GL AFRICA ENERGY LIMITED

Company No: 08721406

ANNUAL REPORT &

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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YEAR ENDED 31 DECEMBER 2014

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Company registration number: 08721406

GL AFRICA ENERGY LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their Annual Report, consisting of the Strategic Report and the Directors' Report, and the Consolidated Financial Statements of GL Africa Energy Limited ("the company") for the year ended 31 December 2014. References to the "Group" refer to the consolidated group, being the company and its subsidiary undertakings. As the company was incorporated on 7 October 2013 and dormant for the period to 31 December 2013, no comparative information is provided for that period within this Group Strategic Report.

REVIEW OF BUSINESS AND PRINCIPAL ACTIVITIES

On 31 January 2014, the company acquired, as part of a share for share exchange, the entire share capital of G.L.E. Lakes Energy Company Limited, a company registered in Cyprus. As, due to this business combination, no change in ownership took place, the group has accounted for this transaction in accordance with the predecessor value method ("PVM"). Under the PVM, the assets and liabilities of all combining entities are reflected in the Consolidated Financial Statements at their carrying amounts immediately prior to the business combination.

The result of G.L.E. Lakes Energy Company Limited and its subsidiary undertakings were included in the Consolidated Financial Statements when beneficial ownership was obtained by the company. For the avoidance of doubt, references to the year ended 31 December 2014 reflect the 11 months from 31 January 2014 to 31 December 2014 of the results of G.L.E. Lakes Energy Company Limited and its subsidiary undertakings and the full year of the company itself.

Subsequent to the acquisition of G.L.E. Lakes Energy Company Limited, the group's principal activity was maintaining, operating and the utilisation of a heavy fuel oil (HFO) power plant located in Zambia, generating and selling electricity to the Zambian national electrical distributor, ZESCO Limited.

Financial performance and future prospects

The group made a profit of $6,131,072 in the year. In particular, the directors are satisfied with the gross profit 73.14%, enabling the group to service its debts, the majority of which are payable to companies under common ownership of H Kariuki, the ultimate controlling party of the group (refer Note 18 for details).

Furthermore, the net asset value of the group was $12,287,299. The directors continue to invest in additional plant, property and equipment with the aim of increasing capacity at the power plant in Ndola, Zambia, to take advantage of anticipated long-term shortage of electrical supply in Zambia.

Financial data and Key Performance Indicators ("KPIs")

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

KPI	Year ended 31 December 2014
Turnover	$26,560,651
Net profit before tax percentage	23.31%
Interest charges as a proportion of gross profit	32.91%
Electrical output (kWh)	354,592,190 for the 11 months

FINANCIAL RISK MANAGEMENT

The group's operations expose it to a variety of financial risks. The group manages its risk to limit the adverse effects on the financial performance of the group by monitoring those risks and acting accordingly.

The monitoring of the financial risk management is the responsibility of the Board of Directors ("the Board"). The policies of the Board of directors are implemented by the group's finance department under specific guidelines.

FINANCIAL RISK MANAGEMENT (continued)

Price risk

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

Credit risk

The group has only one customer and has both a concentration risk and a credit risk. ZESCO Limited is a company owned by the Republic of Zambia and given the power shortfall that exists in that country, the group's directors believe that the risk of default is low. The directors are pleased to report that all trade receivables have been received after the balance sheet date and that there have been no matters of concern since.

Liquidity risk

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

Interest rate cash flow risk

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

Currency risk

All debts are denominated in US$, being the functional and presentational currency of the group as this is the currency to which its selling price is linked. The group's main supplier invoices in Euro, whilst local payments in Zambia are made in Zambian Kwacha. The group minimises its exposure to currency fluctuations by maintaining bank accounts in US Dollar's ("$"), Euro and Zambian Kwacha.

