



**PRIME ENERGY PLC  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024.**

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**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

: Ndamutsa Thaddee Rusera Sandy  
: Daniel James Kinder (Appointed on 22 August 2023)  
: Chernó Gaye (Appointed on 22 August 2023)  
: Juru Nsano Joe (Appointed on 22 August 2023)  
: Jean Damascène Niyongabo

**REGISTERED OFFICE AND PRINCIPAL  
PLACE OF BUSINESS**

: Prime Energy Plc  
: Kigali Alliance Business Center  
: P.O. Box 1167  
: Kigali  
: Rwanda

**INDEPENDENT AUDITOR**

: BDO East Africa (Rwanda) Ltd  
: Certified Public Accountants Rwanda  
: Career Centre Building, 8th Floor  
: KG 541 St  
: P.O. Box 6953  
: Kigali  
: Rwanda

**PRINCIPAL BANKERS**

: Bank of Kigali Plc  
: P.O. Box 175  
: Kigali  
: Rwanda

: I & M Bank (Rwanda) Plc  
: P.O. Box 354  
: Kigali  
: Rwanda

: Access Bank (Rwanda) Plc  
: P.O. Box 2059  
: Kigali  
: Rwanda

## REPORT OF THE DIRECTORS

The directors submit the annual report and financial statements for the year ended 31 December 2024, which disclose the state of affairs of Prime Energy Plc

### PRINCIPAL ACTIVITIES

The principal activity of the company is that of generation and sale of electricity.

### BUSINESS REVIEW

During the year ended 31 December 2024, the total turnover of the company decreased from Rwf.5.29 Billion to Rwf. 5.28 Billion. The profit before tax decreased from Rwf. 2.95 Billion to Rwf.2.36 Billion.

### RESULTS

	2024 Rwf '000	2023 Rwf' 000
Profit before tax	2,357,765	2,953,994
Tax (charge)/credit	<u>(478,622)</u>	<u>1,074,898</u>
Profit for the year	<u><u>1,879,143</u></u>	<u><u>4,028,892</u></u>

### SHARE CAPITAL

The authorized and called up share capital of the company is Rwf 500 million (2023: Rwf. 500 million) representing 5 million (2023: 5 million) ordinary shares of Rwf 100 (2023: Rwf 100) each.

### SHAREHOLDING

Name	Number of shares	Percentage %
Prime Energy Holdings Limited	<u><u>100</u></u>	<u><u>100</u></u>

### DIVIDEND

The directors do not recommend payment of dividend for the year (2023: Nil).

### DIRECTORS

The directors who held office during the year and to the date of this report is shown on page 1.



**STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR**

With respect to each director at the time this report was approved:

- (a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and
- (b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**TERMS OF APPOINTMENT OF THE AUDITOR**

The company's auditor, BDO East Africa (Rwanda) Ltd, was appointed during the year in accordance with the Law No. 007/2021 of 05/02/2021 governing companies in Rwanda as modified and complemented to date by the Law No 019/2023 of 30/03/2023 and has expressed its willingness to continue in office in accordance with the Rwandan Companies Act.

**BY ORDER OF THE BOARD**

Rusera Sandy



21<sup>st</sup> march 2025



Juru Nsano Joe

21<sup>st</sup> march 2025

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Law No. 007/2021 of 05/02/2021 governing companies in Rwanda as modified and complemented to date by the Law No 019/2023 of 30/03/2023 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 as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company, that disclose with reasonable accuracy the financial position of the company and that enables them to prepare financial statements of the company that comply with the IFRS Accounting Standards and the requirements of the Law No. 007/2021 of 05/02/2021 governing companies in Rwanda as modified and complemented to date by the Law No 019/2023 of 30/03/2023. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards manner required by the Law No. 007/2021 of 05/02/2021 governing companies in Rwanda as modified and complemented to date by the Law No 019/2023 of 30/03/2023. They also accept responsibility for:

- i) designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.


The directors confirm that the financial statements give a true and fair view of the financial position of the company as at 31 December 2024 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard and the requirements of the Law No.007/2021 of 05/02/2021 governing companies in Rwanda as modified and complemented to date by the Law No 019/2023 of 30/03/2023.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

So far as each of the directors is aware, there is no relevant audit information which the auditor is unaware of, and each of the directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board of Directors on 31<sup>st</sup> March 2025 and signed on its behalf by:

  
Rusera Sandy



  
Juru Nsano Joe



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Prime Energy Plc

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Prime Energy Plc (the Company), which comprise:

- the statement of financial position as at December 31, 2024,
- the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and
- notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or *give a true and fair view of*) the financial position of the Company as at December 31, 2024, and (of) its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Law no 007/2021 of 05/02/2021 governing companies in Rwanda as modified and complemented to date by the Law No 019/2023 of 30/03/2023.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Rwanda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Rwanda, 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.

#### Other Information

The directors are responsible for the other information. The other information comprises the Report of the Director and the Statement of Directors Responsibilities, which we obtained prior to the date of this report but does not include the financial statements and our auditor's report thereon.

