

AFAM POWER PLC

ANNUAL REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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Corporate information

Company Registration No.	RC 638823	
Registered Office	Afam Power Station Complex, Afam, Rivers State. Nigeria.	
Plant address	Afam Power Complex Afam, Oyigbo, Rivers State.	
Board of Directors	Dr. Stanley Lawson Mr. Peter Ikenga Mr. Emmanuel Nnorom Mrs. Owen Omogiafo Mr. Alex Okoh Mr. Vincent Ozoude	Chairman Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Managing Director
Auditors	Messrs. Deloitte & Touche Chartered Accountants Civic Towers Plot GA 1 Ozumba Mbadiwe Avenue Victoria Island, Lagos Nigeria	
Banker	United Bank for Africa Plc	
Company Secretary (AG)	Oluwafunmilayo Olofintuyi 38 Glover Road Ikoyi, Lagos, Nigeria.	

Reports of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2022, to the members of Afam Power Plc ("the Company"). This report discloses the financial performance and state of affairs of the Company.

Incorporation and address

Afam Power Plc was incorporated in Nigeria following the unbundling of the Power Holding Company of Nigeria (PHCN) on 9 November 2005 under the Companies and Allied Matters Act as a public limited liability company. The address of its registered office is Afam Power Station Complex, Afam, Rivers state.

The address of its registered office is:

Afam Power Station Complex, Afam,
 Rivers State
 Nigeria.

Principal activities

The Company is mainly engaged in the generation and sale of electric power.

Results	31 December 2022 N'000	31 December 2021 N'000
Revenue	12,929,886	17,038,364
Profit before income tax	647,290	1,971,575
Income tax (expense)/credit	-	-
Profit for the year	647,290	1,971,575

Directors

The names of the Directors at the date of this report and of those who held office during the year are as follows:

Dr. Stanley Lawson	Chairman
Mr. Peter Ikenga	Non-Executive Director
Mr. Emmanuel Nnorom	Non-Executive Director
Mrs. Owen Omogiafo	Non-Executive Director
Mr. Alex Okoh	Non-Executive Director
Mr. Vincent Ozoude	Managing Director

Directors' interests in contracts

For the purpose of Section 303 of the Companies and Allied Matters Act, CAMA 2020, no Director has notified the Company of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

Directors' shareholding

For the purpose of Section 301 (1) of the Companies and Allied Matters Act, CAMA 2020, none of the Directors had direct holding in the Company, however some of the Directors have indirect holding in the Company as a result of being principal officers or key shareholders in the various companies that are shareholders of Afam Power Plc.

Reports of the Directors (cont'd)

Full Name	Position	Direct Holding	Indirect Holding	Companies represented by indirect holding
Dr. Stanley Lawson	Chairman	N/A	N/A	N/A
Mr. Peter Ikenga	Non-Executive Director	N/A	N/A	N/A
Mr. Emmanuel Nnorom	Non-Executive Director	N/A	N/A	N/A
Mrs. Owen Omogiafo	Non-Executive Director	N/A	N/A	N/A
Mr. Alex Okoh	Non-Executive Director	N/A	10,000,000	BPE and MoFI
Mrs. Larai Bode	Alternate Director	N/A	N/A	BPE and MoFI
Mr. Vincent Ozoude	Managing Director	N/A	N/A	N/A

Shareholding

According to the register of members on 31 December 2022, the shareholding in the Company was as follows:

	Number of shares held	Percentage
Bureau of Public Enterprise	8,000,000	80%
Ministry of Finance Incorporated	2,000,000	20%
	<u>10,000,000</u>	<u>100%</u>

Equal employment opportunity

Afam Power Plc pursues an equal employment opportunity policy. It does not discriminate against any person on the ground of race, religion, colour, or physical disability.

Employment of disabled persons

Afam Power Plc has a policy of fair consideration of job applications by physically challenged persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination against such persons in the recruitment, training, and career development of its employees. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues, and that appropriate training arrangements are made.

Employee health, safety and welfare

Afam Power Plc maintains business premises and work environments that guarantee the safety and health of its employees and other stakeholders. The Company's rules and practices in these regards are reviewed and tested regularly. Also, the Company provides free medical insurance for its employees and their families through selected health management organizations and hospitals.

Employee training and involvement

The Company places a high premium on the development of its manpower and consults with employees on matters affecting their well-being. Formal and informal channels of communication are employed in keeping staff abreast of various factors affecting the performance of various businesses in the Company. In-house and external training are carried out at various levels across the business chains in the Company. The Company's skill base has been extended by a range of training provided to employees.