FINANCIAL INSTRUMENTS

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

ON BEHALF OF THE BOARD

Richard Wardle
Director

Date: 20/4/2016

GL AFRICA ENERGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the audited Consolidated Financial Statements for the year ended 31 December 2014.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the group's profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU 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 group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

H Kariuki – appointed 29 January 2014
N Kariuki – appointed 31 January 2014
M K Mbaka – appointed 29 January 2014
B R Ally – appointed 7 October 2013 and resigned 29 January 2014
C Bidel – appointed 29 January 2014 and resigned 20 November 2015
D M R Jaffe – appointed 29 January 2014 and resigned 30 June 2015
D C Vijselaar – appointed 30 June 2015 and resigned 20 November 2015
R M Wardle – appointed 20 November 2015
E J W Maxwell – appointed 20 November 2015

REGISTERED OFFICE

10 Norwich Street, London, EC4A 1BD

COMPANY INFORMATION

The company is a company limited by shares, incorporated in England and Wales and is domiciled in the United Kingdom. The company is a holding company, which acquired subsidiary undertakings as part of a group restructure on 31 January 2014.

GL AFRICA ENERGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

COMPANY INFORMATION (continued)

The company has three subsidiaries: G.L.E. Lakes Energy Company Limited (a company incorporated in Cyprus), Great Lakes Energy Company N.V. (incorporated in the Netherlands) and Ndola Energy Company Limited (incorporated in Zambia). The company has indirect ownership in all companies other than G.L.E. Lakes Energy Company Limited.

The results of these three subsidiaries are included in these Consolidated Financial Statements from the date that the company obtained beneficial ownership on 31 January 2014. Ndola Energy Company Limited is the only trading entity in the group, generating electricity which is supplied to ZESCO Limited, a Zambian state-owned company.

RESULT AND DIVIDENDS

The profit for the year, after taxation, amounted to $6,131,072 (*period to 31 December 2013: $Nil*).
The directors recommend that no dividend is to be paid.

OTHER MATTERS

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

- Review of business, including future developments; and
- Financial instruments.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

We, the directors of the company who held office at the date of approval of these Consolidated Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the group and company's auditors are unaware; and

- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information needed by the group and company's auditors in connection with preparing their report and to establish that the auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

ON BEHALF OF THE BOARD

Richard Wardle
Director

Date: 20/4/2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GL AFRICA ENERGY LIMITED FOR THE YEAR ENDED 31 DECEMBER 2014

We have audited the Consolidated Financial Statements of GL Africa Energy Limited ("the company") and its subsidiary undertakings ("the group") for the year ended 31 December 2014, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Consolidated Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

GL AFRICA ENERGY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GL AFRICA ENERGY LIMITED FOR THE YEAR ENDED 31 DECEMBER 2014

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

OTHER MATTERS

The comparative figures included within these financial statements are unaudited

Rawlinson & Hunter Audit LLP

David Davies (Senior Statutory Auditor)
for and on behalf of
Rawlinson & Hunter Audit LLP

Chartered Accountants
Statutory Auditor

Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ
Date: 21 April 2016

GL AFRICA ENERGY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 $
Continuing operations		
Revenue	2	**26,560,651**
Cost of sales		**(7,134,990)**
Gross profit		**19,425,661**
Other operating income	3	**38,256**
Administrative expenses		**(6,832,577)**
Profit from operations		**12,631,340**
Finance costs	7	**(6,440,217)**
Profit before taxation		**6,191,123**
Taxation	8	**(60,051)**
Profit and total comprehensive income		**$ 6,131,072**

The result for the period is wholly attributable to continuing activities.

The company was dormant in the period from incorporation to 31 December 2013. The group was not formed until 31 January 2014. As such, no comparative information is presented.

The notes on pages 12 to 26 form part of these financial statements.

Company registration number: 08721406

GL AFRICA ENERGY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Notes	2014 $
Non-current assets		
Property, plant and equipment	10	**57,901,840**
Current assets		
Trade and other receivables	12	**12,400,410**
Cash and cash equivalents	14	**5,737,744**
Total current assets		**18,138,154**
TOTAL ASSETS		**$76,039,994**
Equity		
Share capital	16	**10,000**
Share premium	16	**11,228,110**
Foreign currency translation reserve		**(4,079,821)**
Retained earnings	17	**5,129,010**
		12,287,299
Non-current liabilities		
Long-term borrowings	15	**43,323,527**
Current liabilities		
Trade and other payables	13	**14,928,286**
Borrowings	15	**5,423,358**
Current tax payable		**77,524**
Total liabilities		**63,752,695**
TOTAL EQUITY AND LIABILITIES		**$76,039,994**

These financial statements were approved and authorised for issue by the Board on 20/4/2016

Signed on behalf of the board of directors

Richard Warde
Director

The notes on pages 12 to 26 form part of these financial statements.