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

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





## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## 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 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.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of Prime Energy Plc;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Prime Energy Plc management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Other Legal and Regulatory Requirements

As required by the Law No 007/2021 of 05/02/2021 modified and complemented to date by the Law No 019/2023 of 30/03/2023 we report to you, based on our audit, that:

- We have no relationship, interest, or debt with Prime Energy Plc. As indicated in our report on the audit of the financial statements, we comply with ethical requirements. These are the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which includes comprehensive independence and other requirements.
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- We have communicated with those charged with governance, our significant audit findings, and significant deficiencies in internal control that we identified during our audit.
- According to the best of the information and the explanations given to us as auditors, as shown by the accounting and other documents of the company, the financial statements comply with Article 125 of Law No. 007/2021 of 05/02/2021 Governing Companies as modified and complemented to date by the Law No 019/2023 of 30/03/2023.

BDO East Africa (Rwanda) Ltd  
Certified Public Accountants  
Career Centre Building, 8th Floor  
KG 541st Road  
PO Box 6593  
Kigali - Rwanda

**BDO EA RWANDA Ltd,**  
**Tel: +250 788309225**  
**+250 738304070**  
**P.O Box 6593 Kigali, Rwanda**

Daniel Ishimwe  
PC/CPA0649/0164  
Engagement Partner

Date: 31<sup>st</sup> March 2025



**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

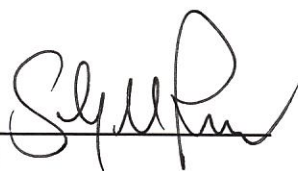
		<b>2024</b>	<b>2023</b>
	<b>Notes</b>	<b>Rwf '000</b>	<b>Rwf' 000</b>
Revenue	3	3,835,747	3,858,474
Direct costs	4	<u>(284,314)</u>	<u>(192,672)</u>
<b>Gross profit</b>		<b>3,551,433</b>	<b>3,665,802</b>
Other income	5	300	-
Administration expenses	6	(504,744)	(381,659)
Operating expenses	8	(29,003)	(27,626)
Other epenses	9	<u>(152,364)</u>	<u>-</u>
<b>Operating profit</b>		<b>2,865,622</b>	<b>3,256,517</b>
Finance costs	10	<u>(507,857)</u>	<u>(302,523)</u>
<b>Profit before tax</b>		<b>2,357,765</b>	<b>2,953,994</b>
Tax (charge)/credit	11(i)	<u>(478,622)</u>	<u>1,074,898</u>
<b>Profit for the year</b>		<b><u>1,879,143</u></b>	<b><u>4,028,892</u></b>

**STATEMENT OF FINANCIAL POSITION**

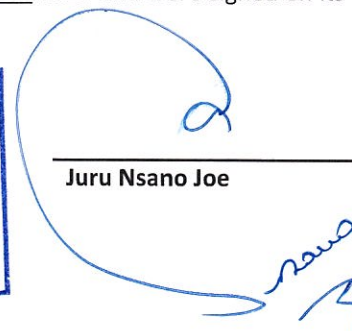
Assets	Notes	2024 Rwf '000	2023 Rwf' 000
<b>Non-current assets</b>			
Property and equipment	14	3,201	2,787
Deferred tax	13	382,602	415,014
Financial asset	18	1,143,498	2,692,233
Intangible asset	15	30,173	31,849
Long term investments	20	12,695,426	-
Long term receivables from related parties	21(i)	601,187	4,583,900
		<b>14,856,087</b>	<b>7,725,783</b>
<b>Current assets</b>			
Financial asset	18	4,438,061	3,551,533
Trade and other receivables	16	1,282,863	1,045,504
Cash and bank balances	17	1,849,119	112,034
Receivables from related parties	21(i)	1,026,175	1,027,567
		<b>8,596,218</b>	<b>5,736,638</b>
<b>Total Assets</b>		<b>23,452,305</b>	<b>13,462,421</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital		500,000	500,000
Retained earnings		12,090,264	10,211,121
		<b>12,590,264</b>	<b>10,711,121</b>
<b>Non-current liabilities</b>			
Borrowings	12	8,620,733	-
		<b>8,620,733</b>	<b>-</b>
<b>Current liabilities</b>			
Borrowings	12	930,837	1,584,106
Trade and other payables	19	1,192,011	731,140
Payables to related parties	21(ii)	1,000	1,000
Current tax payable	11(iii)	117,460	435,054
		<b>10,862,041</b>	<b>2,751,300</b>
<b>Total Liabilities</b>		<b>10,862,041</b>	<b>2,751,300</b>
<b>Total Equity and Liabilities</b>		<b>23,452,305</b>	<b>13,462,421</b>

The financial statements on pages 8 to 35 which were prepared on a going concern basis were approved and authorised for issue by the Board of Directors on 31<sup>st</sup> march 2025 and were signed on its behalf by:

Rusera Sandy




Juru Nsano Joe



**STATEMENT OF CHANGES IN EQUITY**

	Ordinary share capital Rwf '000	Retained earnings Rwf '000	Total Rwf '000
<b>Year ended 31 December 2023</b>			
At start of year	500,000	6,182,229	6,682,229
Profit for the year	-	4,028,892	4,028,892
	<u>500,000</u>	<u>10,211,121</u>	<u>10,711,121</u>
At end of year	<u>500,000</u>	<u>10,211,121</u>	<u>10,711,121</u>
<b>Year ended 31 December 2024</b>			
At start of year	500,000	10,211,121	10,711,121
Profit for the year	-	1,879,143	1,879,143
	<u>500,000</u>	<u>12,090,264</u>	<u>12,590,264</u>
At end of year	<u>500,000</u>	<u>12,090,264</u>	<u>12,590,264</u>



