



ARIYA FINERGY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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COMPANY INFORMATION

BOARD OF DIRECTORS : Troy Anthony William Barrie (Canadian)
: Jennifer Elisabeth Fletcher (British)

REGISTERED OFFICE : L.R. No. 1758/602
: Kalamu House, Grevillea Grove
: P.O. Box 47323, 00100
: NAIROBI

INDEPENDENT AUDITOR : PKF Kenya LLP
: Certified Public Accountants
: P.O. Box 14077, 00800
: NAIROBI

COMPANY SECRETARIES : ESR Kenya LLP
: Certified Public Secretaries
: P.O. Box 47323, 00100
: NAIROBI

PRINCIPAL BANKER : Stanbic Bank Kenya Limited
: NAIROBI

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of the company.

PRINCIPAL ACTIVITY

The company is involved in clean energy solutions.

BUSINESS REVIEW

During the year, the total turnover of the company increased from Shs. 41,435,728 to Shs. 43,264,280. This was attributed to additional contracts operationalised during the year and effect of exchange rate changes as the US Dollar appreciated against the Kenya shilling.

Key performance indicators

	2022	2021
	Shs	Shs
Turnover	43,264,280	41,435,728
(Loss)/profit for the year	(1,260,264)	3,448,936
Earnings before interest, taxation and depreciation	21,072,361	16,671,392

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to risks associated with the power sector in Africa and ability to raise growth capital in a timely manner. Other factors include the impact of the coronavirus outbreak on the overall business environment.

In addition to the business risk discussed above, the company's activities expose it to a number of financial risks including credit risk, cash flow and foreign currency risk, liquidity risk and interest rate risk as set out below:

Credit risk

The company's principal financial assets are cash and bank balances and trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a number of counterparties.

Cash flow and foreign currency risk

The majority of the company's sales and purchases are made in foreign currency hence the company is exposed to currency risk. This risk is managed through appropriate operational offset of open receivable and payable foreign currency positions.

REPORT OF THE DIRECTORS (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company monitors its need for cash on a regular basis and takes appropriate action through financing arrangements from international lenders.

Interest rate risk

The company's exposure to interest rate risk arises from interest bearing borrowings.

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2021: Nil)

DIRECTORS

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

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

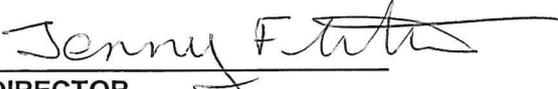
With respect to each director at the time this report was approved:

- (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

PKF Kenya LLP, continues in office in accordance with the company's Articles of Association and Section 719 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fee.

BY ORDER OF THE BOARD



DIRECTOR
NAIROBI

10th MAY 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 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; and 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 International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015. 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 the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Kenyan Companies Act, 2015. 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 are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015.

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.

The director acknowledges that the independent audit of the financial statements does not relieve of their responsibilities.

Approved by the board of directors on 10th MAY 2023 and signed on its behalf by:



DIRECTOR



DIRECTOR

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ARIYA FINERGY LIMITED**

Opinion

We have audited the financial statements of Ariya Finergy Limited set out on pages 8 to 18, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and accumulated losses and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Kenyan Companies Act, 2015.

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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 directors, statement of directors' responsibilities and the schedule of expenditure 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, 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.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ARIYA FINERGY LIMITED (CONTINUED)**

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards of Auditing 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 of Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of 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.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ARIYA FINERGY LIMITED (CONTINUED)**

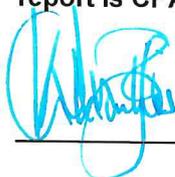
Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance 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 matters prescribed by the Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on pages 2 and 3 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Charles Waigiri Mukunu, Practising certificate No. 2386.