Company registration number: 08721406

GL AFRICA ENERGY LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Notes	2014 $	2013 $
ASSETS			
Non-current assets			
Investments	11	2,710	-
Total non-current assets		**2,710**	-
Current assets			
Trade and other receivables	12	**11,235,400**	1
Total current assets		**11,235,400**	1
TOTAL ASSETS		**$11,238,110**	1
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**10,000**	
Share premium	16	**11,228,110**	
Retained earnings	17	**(94,500)**	
Total equity		**11,143,610**	1
Current liabilities			
Trade and other payables	13	94,500	-
Total current liabilities		94,500	
Total liabilities		**94,500**	
TOTAL EQUITY AND LIABILITIES		**$11,238,110**	$1

These financial statements were approved and authorised for issue by the Board on 20/4/2016

Signed on behalf of the board of directors

Richard Wardle
Director

The notes on pages 12 to 26 form part of these financial statements.

GL AFRICA ENERGY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Total equity
	$	$	$	$	$
Acquired on 31 January 2014	1	-	(1,002,062)	(2,595,062)	(3,597,123)
Issue of Ordinary Shares	9,999	11,228,110	-	-	11,238,109
Profit for the period	-	-	6,131,072	-	6,131,072
Movement on foreign currency translation reserve	-	-	-	(1,484,759)	(1,484,759)
Balance at 31 December 2014	**$10,000**	**$11,228,110**	**$5,129,010**	**$(4,079,821)**	**$12,287,299**

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Total equity
	$	$	$	$	$
Balance at 7 October 2013	-	-	-	-	-
Issue of Ordinary Shares	1	-	-	-	1
Balance at 1 January 2014	1	-	-	-	1
Loss for the year			(94,500)	-	(94,500)
Issue of Ordinary Shares	9,999	11,228,110	-	-	11,238,109
Balance at 31 December 2014	**$10,000**	**$11,228,110**	**$(94,500)**	**-**	**$11,143,610**

The notes on pages 12 to 26 form part of these financial statements.

GL AFRICA ENERGY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 $
Cash flow from operating activities		
Profit before taxation		6,191,123
Adjustments for:		
Depreciation		1,986,075
Foreign exchange loss	7	46,570
Interest expense	7	6,393,647
(Increase) in trade and other receivables		(12,400,410)
Increase in trade payables		14,928,286
Cash generated from operations		17,145,291
Interest paid		(6,393,647)
Foreign exchange loss		(46,570)
Net cash from operating activities		**10,705,074**
Cash flows from investing activities		
Purchase of property, plant and equipment		(1,436,205)
Working capital acquired on acquisition of subsidiaries		(1,267,110)
Net cash used in investing activities		**(2,703,315)**
Cash flows from financing activities		
Repayments of Borrowings		(2,264,015)
Net cash used in financing activities		**(2,264,015)**
Net increase in cash and cash equivalents		5,737,744
Cash and cash equivalents at beginning of year		$ -
Cash and cash equivalents at end of year	14	**$ 5,737,744**

No company Statement of Cash Flows has been prepared as there has been no cash flow movement in the company during the current or previous period.

The notes on pages 12 to 26 form part of these accounts.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These are the company's first financial statements under International Financial Reporting Standards as adopted by the European Union (IFRS). The financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation of the financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use by the European Union ("IFRS") and International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. and in accordance with the Companies Act 2006. The financial statements have been prepared under the historical cost convention except as disclosed otherwise and all accounting policies have been applied consistently. All comparative information is for the company only and its period from 7 October 2013 (from incorporation) to 31 December 2013.

The Consolidated Financial Statements are presented in US Dollar's ("$"), the functional currency of the group.

Accounting estimates and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

The most significant estimates relate to depreciation of the group's non-current assets. Depreciation rates are based on industry standards and are reviewed on a regular basis. Given the nature of the business, it is unlikely that any non-current assets will be sold and so reviews of depreciation rates against profit/loss on disposal of a non-current asset is not feasible.