**STATEMENT OF CASHFLOWS**

		<b>2024</b>	<b>2023</b>
	<b>Notes</b>	<b>Rwf '000</b>	<b>Rwf' 000</b>
<b>Cash flows from operating activities</b>			
Profit before tax		2,357,765	2,953,994
<b>Adjustment for:</b>			
Depreciation on property and equipment	14	2,236	679
Amortization of intangible assets	15	1,677	1,677
Interest expense	10	127,934	332,536
Changes in working capital:			
- Trade and other receivables		(237,359)	(238,654)
- Trade and other payables		460,871	38,631
- Related party	21(i)	3,984,104	(1,306,986)
Tax paid	11(iii)	(763,804)	(199,849)
Net cash flows (used in)/generated from operating activities		<u>5,933,424</u>	<u>1,582,028</u>
<b>Cash flows used in investing activities</b>			
Movement in financial assets	18	662,207	188,196
Purchase of property and equipment	14	(2,650)	(3,210)
New Preference shares	19	(12,695,426)	
Proceeds from related parties	21(i)	-	(122,625)
Net cash flows (used in)/generated from investing activities		<u>(12,035,869)</u>	<u>62,361</u>
<b>Cash flows used in financing activities</b>			
Proceeds from issue of greenbond	12	9,500,000	-
Repayment of borrowings - Bank of Kigali Plc	12	(878,864)	(1,603,022)
Interest paid	10	(127,934)	(332,536)
Net cash flows used in financing activities		<u>8,493,202</u>	<u>(1,935,558)</u>
Increase/(decrease) in cash and cash equivalents		<u><u>2,390,757</u></u>	<u><u>(291,169)</u></u>
<b>Movement in cash and cash equivalents</b>			
At start of year		(593,208)	(302,038)
Increase/(decrease) in cash and cash equivalents		<u>2,390,757</u>	<u>(291,169)</u>
<b>At end of year</b>	17	<u><u>1,797,549</u></u>	<u><u>(593,208)</u></u>

## NOTES

### 1. MATERIAL ACCOUNTING POLICY INFORMATION

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

These financial statements comply with the requirements of the Law Governing Companies No. 007/2021 of 05/02/2021 as modified and complemented to date by the Law No 019/2023 of 30/03/2023. The statement of profit or loss represents the profit and loss account referred to in the Law. The statement of financial position represents the balance sheet referred to in the Law.

#### a) Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these financial statements and the Law No 007/2021 of 05/02/2021 as modified and complimented to date by the Law No 019/2023 of 30/03/2023 governing companies in Rwanda.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rwanda Francs, which is the company's functional currency.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### Going concern

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss and other comprehensive income. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk and capital management are set out

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

#### i) New and ammended standards adopted by the company

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## NOTES (CONTINUED)

### 1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### a) Basis of preparation (continued)

##### **Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies**

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policy information and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the company's financial statements.

##### **Amendments to IAS 8 'Definition of Accounting Estimates'**

The amendments introduce a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the company's financial statements.

##### **Amendments to IAS 12 'Deferred Tax Related to Assets and Liabilities arising from a Single Transaction'**

The amendments narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the company's financial statements.

#### ii) New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current' and 'Non-current Liabilities with Covenants' (issued in January 2020 and October 2022), effective for annual periods beginning or after 1 January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date. In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The company is currently assessing the impact the amendments will have on current practice.

- Amendments to IAS 7 and IFRS 7 'Supplier Finance Arrangements' (issued in May 2023), effective for annual reporting periods beginning on or after 1 January 2024, clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.



## NOTES (CONTINUED)

### 1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### a) Basis of preparation (continued)

#### ii) New standards, amendments and interpretations issued but not effective (continued)

- Amendment to IAS 21 'Lack of Exchangeability' (issued in August 2023), Effective for annual periods beginning on or after 1 January 2025, specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.
- Amendment to IFRS 16 'Lease Liability in a Sale and Leaseback' (issued in September 2022), effective for annual periods beginning on or after 1 January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.

Except where indicated above, the directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above, if applicable, from their effective dates.

#### b) Significant accounting judgements, estimates and assumptions

In the application of the accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### - Measurement of expected credit losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

For trade receivable, the company has applied the simplified model under IFRS 9 where lifetime expected credit loss is recognised on the basis of a provisional matrix.

##### Provision for expected credit losses of trade receivables

The company makes a provision on overdue receivables using a provision matrix to calculate ECLs for trade receivables.

## **1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **b) Significant accounting judgements, estimates and assumptions (continued)**

#### **Provision for expected credit losses of trade receivables (continued)**

The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the group's historical observed default rates. The group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

- **Useful lives, depreciation methods and residual values of property and equipment and right-of-use assets**  
Management reviews the useful lives, depreciation methods and residual values of the items of property and equipment and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property and equipment and right-of-use assets are disclosed in notes 9 and 10, respectively.
- **Incremental borrowing rate:** To determine the incremental borrowing rate, the company:
  - where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
  - uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
  - makes adjustments specific to the lease, e.g., term, country, currency and security.
- **Lease term/period:** In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

## NOTES (CONTINUED)

### 1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### b) Significant accounting judgements, estimates and assumptions (continued)

##### - Accounting for leases under IFRS 16(continued)

For leases of land the following factors are the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

##### - Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

#### c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the performance of services in the ordinary course of the company's activities.