Reports of the Directors (cont'd)

Prohibition of Insider Trading – Code of Conduct for Directors & Staff

The Company has a Code of Conduct which guides all Board, Staff, Contractors, Suppliers, Consultants and business partners in areas of Health and Safety, Anti-bribery, ethical behaviour, Money laundering, Securities Trading Policy, Insiders dealings, Discrimination, Drugs, Alcohol, and Substance abuse or trafficking, Conflict of Interest disclosures, Anti-Trust, Relationships with Customers, Information Security Management and more. Each staff and Director are made to sign an undertaking to abide by the Company's Code of Conduct. "

Risk Management Policy and Practices

The Company has an Enterprise Risk Management Framework, which sets out the governance structure, process, and policy requirements for the consistent management of risk. The Framework was developed to institutionalize risk management practices in Afam Power Plc. It covers principles such as Risk Management Objectives, Risk Management Strategies, Risk Management Philosophy and Culture, Risk Appetite and Risk Oversight as well as the processes including risk identification, analysis, management, monitoring, reporting and communication. The Board sets the tone and risk appetite for each business and risks identified. Management assesses the risks following a quarterly risk assessment exercise. The Finance and General-Purpose Committee (F&GPC) has oversight for risk management. The risk report is presented quarterly at each F&GPC meeting and key risks noted are escalated to the Board with recommendations from the F&GPC. The risk management systems and practices at the Company are effective and efficient."

Property, plant and equipment

Information relating to changes in Property, plant and equipment is provided in Note 15 to the financial statements. In the opinion of the Directors, the market value of the Property, plant and equipment is not less than the carrying value.

Format of the financial statements

The financial statements are presented in accordance with the reporting and presentation requirements of the Companies and Allied Matters Act, CAMA 2020, Laws of the Federation of Nigeria 2004, and International Financial Reporting Standards. The Directors consider that the format adopted is the most suitable for the Company.

Events after the reporting date

As stated in Note 31, no events or transactions have occurred since the reporting date which would have a material effect on the financial statements as presented.

Auditors

Messrs Deloitte & Touche have expressed their willingness as the Company's auditors in accordance with Section 401(1) of the Companies and Allied Matters Act, (CAMA) 2020. A resolution will be made at the annual general meeting authorizing the Directors to determine their remuneration

By Order of the Board



Oluwafunmilayo Olofintuyi
Company Secretary (AG)
FRC/2022/PRO/NBA/002/316763
22 February 2023

Statement of Directors' responsibilities

The Directors of Afam Power Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2022, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance.

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

The financial statements of the Company for the year ended 31 December 2022 were approved by the Directors on 22 February 2023.

On behalf of the Directors of the Company.



Vincent Ozoude
MD/CEO
FRC/2021/010/00000023654



Dr. Stanley Lawson
Chairman
FRC/2015/CIBN/0000012416

Certification of the Financial Statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

- (i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- (ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;

We state that management and directors:

- (i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the company, particularly during the period in which the audited financial statement report is being prepared,
- (ii) has evaluated the effectiveness of the company's internal controls within 90 days prior to the date of its audited financial statements, and
- (iii) certifies that the company's internal controls are effective as of that date;

We have disclosed:

- (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarize and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and
- (ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the company's internal control; and
- (iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Vincent Ozoude
MD/CEO
FRC/2021/010/00000023654



Douglas Ngharamike
Chief Financial Officer
FRC/2022/PRO/ICAN/001/627632

Independent Auditor's report

To the shareholders of AFAM POWER PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Afam Power Plc** set out on pages 4 to 53, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of financial position of **Afam Power Plc** as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act (CAMA) 2020, and Financial Reporting Council Act 2011.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

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 Directors' Report which we obtained prior to the date of this report. The other information 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 and will not express an audit opinion or 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. Based on the work we have performed on the other information obtained prior to the date of this auditor's report, if 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 the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council Act, 2011 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 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 ISAs, we exercise professional judgement and maintain professional scepticism 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 management.
- 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 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 Legal and Regulatory Requirements

In accordance with the Fifth schedule of Companies and Allied Matters Act 2020, we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Company has kept proper books of account, so far as appears from our examination of those books.
- iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.



Abraham Udenani, FCA – FRC/2013/ICAN/00000000853

For: Deloitte & Touche

Chartered Accountants

Lagos, Nigeria

20 April 2023



Statement of profit or loss and other comprehensive income

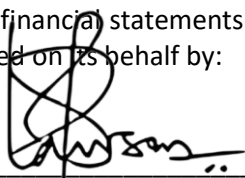
		31 December 2022 N'000	31 December 2021 N'000
	Notes		
Continuing operations			
Revenue from contracts with customers	7	12,929,886	17,038,364
Cost of sales	8	<u>(11,101,124)</u>	<u>(11,765,350)</u>
Gross profit		1,828,762	5,273,014
Other operating income	9	504,746	7,607
Impairment reversal/(loss) on financial assets	12	130,252.0	(204,960)
Administrative expenses	11	<u>(1,816,470)</u>	<u>(3,122,689)</u>
Operating profit		647,290	1,952,972
Finance income	10	<u>-</u>	<u>18,603</u>
Profit before income tax		647,290	1,971,575
Income tax expense	13	<u>-</u>	<u>-</u>
Profit for the year		<u>647,290</u>	<u>1,971,575</u>
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit or loss			
Impact of net liabilities not assumed	27	<u>-</u>	<u>620,021</u>
Total comprehensive income for the year		<u>647,290</u>	<u>2,591,596</u>
Basic and diluted earnings per share (N)	14	<u>64.73</u>	<u>197.16</u>

The notes on pages 8 to 53 are an integral part of these financial statements.