For and on behalf of PKF Kenya LLP
Certified Public Accountants
Nairobi, Kenya

11th May 2023

435/23

STATEMENT OF PROFIT OR LOSS AND ACCUMULATED LOSSES

	Note	2022 Shs	2021 Shs
Income	2	43,264,280	41,435,728
Direct costs		<u>(28,717,782)</u>	<u>(25,665,289)</u>
Gross profit		14,546,498	15,770,439
Other operating income	3	4,068,877	94,716
Administrative expenses		(4,649,060)	(4,816,396)
Other operating expenses		<u>(342,357)</u>	<u>(36,584)</u>
Operating profit	4	13,623,958	11,012,175
Finance costs	5 (a)	(9,422,281)	(8,989,980)
Foreign exchange difference	5 (b)	<u>(4,498,877)</u>	<u>2,956,284</u>
(Loss)/profit before tax		(297,200)	4,978,479
Tax	6	<u>(963,064)</u>	<u>(1,529,543)</u>
(Loss)/profit for the year		<u><u>(1,260,264)</u></u>	<u><u>3,448,936</u></u>
Retained earnings/(accumulated losses) at start of year		3,351,805	(97,131)
(Loss)/profit for the year		<u>(1,260,264)</u>	<u>3,448,936</u>
(Accumulated losses)/retained earnings at end of year		<u><u>2,091,541</u></u>	<u><u>3,351,805</u></u>

The notes on pages 11 to 18 form an integral part of these financial statements.

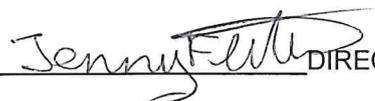
Report of the independent auditor - pages 5 to 7.

STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Note	2022 Shs	2021 Shs
CAPITAL EMPLOYED			
Share capital	7	26,673,500	26,673,500
(Accumulated losses)/retained earnings		2,091,541	3,351,805
Shareholders' funds		<u>28,765,041</u>	<u>30,025,305</u>
Non-current liabilities			
Deferred tax	8	113,069	1,455,112
Borrowings	12	149,386,787	58,113,828
		<u>149,499,856</u>	<u>59,568,940</u>
		<u>178,264,897</u>	<u>89,594,245</u>
PRESENTED BY			
Non-current assets			
Plant and equipment	9	161,242,164	74,698,125
		<u>161,242,164</u>	<u>74,698,125</u>
Current assets			
Trade and other receivables	10	48,779,999	30,262,410
Cash and cash equivalents	11	4,848,824	3,831,193
		<u>53,628,823</u>	<u>34,093,603</u>
Current liabilities			
Borrowings	12	32,672,458	9,101,801
Trade and other payables	13	1,643,510	10,078,059
Current tax payable		2,290,122	17,623
		<u>36,606,090</u>	<u>19,197,483</u>
Net current assets		<u>17,022,733</u>	<u>14,896,120</u>
		<u>178,264,897</u>	<u>89,594,245</u>

The financial statements on pages 8 to 18 were approved and authorised for issue by the Board of

Directors on 10th MAY 2023 and were signed on its behalf by:

 DIRECTOR

 DIRECTOR

The notes on pages 11 to 18 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

Ariya Finergy Limited
Annual report and financial statements
For the year ended 31 December 2022

STATEMENT OF CASH FLOWS

		As at 31 December	
	Note	2022	2021
		Shs	Shs
Operating activities			
(Loss)/profit for the year		(297,200)	4,978,479
Adjustments for:			
Depreciation on plant and equipment	9	11,947,280	2,702,933
Interest expense	5	9,422,284	8,989,980
Interest income	3	(4,068,877)	(94,716)
Net foreign exchange loss		(2,741,881)	-
Changes in working capital:			
- trade and other receivables		(18,517,589)	(8,469,187)
- trade and other payables		(8,434,551)	(14,895,563)
Cash (used in) operating activities		(12,690,534)	(6,788,074)
Tax paid		(32,610)	(14,205)
Interest paid		(9,422,281)	(8,989,980)
Net cash (used in) operating activities		(22,145,425)	(15,792,259)
Investing activities			
Purchase of plant and equipment	9	(98,491,319)	(77,401,058)
Interest received		4,068,877	94,716
Cash (used in) investing activities		(94,422,442)	(77,306,342)
Financing activities			
Proceeds from borrowings		114,843,617	67,215,629
Net proceeds from issue of shares	7	-	26,663,500
Net cash from financing activities		114,843,617	93,879,129
(Decrease)/increase in cash and cash equivalents		(1,724,250)	780,528
Movement in cash and cash equivalents			
At start of year		3,831,193	3,050,665
(Decrease)/increase		(1,724,250)	780,528
Effect of foreign exchange differences		2,741,881	-
At end of year	11	4,848,824	3,831,193

The notes on pages 11 to 18 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Plant and equipment (continued)

Depreciation is calculated on the reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rate:

	<u>Rate %</u>
Plant and machinery	2.5%

Capital work in progress is not depreciated.