The company recognises revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

Sale of services are recognized upon performance of the services rendered by reference to the stage of completion of the service contract.



## NOTES (CONTINUED)

### 1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### d) Property and equipment

All property and equipment is initially recognised at cost and thereafter stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended 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 company and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Capital work in progress is not depreciated.

Depreciation is calculated on straight line basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate %
Computer and computer software	50.00
Energy generation license	25.00

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued amounts in the revaluation reserve relating to the particular assets being disposed of are transferred to retained earnings in the statement of changes in equity.

#### e) Financial instruments

Financial instruments are recognised when, and only when, the company becomes party to the contractual provisions of the instrument.

##### - Financial assets

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

**NOTES (CONTINUED)**

**1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**e) Financial instruments (continued)**

The company classifies its financial assets into the following categories:

**i) Amortised cost**

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL) are classified and measured at amortised cost; the carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

At initial recognition of a financial asset, the company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The company reassess its business models each reporting year to determine whether the business models have changed since the preceding year. For the current and prior reporting year the company has not identified a change in its business models.

**Derecognition/write off**

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the company has transferred substantially all risks and rewards of ownership, or when the company has no reasonable expectations of recovering the asset.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Financial instruments that are subsequently measured at amortised cost are subject to impairment.

**iii) Impairment**

The company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI):

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

No impairment loss is recognised on investments measured at FVTPL.

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial



**NOTES (CONTINUED)**

**1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**e) Financial instruments (continued)**

**- Financial assets (continued)**

**iii) Impairment(continued)**

Instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. Twelve-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

**Presentation**

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, and loans and borrowings including bank overdrafts.

**Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

**NOTES (CONTINUED)**

**1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**f) Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the other comprehensive income or equity. In this case the tax is also recognised in other comprehensive income or equity.

**Current tax**

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

**Deferred tax**

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and tax credits and unused tax losses can be utilised.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recoverable entirely through sale unless presumption is rebutted. The presumption is rebutted when the investment property is depreciable and held within a business model whose objective is to consume substantially all its economic benefits embodied in it over time rather than through sale.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

**Value Added tax (VAT)**

Expenses and assets are recognised net of the amount of VAT except:

- when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**g) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity net of any tax effects.

For equity instruments issued before the entity receives cash or other resources, the company presents the amount receivable as an offset to equity.



**1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**h) Retirement benefit obligations**

The company and its employees contribute to a statutory defined contribution pension scheme managed by the Rwanda Social Security Board (RSSB). Contributions are determined by local statute and are currently limited to 5% of the employees' gross salary excluding transport allowances per month.

The company also contributes 0.3% per month of the employee's gross salary as maternity leave benefit. The company's pension and maternity leave benefit contributions are charged to the profit or loss in the year to which they relate.

**i) Accounting for leases**

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**The company as a lessee**

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the company recognises a right of use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the company incremental borrowing rate is used.

For leases that contain non-lease components, the company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone prices.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

For leases with a term, on commencements, of 12 months or less and leases for which the underlying asset is of low value, the total lease payment are recognised in profit or loss on a straightline basis over the lease period.

**j) Related party payables**

Related party payables are initially recognised at the transaction price (less transaction cost). Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

**1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**k) Service concession arrangement**

The Company has a service concession agreement with the Government of Rwanda (GoR) to upgrade, operate and transfer hydro power generation plants. Under the concession agreement, the Company will operate the power stations for 25 years after which the Company shall convey its rights, title and interest in the power station to GoR. The Company has also signed a Power Purchase Agreement (PPA) with Rwanda Energy Group (REG) Limited's subsidiary, the Energy Utility Corporation Limited (EUCL), under which it will sell the power generated at the power plant to EUCL. The terms of the concession and power purchase agreements satisfy the criteria for a service concession agreement under Section 34 - Specialised Activities - Service concession arrangements and are therefore accounted for under the interpretation.

The Company accounts for the concession arrangement under the financial asset model given that under the power purchase agreement, the Company has a right to receive payments from EUCL based on plant capacity made available rather than on power generated from the station and/or supplied to EUCL. Accordingly, the Company bears no demand risk.

The financial asset is initially recognised at fair value and classified as a receivable. Subsequently, the financial asset is measured at amortised cost using the effective interest rate (EIR). This results in the recognition of interest income (deemed interest income) in lieu of the difference between the expected future cash flows and the initial amount. Borrowing costs incurred during construction are not capitalised. Under the accounting model adopted by the Company, revenue from operation services in the form of capacity and other payments shall be recognised when the Company becomes entitled to it in accordance with the PPA.

The company recognises a financial asset arising from a service concession arrangement to the extent that it has an unconditional right to receive cash or another financial asset from or at the direction of the grantor, for the construction, upgrade or operation services of concession assets. Financial assets recognised as a result of the service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition, the financial asset is accounted for in accordance with Section 11 Basic Financial Instruments.