Revenue

Revenue comprises sales of electricity to customers. Revenue is measured at the fair value of consideration receivable and is shown net of discounts and Value Added Tax. Revenue is recognised when the company has transferred all risks and rewards to the buyer and to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is not recognised until the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the Consolidated Statement of Comprehensive Income.

1 Accounting Policies (continued)

Foreign currency translation – group companies

The results and financial position of Ndola Energy Company Limited and Great Lakes Energy Company N.V. (none of which has the currency of a hyperinflationary economy) have a presentational and functional currency different from the group's presentational and functional currency and are translated into the group's presentational currency as follows:

- Monetary assets and liabilities for the Consolidated Statement of Financial Position presented are presented at the closing rate at the date of that Statement of Financial Position. Non-monetary items are measured at the exchange rate in effect at the historical transaction date and are not translated at the Consolidated Statement of Financial Position date;
- Income and expenses for the Consolidated Statement of Comprehensive Income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost of purchase or construction and are depreciated on a straight-line basis, except for land, which is not depreciated. Estimated useful lives of major classes of depreciable assets are as follows:

Buildings	40 years
Plant and machinery	25 years
Office equipment	3-4 years
Motor vehicles	4 years

Repairs and maintenance costs are recognised as expenses as incurred. Borrowing and other costs required to bring assets into use are capitalised. Assets acquired under finance leases are depreciated over their estimated useful lives. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs in accordance with the group's accounting policies.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, call and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the Statement of Cash Flows.

1 Accounting Policies (continued)

Income tax

Income taxes include all taxes based upon the taxable profits of the company and group. Other taxes not based on income, such as property and capital taxes, are included within operating expenses or financial expenses according to their nature.

Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts, in the financial statements. Deferred income tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

Provisions

Provisions are recognised where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reasonably estimated. Provisions are recorded for the estimated ultimate liability that is expected to arise, taking into account the time value of money. A contingent liability is disclosed where the existence of the obligations will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability.

Fair values

Fair value is the amount for which a financial asset, liability or instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction. It is determined by reference to quoted market prices adjusted for estimated transaction costs that would be incurred in an actual transaction, or by the use of established estimation techniques. The fair values at the end of the reporting period are approximately in line with their reported carrying values unless specifically mentioned in the notes to the financial statements.

Borrowings

Borrowings are classified as originated loans and are recognised initially at an amount equal to the proceeds received, net of transaction costs incurred. In subsequent periods, they are stated at amortised cost using the effective yield method: any difference between proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings.

Borrowing costs

Borrowing costs are capitalised until the assets constructed are brought into use.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

1 Accounting Policies (continued)

Financial instruments

The principal financial assets of the company are trade and other receivables and cash and cash equivalents. Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangement entered into and definitions of a financial liability and an equity instrument.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. Appropriate allowances for estimated irrevocable amounts are recognised in the Statement of Comprehensive Income when management considers the asset to be impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposit, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost.

Short & long term loans

Short term loans include all amounts due within twelve months of the balance sheet including instalments due on loans of longer duration. Long term loans include all amounts due more than twelve months after the statement of financial position.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

GL Africa Energy Limited ("the company"), a holding company, has three subsidiaries: G.L.E. Lakes Energy Company Limited (a company incorporated in Cyprus), Great Lakes Energy Company N.V. (incorporated in the Netherlands) and Ndola Energy Company Limited (incorporated in Zambia). The company has indirect ownership in all companies other than G.L.E. Lakes Energy Company Limited. The results of these three subsidiaries are consolidated into the group Consolidated Financial Statements.

Subsidiaries are fully consolidated from the date when the company acquires beneficial ownership of the entities. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions are eliminated in full.

1 Accounting Policies (continued)

Basis of consolidation

Subsidiaries are entities controlled by the group. Control, as defined by IFRS 10, 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:

- rights arising from other contractual arrangements; and
- 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 elements of control.

Business combinations

As part of the group restructuring outlined within the Group Strategic Report, on 31 January 2014 the company acquired the share capital of G.L.E. Lakes Energy Company Limited as part of a share for share exchange. As, due to this business combination, no effective change in ownership took place, the company has accounted for this transaction in accordance with the predecessor value method ("PVM"). Under the PVM, the assets and liabilities of all combining entities are reflected in the Consolidated Financial Statements at their carrying amounts immediately prior to the business combination.