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

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 plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit.

f) Financial assets

Trade receivables are initially recognised at the transaction price. They are subsequently measured at amortised cost using the effective interest method.

Trade receivables 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.

At the end of each reporting year, the carrying amounts of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) Financial liabilities

Financial liabilities are initially recognised at the transaction price (less transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

Trade payables are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial liabilities (continued)

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

i) Taxation

The tax expense for the year comprises current and deferred tax and is recognised in profit or loss.

Current tax

The current income tax charge/credit is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

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 and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted 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 unused tax losses can be utilised.

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.

j) Share capital

Ordinary shares are classified as equity.

k) Comparatives

There were no changes in the presentation in the current year.

NOTES (CONTINUED)

	2022	2021
	Shs	Shs
2. Income		
Income from sale of solar equipment	<u>43,264,280</u>	<u>41,435,728</u>
3. Other operating income		
Interest income	<u>4,068,877</u>	<u>94,716</u>
4. Operating profit		
The following items have been charged/(credited) in arriving at operating profit:		
Depreciation on plant and equipment (Note 9)	11,947,280	2,702,933
Directors' remuneration	4,112,904	3,203,200
Net foreign exchange loss/(gain)	4,498,877	(2,956,284)
Audit fees		
- current year	200,000	250,000
- (over)provision in prior years	(1,000)	-
Legal and professional fees	68,000	1,129,350
Repairs and maintainance	<u>138,330</u>	<u>-</u>
5. a) Finance costs		
Loan interest	<u>9,422,281</u>	<u>8,989,980</u>
b) Foreign exchange difference		
Realised exchange loss	396,840	-
Unrealised exchange loss/(gain)	<u>4,102,037</u>	<u>(2,956,284)</u>
	<u>4,498,877</u>	<u>(2,956,284)</u>
6. Tax		
Current tax	2,305,108	28,415
Deferred tax (credit)/charge (Note 8)	<u>(1,342,044)</u>	<u>1,501,128</u>
	<u>963,064</u>	<u>1,529,543</u>
The tax on the company's (loss)/profit before tax differs from the theoretical amount that would arise using the basic rate as follows:		
(Loss)/profit before tax	<u>(297,200)</u>	<u>4,978,479</u>
Tax calculated at a tax rate of 30% (2021: 30%)	(89,160)	1,493,545
Tax effect of:		
- expenses not deductible for tax purposes	<u>1,052,224</u>	<u>35,998</u>
Tax charge	<u>963,064</u>	<u>1,529,543</u>

NOTES (CONTINUED)

7. Share capital	2022 Shs	2021 Shs
Authorised:		
1,000,000 (2021:1,000,000) ordinary shares of Shs. 100 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
266,735 (2021:266,735) ordinary shares of Shs. 100 each.	<u>26,673,500</u>	<u>26,673,500</u>

8. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2021:30%). The movement on the deferred tax account is as follows:

	2022 Shs	2021 Shs
At start of year	1,455,112	(46,016)
(Credit)/charge to profit or loss (Note 6)	<u>(1,342,044)</u>	<u>1,501,128</u>
At end of year	<u>113,069</u>	<u>1,455,112</u>

Deferred tax (asset)/liability and deferred tax charge to profit or loss is attributable to the following item:

	At start of year Shs	(Credit)/charge to profit or loss Shs	At end of year Shs
Deferred tax liability			
Plant and equipment	<u>1,511,152</u>	<u>(867,952)</u>	<u>643,200</u>
Deferred tax (assets)			
Tax losses carried forward	(942,924)	942,924	-
Unrealised exchange differences	<u>886,885</u>	<u>(1,417,016)</u>	<u>(530,131)</u>
	<u>(56,039)</u>	<u>(474,092)</u>	<u>(530,131)</u>
Net deferred tax (asset)	<u>1,455,113</u>	<u>(1,342,044)</u>	<u>113,069</u>

NOTES (CONTINUED)