**l) Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

## 2 Risk management objectives and policies

### Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the management. The management identifies, evaluates and hedges financial risks in close co-operation with various staff in the organisation.

The Company's risk exposure to financial risk and how that is managed are set out in the table below.

	Risk	Exposure arising from	Measurement	Management
	Market risk –foreign exchange	Future commercial transactions	Cash flow forecasting	Holding foreign currency bank accounts which act as a natural hedge for foreign denominated purchases
		Recognized financial assets and liabilities not denominated in Rwanda Francs	Sensitivity analysis	
	Market risk– interest rate	Long term borrowings at variable and fixed rates	Sensitivity analysis	Entering into a combination of fixed and variable interest rate borrowings
	Market risk–security prices	The company does not hold any financial instrument subject to price risk	Not applicable	Not applicable
	Credit risk	Cash at bank	Aging analysis	Diversification of bank deposits
		Trade and other receivables		Restriction of credit trading terms
	Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities



**NOTES (CONTINUED)**

**2 Risk management objectives and policies (continued)**

**Financial risk management (continued)**

**(a) Market risk**

**Foreign exchange risk**

<b>Assets</b>	<b>31-Dec-24 Rwf</b>	<b>31-Dec-23 Rwf</b>
Cash at bank and on hand (US Dollar)	89,341,176	81,924,807
	<u>89,341,176</u>	<u>81,924,807</u>
<b>Liabilities</b>		
Trade payables (US Dollar)	(616,228,927)	(563,179,578)
	<u>(616,228,927)</u>	<u>(563,179,578)</u>
<b>Net position</b>	<u><b>(526,887,751)</b></u>	<u><b>(481,254,772)</b></u>

**Sensitivity**

The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollars(USD). The risk arises from future transactions, assets and liabilities at the statement of financial position date.

**(b) Credit risk**

Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. Credit risk is managed on a company basis. The company does not have any significant concentrations of credit risk.

**(i) Impairment of financial assets**

The amount that best represents the company's maximum exposure to credit risk at 31 December 2024 is made up as follows:

	<b>31-Dec-24 Rwf'000</b>	<b>31-Dec-23 Rwf'000</b>
Cash and cash equivalents	1,849,119	112,034
Trade and other receivables	<u>1,282,863</u>	<u>1,045,504</u>
	<u><b>3,131,982</b></u>	<u><b>1,157,538</b></u>

In the opinion of the management, the carrying amounts of other receivables approximate to their fair value. The carrying amounts of the company's other receivables are denominated in Rwandan francs.

## 2 Risk management objectives and policies (continued)

### Financial risk management (continued)

#### c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet obligations as they fall due. The company ensures its inflows and outflows are matched sufficiently to minimise its exposure on liquidity risk.

Management performs cash flow forecasting and monitor rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facility.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

<b>As at 31 December 2024</b>	<b>1 year or less Frw'000</b>	<b>More than 1 year Frw'000</b>	<b>Total Frw'000</b>
Trade payables and other payables	1,192,011	-	1,192,011
Amounts due to related parties	1,000	-	1,000
	<b>1,193,011</b>	<b>-</b>	<b>1,193,011</b>

<b>As at 31 December 2023</b>	<b>1 year or less Frw'000</b>	<b>More than 1 year Frw'000</b>	<b>Total Frw'000</b>
Trade payables and other payables	731,140	-	364,652
Amounts due to related parties	1,000	-	1,000
	<b>732,140</b>	<b>-</b>	<b>365,652</b>

**NOTES**

**3 Revenue**

	<b>2024</b>	<b>2023</b>
	<b>Rwf '000</b>	<b>Rwf' 000</b>
Construction revenue	5,283,903	5,290,685
Construction costs	(5,283,903)	(5,290,685)
Construction revenue interest element	3,551,533	3,665,802
Revenue from operations and maintenance	<u>284,214</u>	<u>192,672</u>
	<u><u>3,835,747</u></u>	<u><u>3,858,474</u></u>

**4 Cost of sales**

Station costs	39,093	7,160
Direct staff costs	143,003	135,769
Other direct costs	<u>102,218</u>	<u>49,743</u>
	<u><u>284,314</u></u>	<u><u>192,672</u></u>

**5 Other income**

Other sundry income	<u>300</u>	<u>-</u>
	<u><u>300</u></u>	<u><u>-</u></u>

**6 Administration expenses**

Employee benefits (Note 7)	346,383	250,679
Professional fees	66,859	42,824
Communication expenses	14,664	12,489
Motor vehicles expenses	11,904	34,521
Bank charges	6,484	4,648
Office running expenses	37,641	36,498
Donations	<u>20,809</u>	<u>-</u>
	<u><u>504,744</u></u>	<u><u>381,659</u></u>

**7 Employee benefits**

Salary and wages	318,418	233,827
Employer's pension contribution	17,204	12,849
Employer's maternity leave benefit contribution	1,032	771
Other staff costs	8,691	2,397
Community Based Health Insurance (CBHI) contribution	<u>1,038</u>	<u>835</u>
	<u><u>346,383</u></u>	<u><u>250,679</u></u>



NOTES (CONTINUED)

