)**	**(1,838)**	**(1,807)**	**(39,090)**	**(39,503)**
Administrative and other income / (expense)	**(11,243)**	**(6,483)**	**(6,286)**	**(4,727)**	**(29,061)**
Net finance (costs) / income	**(13,451)**	**(6,422)**	**(6,275)**	**(10,043)**	**293**
Profit before income tax	**24,082**	**15,005**	**14,296**	**106,579**	**26,865**
Income tax expense	**(6,827)**	**(4,235)**	**(4,059)**	**(6,462)**	**(4,892)**
Profit from continuing operations	**17,255**	**10,770**	**10,237**	**100,117**	**21,973**

	Kribi $000	Dibamba $000	Aries $000	Boshof $000	Malindi $000
Total revenue	**88,604**	**27,103**	**3,691**	**10,538**	**-**
Operating and maintenance	**(50,729)**	**(7,670)**	**(454)**	**(315)**	**-**
Administrative and other income / (expense)	**(8,867)**	**(3,394)**	**(786)**	**(536)**	**(25)**
Net finance (costs) / income	**(56,194)**	**(17,447)**	**(803)**	**(4,335)**	**33**
Profit before income tax	**(27,186)**	**(1,408)**	**1,648**	**5,352**	**8**
Income tax benefit / (expense)	**7,228**	**(315)**	**(555)**	**(3,271)**	**-**
(Loss)/ profit from continuing operations	**(19,958)**	**(1,723)**	**1,093**	**2,081**	**8**

	Klipheuwel $000	Soutpan $000	Konkoonsies $000
Total revenue	**6,788**	**9,075**	**3,704**
Operating and maintenance	**(658)**	**(924)**	**(404)**
Administrative and other income / (expense)	**(1,410)**	**(1,773)**	**(784)**
Net finance costs	**(2,019)**	**(3,894)**	**(785)**
Profit before income tax	**2,701**	**2,484**	**1,731**
Income tax expense	**(472)**	**(1,122)**	**(574)**
Profit from continuing operations	**2,229**	**1,362**	**1,157**

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) / income	(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 income / (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

Summarised balance sheets as at 31 December 2019 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	**30,687**	**15,684**	**15,500**	**181,114**	**72,890**
Non-current assets	**133,540**	**62,430**	**60,752**	**372,457**	**117,010**
Current liabilities	**(11,751)**	**(5,778)**	**(5,718)**	**(73,156)**	**(52,354)**
Non-current liabilities	**(149,671)**	**(74,625)**	**(72,616)**	**(224,268)**	**(56,522)**
Net assets	**2,805**	**(2,289)**	**(2,082)**	**256,147**	**81,024**

28 NON-CONTROLLING INTERESTS *(continued)*

	Kribi	**Dibamba**	**Aries**	**Boshof**	**Malindi**
	$000	**$000**	**$000**	**$000**	**$000**
Current assets	**176,663**	**40,313**	**3,924**	**55,689**	**6,988**
Non-current assets	**222,096**	**72,200**	**14,831**	**196,198**	**16,393**
Current liabilities	**(341,122)**	**(62,965)**	**(1,293)**	**(16,764)**	**(8,649)**
Non-current liabilities	**(17,109)**	**-**	**(15,611)**	**(193,075)**	**(15,146)**
Net assets	**40,528**	**49,548**	**1,851**	**42,048**	**(414)**

	Kliphewel	**Soutpan**	**Konkoonsies**
	$000	**$000**	**$000**
Current assets	**9,507**	**14,280**	**3,883**
Non-current assets	**26,929**	**62,861**	**14,726**
Current liabilities	**(2,411)**	**(5,565)**	**(1,167)**
Non-current liabilities	**(33,084)**	**(66,459)**	**(15,648)**
Net assets	**941**	**5,117**	**1,794**

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

	Jeffreys Bay	De Aar	Droog-fontein	Azito	Songas
	$000	$000	$000	$000	$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	Dibamba
	$000	$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

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 decided to fully write off this loan receivable, following the project failure due to financing difficulty of the project.

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:

	2019 Incomes booked by the Group	**2019** Expenses incurred by the Group	2018 Incomes booked by the Group	2018 Expenses incurred by the Group
	$000	**$000**	$000	$000
Income statement				
CDC	**30**	**-**	30	48
Globeleq Limited	**-**	**3,864**	-	4,825
CEC Africa (Sierra Leone) Limited	**-**	**-**	360	-
Total	**30**	**3,864**	390	4,873

	Net receivable/ (payable)	Net receivable/ (payable)
	$000	$000
Balance sheet		
CDC – long term	**38**	53
Globeleq Limited	**(47,369)**	(59,007)
Total (net)	**(47,331)**	(58,954)

Remuneration of key management personnel

Key management personnel numbered 12 individuals as at 31 December 2019 (2018: 11), including direct reports to the Chief Executive Officer.

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

	2019	2018
	$000	$000
Short-term employee benefits	**6,795**	4,329
Post-employment benefits	**185**	133
Total remuneration	**6,980**	4,462

30 POST BALANCE SHEET EVENTS

In 2020 the South African Rand (ZAR) has experience a devaluation to the US Dollar (USD), moving from ZAR/USD 13.99 to 18.32 at the end of April. This will have an impact on the ZAR based assets offset by the ZAR based loans. We do not consider this to have had a material impact on the consolidated Company financials.

On 21 January 2020, the Azito Phase 4 project reached Financial Close to construct and operate an additional 253 MW of capacity at the power plant in Cote D'Ivoire.

On 14 April 2020 Kribi and Dibamba paid deposits ($7.5m, see notes 2 and 4b) relating to disputed tax notices in order to continue their appeals with the Cameroon Minister of Finance.

After the balance sheet date, we have seen macro-economic uncertainty with regards to the Company business as a result of the Covid-19 pandemic. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition of the Company. A Group wide analysis has been undertaken and continues to be monitored across all aspects of the business; from our employees and their family's health and safety, plant construction and operations, cashflow and the impact on the future growth of the business.

The Group implemented its business continuity plans in February 2020, which are largely based on WHO and SOS International guidelines, alongside previous Group experience of similar crises, such as the conflict in Ivory Coast in 2010 and the Ebola outbreak in West Africa in 2014. Each plant has an escalating level of continuity which is regularly monitored based on the situation in that country. Maintenance, capital projects and any discretionary spend have been scaled back which will help preserve cash. Construction projects have followed in country requirements and are likely to suffer delays however contractual arrangements help protect the Group during the construction period for example through project contingency and liquidated damages. Business development continues to progress, and new project opportunities have arisen where other developer companies do not have sufficient funds to proceed.

As a long-term investor in Africa we will work with the donor community and host governments to recover the economic costs of the Covid-19 pandemic wherever fair and reasonable to do so. The IMF and World Bank Group are aware of our position and remain very supportive. New funding options are being proposed to countries in need, debt restructuring at the sovereign and project level have been discussed. We will seek to avail ourselves of opportunities to soften the impact of Covid-19 to the Group wherever we can.

In April 2020, the existing Barclays bond facility was increased from $20.0m to $30.0m.

30 POST BALANCE SHEET EVENTS

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