9. Plant and equipment

	Plant and Equipment Shs	Capital work in progress Shs	Total Shs
Cost			
At start of year	77,401,058	-	77,401,058
Additions	<u>20,880,116</u>	<u>77,611,203</u>	<u>98,491,319</u>
At end of year	<u>98,281,174</u>	<u>77,611,203</u>	<u>175,892,377</u>
Depreciation			
At start of year	2,702,933	-	2,702,933
Charge for the year	<u>11,947,280</u>	<u>-</u>	<u>11,947,280</u>
At end of year	<u>14,650,213</u>	<u>-</u>	<u>14,650,213</u>
Net book value			
As at 31 December 2022	<u>83,630,961</u>	<u>77,611,203</u>	<u>161,242,164</u>
As at 31 December 2021	<u>74,698,125</u>	<u>-</u>	<u>74,698,125</u>

10. Trade and other receivables

	2022 Shs	2021 Shs
Trade receivables	31,363,191	18,969,254
Other receivables	12,560,754	11,293,156
Receivable from related parties (Note 14)	<u>4,856,054</u>	<u>-</u>
	<u>48,779,999</u>	<u>30,262,410</u>

11. Cash and cash equivalents

Cash and bank balances	<u>4,848,824</u>	<u>3,831,193</u>
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For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the above.

12. Borrowings

Borrowings are made up as follows;

Non-current		
Other borrowings	<u>149,386,787</u>	<u>58,113,828</u>
Current		
Other borrowings	<u>32,672,458</u>	<u>9,101,801</u>
Total borrowings	<u>182,059,246</u>	<u>67,215,629</u>

The carrying amounts of the company's borrowings are denominated in Euros.

Weighted average effective interest rates at the reporting date was 5% and 6%.

The borrowings are secured by the assets acquired using the loan proceeds.

NOTES (CONTINUED)

13. Trade and other payables	2022 Shs	2021 Shs
Trade payables	-	2,263,318
Other payables	1,643,510	1,705,725
Payable to related parties (Note 14)	-	6,109,016
	<u>1,643,510</u>	<u>10,078,059</u>

14. Related party transactions and balances

The company is controlled by Ariya Finergy Holdings Limited incorporated in Mauritius, which owns 100% of the company's shares. The ultimate parent company is Ariya Finergy Holdings Limited (incorporated in Mauritius).

The company enters into transactions with its related parties in the normal course of business.

The following transactions were carried out with related parties:

	2022 Shs	2021 Shs
Key management personnel compensation		
i) Salaries and wages	<u>4,112,904</u>	<u>3,203,200</u>
Purchase of goods and services		
i) Construction costs	<u>16,770,502</u>	<u>22,962,356</u>
Outstanding balances with related parties		
i) Receivable from related parties (Note 10)	<u>4,856,054</u>	<u>-</u>
ii) Payable to related parties (Note 13)	<u>-</u>	<u>6,109,016</u>

15. Incorporation

Ariya Finergy Limited is incorporated in Kenya under the Kenyan Companies Act, 2015 as a private limited liability company and is domiciled in Kenya.

16. Presentation currency

The financial statements are presented in Kenya Shillings (Shs).

SCHEDULE OF EXPENDITURE

	2022	2021
	Shs	Shs
1. DIRECT COSTS		
Construction costs	16,770,502	22,962,356
Depreciation on plant and equipment	<u>11,947,280</u>	<u>2,702,933</u>
Total direct costs	<u><u>28,717,782</u></u>	<u><u>25,665,289</u></u>
2. ADMINISTRATIVE EXPENSES		
Directors' remuneration	4,112,904	3,203,200
Bank charges	64,155	127,591
Audit fees:		
- current year	200,000	250,000
- (over)provision in prior years	(1,000)	-
Legal and professional fees	68,000	1,129,350
Stationery and printing	-	6,255
Advertising	195,000	-
Donations	-	100,000
Fines and penalties	<u>10,000</u>	<u>-</u>
Total administrative expenses	<u><u>4,649,060</u></u>	<u><u>4,816,396</u></u>
3. OTHER OPERATING EXPENSES		
Establishment:		
Insurance	127,758	-
Repairs and maintainance	138,330	-
Licenses and permits	<u>76,268</u>	<u>36,584</u>
Total other operating expenses	<u><u>342,357</u></u>	<u><u>36,584</u></u>