8 Operating expenses	2024 Rwf '000	2023 Rwf '000
Rent and rates	24,259	24,670
Security expense	200	110
Office utilities	631	490
Depreciation of property and equipment	2,236	679
Amortization of intangible assets	1,677	1,677
	<u>29,003</u>	<u>27,626</u>

9 Other Expenses	2024 Rwf '000	2023 Rwf '000
Prior year tax expense	<u>152,364</u>	<u>-</u>

This amount pertains to a prior year voluntary disclosure of Corporate Income Tax adjustments resulting from tax audits for the periods 2020 and 2021. The tax authorities rectified a capital allowance expense. Management is currently seeking further counsel to to re-engage the tax authority on the subject

10 Finance costs

Overdraft interest	76,917	50,085
Term loan interest	51,017	282,451
Finance fees and commissions	9,750	27,049
Greenbond interest expense	217,708	-
Greenbond expenses	189,764	-
Foreign retranslation adjustment	(37,299)	(44,366)
Discounting effect from Financial asset Model	-	(12,696)
	<u>507,857</u>	<u>302,523</u>

11 Tax

i) Tax charge to profit or loss

Current tax charge	446,210	594,900
Deferred tax charge/(credit) (Note 13)	<u>32,412</u>	<u>(1,669,798)</u>
<b>Tax charge</b>	<u>478,622</u>	<u>(1,074,898)</u>

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

Profit before tax	<u>2,357,765</u>	<u>2,953,994</u>
Tax calculated at a tax rate of 15% (2023:15%)	353,665	443,099
Tax effect of:		
- expenses not deductible for tax purpose	25,627	5,138
- PY underprovision of deferred tax	-	(1,687,618)
- PY underprovision of current tax	-	136,254
- impact of IFRIC 12 adjustment	<u>99,330</u>	<u>28,229</u>
<b>Tax charge</b>	<u>478,622</u>	<u>(1,074,898)</u>

Under the Law No. 06/2015 of 28/03/2015 on Investment Promotion and Facilitation, a registered investor undertaking energy generation, transmission and distribution from peat, solar, geothermal, hydro, biomass, methane and wind (excluding an investor with an engineering procurement contract from the Government) is allowed to be taxed at a preferential Corporate Income Tax rate of 15% as a special incentive. Prime Energy Ltd.'s principal activity is that of energy generation, transmission and distribution from Hydro power plants.

**NOTES (CONTINUED)**

**11 Tax (continued)**

**ii) Changes in Corporate Income Tax rate**

Pursuant to the provisions in the Law No. 051/2023 of 05/09/2023 amending Law No.027/2022 of 20/10/2022 establishing Taxes on Income, the corporate tax rate was reduced from 30% to 28%.

However, the company's preferential tax rate of 15 percent granted under the investment code remained unchanged.

	2024 Rwf '000	2023 Rwf' 000
<b>iii) Current tax</b>		
At start of year	435,054	40,003
Charge for the year	446,210	594,900
Tax paid	<u>(763,804)</u>	<u>(199,849)</u>
Tax payable	<u><u>117,460</u></u>	<u><u>435,054</u></u>

**12 Borrowings**

**i) Loan from Bank of Kigali Plc**

**Non-current**

Bank borrowings-Bank of Kigali Plc	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**Current**

Bank overdraft (Note 17)	51,570	705,242
Bank borrowings-Bank of Kigali Plc	<u>-</u>	<u>878,864</u>
	<u>51,570</u>	<u>1,584,106</u>

<b>Total borrowings</b>	<u><u>51,570</u></u>	<u><u>1,584,106</u></u>
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**Loan from Bank of Kigali Plc**

The company obtained standby letter of credit and investment loan facilities from Bank of Kigali Plc to finance the upgrade of Gashashi, Gisenyi and Mukungwa II hydropower plants.

The facilities consist of the following:

- A standby letter of credit (LC) in favor of State Bank of Mauritius amounting to Five Million United State Dollars (USD 5,000,000) granted for a period of seven years.
- An investment loan of two million, four hundred and six thousand, six hundred and thirty six United States Dollars (USD 2,406,636) equivalent in Rwandan Francs granted for a period of 10 years.
- Interest on term loan is calculated on quarterly basis at a rate of 17.5% per annum on reducing balance.
- 24 months moratorium has been granted on repayment of principal amounts on investment loan.
- The letter of credit attracts an annual commission at the rate of 3% per annum payable upfront.

**NOTES (CONTINUED)**

<b>12 Borrowings (continued)</b>	<b>2024</b>	<b>2023</b>
	<b>Rwf '000</b>	<b>Rwf' 000</b>
<b>ii) Green bond</b>		
The loan movement is as follows:		
At start of year	-	-
Principal received during the year	9,500,000	-
Interest accrued	217,708	-
Transfer to related parties	-	-
	<u>9,717,708</u>	-
Repayments		
Principal repayment	-	-
Interest repayment	(217,708)	-
Transfer to related parties	-	-
	<u>-</u>	-
At end of year	9,500,000	-
<b>Current portion</b>	<u>879,267</u>	-
<b>Non-current portion</b>	<u>8,620,733</u>	-

- The company issued a green bond which is a debt security to support the company's existing operations and facilitate efforts aimed at scaling its work towards providing alternative clean energy solutions and finance sustainability-related capital projects.