The company was incorporated on 7 October 2013 and was dormant until 31 January 2014.

First time adoption of IFRS

These are the company's first set of financial statements under IFRS and have been prepared in accordance with the transition provisions contained therein.

The transition to IFRS has not resulted in any material changes what would require restatement of comparative numbers previously reported under applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP) and so no restatement of the prior period has been found to be required. The comparative information presented is stated in accordance with IFRS.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these consolidated financial statements there are no IFRS or International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations or amendments issued but not yet effective that would be expected to have a material impact on the group.

2 REVENUE

All of the group's revenue arose from the supply of electricity within Zambia, being a continuing operation. There being one business segment, in one geographical location, segmental analysis of turnover is not felt to be appropriate.

3 OTHER OPERATING INCOME

	2014 $
Sale of containers	38,256
	$38,256

4 AUDITOR'S REMUNERATION

	2014 $
Fees payable to the company's auditor for the audit of the group's financial statements (gross of VAT)	46,700
Fees payable to the company's auditor for non-audit services (gross of VAT)	37,800
	$84,500

5 DIRECTORS' REMUNERATION

	2014 $
The aggregate emoluments of the directors were:	
Management services – remuneration	12,694
	$12,694
The remuneration of the highest paid director included above was:	
Management services – remuneration	5,000
	$5,000

6 STAFF COSTS

The average number of persons employed by the group, including directors, during the period was as follows:

	2014 Number
Administration	17
Management	2
Maintenance	2
	21

The aggregate payroll costs of these persons were as follows:

	2014 $
Wages and salaries	754,853
	$754,853

7 FINANCE COSTS

	2014 $
Interest on bank overdrafts and loans	1,192,165
Interest on loans form related parties	5,201,482
Foreign exchange loss	46,570
Total interest expense	**$6,440,217**

8 INCOME TAXES

Current tax:

	2014 $
UK corporation tax charge on profit for the year	-
Foreign tax on income for the year	60,051
Total current tax	**$60,051**

The total charge for the year can be reconciled to the accounting profit as follows:

	2014 $
Profit from operations	6,191,123
Income tax expense calculated at 20.79%	1,287,134
Effect of 0% tax incentive in subsidiary jurisdiction	(1,227,083)
Income tax expense recognised in profit or loss	**$60,051**

The tax rate used for the 2014 reconciliation above is the effective corporate tax rate of 20.79% payable by corporate entities on taxable profits under tax law in the relevant jurisdiction.

Factors that may affect future tax charges

On 2 July 2013, the Finance Bill received its final reading in the House of Commons and so previously announced reduced rate of UK corporation tax of 21% from 1 April 2014 to 31 March 2015 and 20% from 1 April 2015 onwards were substantively enacted.

Subsequent to this, on 18 November 2015, the 2015 Finance Bill received Royal Assent and so previously announced reduced rate of UK corporation tax of 19% from 1 April 2017 to 31 March 2020 and 18% from 1 April 2020 onwards were substantively enacted.

9 PROFIT FOR THE YEAR

The profit for the year has been arrived at after charging:

	2014 $
Depreciation of property, plant and equipment	1,986,075
Exchange loss	46,570
Operating lease rentals of land and buildings	46,141

10 PROPERTY, PLANT AND EQUIPMENT

Group

	Plant and equipment $	Land and buildings $	Office equipment $	Motor vehicles $	Total $
Cost					
On formation of the group 31 January 2014	50,669,664	7,625,847	194,337	191,022	58,680,870
Additions	1,301,692	-	93,474	41,039	1,436,205
As at 31 December 2014	51,971,356	7,625,847	287,811	232,061	60,117,075
Depreciation					
On formation of the group 31 January 2014	163,563	11,284	29,570	24,743	229,160
Charge for the period	1,799,192	124,124	37,076	25,683	1,986,075
As at 31 December 2014	1,962,755	135,408	66,646	50,426	2,215,235
Net book value					
As at 31 December 2014	**$50,008,601**	**$7,490,439**	**$221,165**	**$181,635**	**$57,901,840**
As at 1 January 2014	-	-	-	-	-