- The bond proceeds will finance the upgrading to existing four run-of-river hydropower plants (HPPs) Gashashi, Gisenyi and Mukungwa II totaling 8MW and business expansion through development of 10MW run-of-river Rukarara VI Project.

The facility consist of the following:

- Nominal amount: Rwf 9,500,000,000
- Tenor: 7 years
- Coupon rate : 13.75% per annum payable semi-annually

### 13 Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 15% (2023:15%). The movement on the deferred tax account is as follows:

	2024 Rwf '000	2023 Rwf' 000
As at start of year	(415,014)	1,254,784
Charge/(credit) to profit or loss (Note 10(i))	<u>32,412</u>	<u>(1,669,798)</u>
At end of year	<u><u>(382,602)</u></u>	<u><u>(415,014)</u></u>

Deferred tax assets and (liabilities), deferred tax charge/(credit) in profit and loss are attributable to the following items:

#### Deferred tax liability/(asset)

	At start of year Rwf '000	Credit to profit or loss Rwf '000	At end of year Rwf '000
<b>Property and equipment</b>			
Accelerated depreciation	<u>(400,776)</u>	<u>27,345</u>	<u>(373,431)</u>
<b>Deferred tax asset</b>			
Provisions	(1,517)	101	(1,416)
Tax losses carried forward	-	-	-
Unrealised foreign exchange Losses	<u>(12,721)</u>	<u>4,966</u>	<u>(7,755)</u>
	<u>(14,238)</u>	<u>5,067</u>	<u>(9,171)</u>
<b>Net deferred tax liabilities/(assets)</b>	<u><u>(415,014)</u></u>	<u><u>32,412</u></u>	<u><u>(382,602)</u></u>

**14 Property and equipment**

**Year ended 31 December 2024**

	Motor vehicles	Motor cycles	Computer and accessories	Other equipment	Generators	Total
	Rwf '000	Rwf '000	Rwf '000	Rwf '000	Rwf '000	Rwf '000
<b>Cost</b>						
At start of year	144,305	2,467	10,765	2,187	7,776	207,736
Additions	-	-	2,650	-	-	2,650
At end of year	144,305	2,467	13,415	2,187	7,776	210,386
<b>Depreciation</b>						
At start of year	144,305	2,467	7,978	2,187	7,776	204,949
Charge for the year	-	-	2,236	-	-	2,236
At end of year	144,305	2,467	10,214	2,187	7,776	207,185
<b>Net book value</b>						
As at 31 December 2024	-	-	3,201	-	-	3,201
As at 31 December 2023	-	-	2,787	-	-	2,787

**NOTES (CONTINUED)**

**15 Intangible asset**

	Electricity generation license Rwf '000	Computer software Rwf '000	Total Rwf' 000
<b>Cost</b>			
At start of year	40,761	1,154	41,915
Additions	-	-	-
At end of year	40,761	1,154	41,915
<b>Amortization</b>			
At start of year	9,865	201	10,066
Charge for the year	1,630	46	1,676
At end of year	11,495	247	11,742
<b>Net book value</b>			
As at 31 December 2024	29,266	907	30,173
As at 31 December 2023	30,896	953	31,849

**16 Trade and other receivables**

	2024 Rwf '000	2023 Rwf' 000
Trade receivables	681,509	1,475,895
Unbilled trade receivables	534,117	(449,805)
Other receivables	67,237	19,414
	<u>1,282,863</u>	<u>1,045,504</u>

**17 Cash and bank balances**

Cash in hand	219	1,074
Cash at bank	<u>1,848,900</u>	<u>110,960</u>
	<u>1,849,119</u>	<u>112,034</u>

For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Cash and bank balances	1,849,119	112,034
Bank overdraft (Note 12)	<u>(51,570)</u>	<u>(705,242)</u>
	<u>1,797,549</u>	<u>(593,208)</u>



**NOTES (CONTINUED)**

<b>18 Financial asset</b>	<b>2024</b>	<b>2023</b>
	<b>Rwf '000</b>	<b>Rwf' 000</b>
At start of year	6,243,766	6,431,962
Deemed interest income	3,551,533	3,665,802
Operating and maintenance income	284,214	192,672
Discounting effect	-	12,696
Receipts	(4,497,954)	(4,059,366)
<b>At end of year</b>	<b>5,581,559</b>	<b>6,243,766</b>
Non-current	1,143,498	2,692,233
Current	4,438,061	3,551,533
	<b>5,581,559</b>	<b>6,243,766</b>

<b>19 Trade and other payables</b>		
Trade payables	628,340	568,680
Greenbond interest payable	217,708	-
Other payables	345,963	162,460
	<b>1,192,011</b>	<b>731,140</b>

<b>20 Long term Investment</b>	<b>2024</b>	<b>2023</b>
	<b>Rwf '000</b>	<b>Rwf' 000</b>
Investment into Rukarara VI HPP Ltd	12,695,426	-
	<b>12,695,426</b>	<b>-</b>

- During the period 2024 the board of directors approved a long term investment of Rwf.12,695,425,544 in Rukarara VI HPP Limited through preference shares(divided into 126,954,355 shares for Rwandan francs 100 each) . The preference shares are non-cumulative,redeemable and with limited voting rights.