11 INVESTMENTS

Company	2014 $	2013 $
Investments	2,710	-
	$ 2,710	-

Subsidiary undertakings

The following are subsidiary undertakings of the company:

Name	Country of incorporation	Business	Holding
G.L.E. Lakes Energy Company Limited	Cyprus	Holding company	100%
Great Lakes Energy Company N.V.*	Netherlands	Holding company	100%
Ndola Energy Company Limited*	Zambia	Generation and Supply of electricity	100%

* Indirect holding

All holdings are in the ordinary share capital of the undertakings concerned.

As part of the group restructuring outlined within the Strategic Report, on 31 January 2014 the company acquired the share capital of G.L.E. Lakes Energy Company Limited as part of a share for share exchange. As, due to this business combination, no change in ownership took place, the company has accounted for this transaction in accordance with the predecessor value method (refer to Note 1).

12 TRADE AND OTHER RECEIVABLES

	Group 2014 $	Company 2014 $	2013 $
Trade receivables	5,670,109	-	-
Amounts receivable from related parties	152,902	-	-
Prepayments and accrued income	6,576,999	-	-
Other receivables	400	400	1
Amounts receivable from subsidiary undertakings	-	11,235,000	-
	$12,400,410	$11,235,400	$1

13 TRADE AND OTHER PAYABLES

	Group 2014 $	Company 2014 $	Company 2013 $
Trade payables	1,885,322	-	-
Amounts payable to related parties	2,167,135	-	
Other payables	1,123,528	-	-
Accruals	9,752,301	94,500	-
	$14,928,286	$94,500	$-

14 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the date of financial position as shown in the statement of cash flows can be reconciled to the related items as follows:

Group	2014 $
Cash and bank balances	5,737,744
Bank overdraft	-
	$5,737,744

15 BORROWINGS

Group	Current 2014 $	Non-current 2014 $
Summary of borrowing arrangements		
Unsecured - at amortised cost		
Loans from related parties	1,650,000	31,999,729
	1,650,000	31,999,729
Secured - at amortised cost		
Other entities	3,773,358	11,323,798
	3,773,358	11,323,798
Total borrowings	$5,423,358	$43,323,527

The secured loans are secured against the group's plant, property and equipment.
The fair value of borrowings equals their carrying amount, as the impact of discounting is not significant.

16 ISSUED CAPITAL

Group

	Share capital	Share premium
	2014	2014
	$	$
10,000,000 $0.001 ordinary shares	10,000	$11,228,110
	$10,000	**$11,228,110**

Company

	Share capital		Share premium	
	2014	2013	2014	2013
	$	$	$	$
10,000,000 $0.001 ordinary shares	**$10,000**	$1	**$11,228,110**	$-

On 29 January 2014, the company redenominated its share capital from £1 to $1.658, using the exchange rate ruling on that date. Subsequent to this, on the 29 January 2014, the company sub-divided its share capital from $1.658 per share to $0.001 per share, increasing the number of shares in issue from 1 to 1,658.

On 31 January 2014, the company issued 9,998,342 shares at an average premium of $1.1230 per share. All shares were fully paid, with the consideration being received by the company's subsidiary undertakings G.L.E. Lakes Energy Company Limited and Great Lakes Energy Company N.V.

17 RETAINED EARNINGS AND DIVIDENDS

Group

	2014 $
Balance at the beginning of the year	-
On acquisition of subsidiary undertakings	(1,002,062)
Profit for the year	6,131,072
Balance at end of year	**$ 5,129,010**

Company

	2014 $	2013 $
Balance at the beginning of the year / period	-	-
Loss for the year / period	(94,500)	-
Balance at end of year	**$ (94,500)**	**$ -**

No dividends were declared or paid in the year.