**21 Related party transactions and balances**

The company is controlled by Prime Energy Holdings Limited incorporated in Rwanda, which owns 100% of the company's shares.

The following transactions were carried out with parties which are related by virtue of common shareholding and common directorships.

**i) Receivables from related parties**

	<b>2024</b>	<b>2023</b>
	<b>Rwf '000</b>	<b>Rwf' 000</b>
<b>Non-current</b>		
Loan to Prime Energy Holdings Limited	-	3,982,713
Lion's Share Group (LS Group) Limited	377,587	377,587
Loan to Jean Damascène	223,600	223,600
	<b>601,187</b>	<b>4,583,900</b>
<b>Current</b>		
Prime Energy Holdings Limited	1,027,567	1,027,567
Rukarara VI HPP Limited	(1,392)	-
	<b>1,026,175</b>	<b>1,027,567</b>

- The receivables from related party are interest free, have no specific date of repayment and are unsecured. They are denominated in Rwandan Francs.

**21 Related party transactions and balances (continued)**

<b>ii) Payable to related party</b>	<b>2024</b>	<b>2023</b>
	<b>Rwf '000</b>	<b>Rwf' 000</b>
Lion's Share Group (LS Group) Limited	600	600
Jean Damascène Niyongabo	400	400
	<u>1,000</u>	<u>1,000</u>

The payables from the related parties are unsecured, interest free and have no specific dates of repayment. They are denominated in Rwandan Francs.

**iii) Related party transactions**

*(a) Loans to related parties*

	<b>Rukarara VI HPP Limited Rwf'000</b>	<b>Lion's Share Group Rwf'000</b>	<b>Jean Damascène Rwf'000</b>	<b>Total Rwf'000</b>
<b>Year ending 31 December 2023</b>				-
At start of the year	3,454,384	10,949	195,975	3,661,308
Additions	-	-	27,625	27,625
Transfers	(3,454,384)	-	-	(3,454,384)
<b>At end of the year</b>	<u>-</u>	<u>10,949</u>	<u>223,600</u>	<u>234,549</u>
<b>Year ending 31 December 2024</b>				
At start of the year	-	10,949	223,600	234,549
Additions	8,712,713	-	-	8,712,713
Transfers	-	-	-	-
<b>At end of the year</b>	<u>8,712,713</u>	<u>10,949</u>	<u>223,600</u>	<u>8,947,262</u>

*(b) Expenses settled (by)/on behalf of related party*

	<b>Rukarara VI HPP Limited Rwf'000</b>	<b>Prime Energy Holdings Limited Rwf'000</b>	<b>Lion's Share Group Rwf'000</b>	<b>Jean Damascène Rwf'000</b>	<b>Total Rwf'000</b>
<b>Year ending 31 December 2023</b>					
At start of the year	-	932,567	366,638	-	1,299,205
Additions	-	623,328	-	-	623,328
Transfers	-	3,454,384	-	-	3,454,384
<b>At end of the year</b>	<u>-</u>	<u>5,010,279</u>	<u>366,638</u>	<u>-</u>	<u>5,376,917</u>
<b>Year ending 31 December 2024</b>					
At start of the year	-	5,010,279	366,638	-	5,376,917
Additions	1,392	-	-	223,600	224,992
Transfers	-	-	-	-	-
<b>At end of the year</b>	<u>1,392</u>	<u>5,010,279</u>	<u>366,638</u>	<u>223,600</u>	<u>5,601,909</u>



## 21 Related party transactions and balances (continued)

### iii) Related party transactions

#### (c) Payable to related parties

	Lion's Share Group Rwf'000	Jean Damascène Rwf'000	Total Rwf'000
<b>Year ending 31 December 2023</b>			
At start of the year	600	400	1,000
Additions	-	-	-
<b>At end of the year</b>	<u>600</u>	<u>400</u>	<u>1,000</u>
<b>Year ending 31 December 2024</b>			
At start of the year	600	400	1,000
Additions	-	-	-
<b>At end of the year</b>	<u>600</u>	<u>400</u>	<u>1,000</u>

- The management confirms that related party transactions have been conducted at arm's length as required by transfer pricing regulations.

#### (d) Key management compensation

	2024 Rwf '000	2023 Rwf '000
Remuneration to key management	<u>247,905</u>	<u>216,235</u>

During the year ended 31 December 2024, no bonus was paid to management (2023:Nil).

## 22 Contingent liabilities

The company is a defendant in a legal action that is pending final determination. In the opinion of the directors and after taking appropriate legal advice, the outcome of the action will not give rise to any significant loss.

## 23 Capital commitments

- All assets debenture covering all the company's assets

- Tripartite agreement between Prime Energy Ltd, Bank of Kigali Plc and Energy Utility Corporation Ltd committing the off taker to transfer all amounts due for the purchase of power from Gashashi, Rukarara II, Gisenyi and Mukungwa II power stations to the company's accounts in Bank of Kigali Plc.

## 24 Presentation or Functional currency

These financial statements are presented in Rwandan Francs rounded off to the nearest thousand (Rwf '000).

## 25 Events after the reporting period

The Directors are not aware of any events after the reporting date that require disclosure in or adjustments to the financial statement as at the date of this report