18 RELATED PARTY TRANSACTIONS

The following loans were owed to companies under common control of H Kariuki (refer below) by the company and its subsidiaries at the year end:

Party	Loan payable at 31 December 2014 ($)	Interest payable at 31 December 2014 ($)	Interest charged from 31 January 2014 to 31 December 2014 ($)
Dalbit International Limited	31,999,729	8,610,478	4,981,482
Dalbit Petroleum Limited	200,000	99,370	27,500
Sonia Finance Limited	50,000	-	-
Concordia Energy Group Limited	1,400,000	705,102	192,500

The loan payable to Dalbit International Limited is not due until 31 December 2020 and attracts interest at 15%. All other loans are repayable on demand and attract interest at 15%, except Sonia Finance which is interest free.

The company and the group also had the following trading balances with entities under common control of H Kariuki (refer below):

Party	Balance owed to the group / (by the group) at 31 December 2014 ($)
Belgravia Services Zambia Limited	(1,806,145)
Belgravia Services Limited	1,370
Belgravia Services Kenya Limited	(360,990)
Dalbit International Limited	147,850
Dalbit International Mauritius Limited	3,682

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

The group's ultimate controlling party is H Kariuki.

19 FINANCIAL RISK MANAGEMENT

The group predominantly finances its operations through equity and long-term loans from entities under common control. Finance requirements are reviewed by the Board when funds are required for capital improvements or operational working capital requirements. Borrowings from third parties are reviewed and, if interest rates increase, will increase its debt from entities under common control to mitigate the group's risk.

The group's policy is to maintain a strong balance sheet so as to maintain confidence of stakeholders and sustain future development of the business. There were no changes to the group's capital management approach during the year.

The treasury functions of the group are responsible for managing fund requirements and investments which includes banking and cash flow management, Treasury management ensures adequate liquidity at all times to meet cash requirements, as well as managing the group's foreign exchange exposure.

The group's financial instruments comprise cash and various items such as trade receivables and trade payables that arise directly from its operations, to maintain working capital, as well as borrowings to finance the capital requirements of the business.

The main risks arising from the group's financial statements are currency and liquidity risks. The Board reviews and agrees policies for managing each of these and is summarised below:

Currency risk
The group is exposed to currency risk on purchases and cash and cash equivalents denominated in a currency other than US dollar, primarily Euro and Zambian Kwacha ("ZMW"). The group mitigated this risk by holding bank accounts in Euro and ZMW as well as US dollar so that liabilities can be settled in the denomination in which it occurs. The group has ensured that all sales and borrowings are denominated in US dollars.

As at 31 December 2014, the group's assets in currencies other than US dollar are as follows:
Receivables in ZMW: ZMW 887,140.
Cash and cash equivalents in Euro: €15,080.
Cash and cash equivalents in ZMW: ZMW 3,527,541.
Payables in Euro: €626,265.
Payables in ZMW: ZMW 9,517,528.

Liquidity risk
Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure that sufficient resources and flexibility is maintained to allow the company to meet its obligations without incurring unacceptable losses or risking damage to the Great Lakes name in the market place. The company manages liquidity risk by maintaining adequate banking facilities and continuously monitoring forecast and actual cash flows.

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

19 FINANCIAL RISK MANAGEMENT (continued)

31 December 2014

Non-derivative financial liabilities	Carrying amount ($)	Contractual cash flows ($)	6 months or less ($)	6-12 months ($)	1-5 years ($)	Over 5 years ($)
Trade payables	1,885,322	1,885,322	1,885,322	-	-	-
Amounts payable to related parties	2,167,135	2,167,135	2,167,135	-	-	-
Other payables	1,123,528	1,123,528	1,123,528	-	-	-
Accruals	9,752,301	9,752,301	9,752,301	-	-	-
Borrowings	48,746,885	48,746,885	3,914,013	1,509,345	11,323,799	31,999,728
Income tax	77,524	77,524	77,524	-	-	-

20 TRANSITION TO IFRS

As stated in Note 1, these are the company's first financial statements prepared in accordance with IFRS and have been prepared in accordance with the transition provisions contained therein. Upon transition, no restatement of prior years have been found to be required.

21 NON CANCELLABLE OPERATING LEASE COMMITMENTS

Total commitments under non cancellable operating leases were as follows:	2014 $
Not longer than one year	-
Longer than one year but not longer than five years	-
Longer than five years	740,000

22 LOSS OF THE PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company was not presented as part of these financial statements. The parent company's loss for the financial year is $94,500 (*period ended 2013: $Nil*).