Statement of financial position
As at 31 December 2022

	Notes	31 December 2022 N'000	31 December 2021 N'000
Assets			
Non-current assets			
Property, plant and equipment	15	47,020,334	40,654,332
Intangible Assets	15b	49,584	55,475
Investment	16	300,075	-
		47,369,993	40,709,807
Current assets			
Inventories	17	488,152	96,138
Trade and other receivables	18	7,906,871	5,843,241
Cash and cash equivalents	19	727,594	1,348
		9,122,617	5,940,727
Total assets		56,492,610	46,650,534
Equity and liabilities			
Equity			
Share capital	24	5,000	5,000
Other reserves	25	24,757,431	24,757,431
Retained earnings	26	13,134,621	12,506,869
Total equity		37,897,052	37,269,300
Liabilities			
Non-current liabilities			
Deferred tax liabilities		-	-
		-	-
Current liabilities			
Trade and other payables	20	18,595,558	9,381,234
Current tax payable	13	-	-
		18,595,558	9,381,234
Total liabilities		18,595,558	9,381,234
Total equity and liabilities		56,492,610	46,650,534

The financial statements on pages 4 to 56 were approved by the Board of Directors on 22 February 2023 and signed on its behalf by:


Dr. Stanley Lawson
Chairman, Board of Directors
FRC/2015/CIBN/00000012416


Douglas Ngharamike
Chief Financial Officer
FRC/2022/PRO/ICAN/001/627632


Vincent Ozoude
MD/CEO
FRC/2021/010/00000023654

The notes on pages 8 to 53 are an integral part of these financial statements.

Statement of changes in equity

	Share capital N'000	Other Reserve N'000	Federal Government Funding N'000	Retained earnings (Note 25) N'000	Total N'000
Balance at 1 January 2021	5,000	-	24,757,431	(9,991,574)	14,770,857
Profit for the year	-	-	-	1,971,575	1,971,575
Total comprehensive income	-	-	-	1,971,575	1,971,575
Government funding de-recognition	-	24,757,431	(24,757,431)	-	-
Impact of deemed cost at take over		-	-	19,921,875	19,921,875
Retained earnings				604,993	604,993
Total transactions with owners, recognized directly in equity	-	24,757,431	(24,757,431)	20,526,868	20,526,868
Balance at 31 December 2021	5,000	24,757,431	-	12,506,869	37,269,300
Balance at 1 January 2022	5,000	24,757,431	-	12,506,869	37,269,300
Profit for the year	-	-	-	647,290	647,290
Total comprehensive income	-	-	-	647,290	647,290
Retained earnings				(19,538)	(19,538)
Total transactions with owners, recognized directly in equity	-	-	-	(19,538)	(19,538)
Balance at 31 December 2022	5,000	24,757,431	-	13,134,621	37,897,052

Statement of cashflow

		31 December 2022 N'000	31 December 2021 N'000
	Notes		
Cash generated from operations			
Profit before tax		647,290	1,971,575
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	15	892,261	718,518
Amortization of On-Grid Licenses	15b	5,891	3,437
Finance income	10	-	(18,603)
Impairment allowance on financial assets	12	(130,252)	204,960
Working capital adjustments:			
(Increase)/Decrease in trade and other receivables		(1,933,378)	2,253,980
(Increase)/Decrease in inventories		(392,014)	601,814
Increase/(Decrease) in trade and other payables		9,214,324	(615,579)
Cash flows from operating activities		<u>8,304,122</u>	<u>5,120,102</u>
Investing activities			
Investment in shares	16	(300,075)	-
Purchase of property, plant and equipment	15	(7,277,801)	(6,621,950)
Net cash used in investing activities		<u>(7,577,876)</u>	<u>(6,621,950)</u>
Financing activities			
Intercompany financing		-	1,060,871
Net cash inflow used in financing activities		<u>-</u>	<u>1,060,871</u>
Net increase/(decrease) in cash, cash equivalents		726,246	(440,977)
Cash, cash equivalents at the beginning of the year		1,348	442,325
Cash and cash equivalents at the end of the year	19	<u>727,594</u>	<u>1,348</u>

The notes on pages 8 to 53 are an integral part of these financial statements.

Notes to the financial statements

ACCOUNTING POLICIES

1 General information

Afam Power Plc ("the Company") was incorporated in Nigeria on 5 November 2005 under the Companies and Allied Matters Act (CAMA), 2020 as amended, as a public limited liability company, and is domiciled in Nigeria. The Company is a subsidiary of Transafam Power Ltd (Transafam).

TransAfam Power Limited (TAPL) acquired 100% equity in the Company, following execution of the Share Sale and Purchase Agreement ("SSPA") with the Federal Government of Nigeria represented by Bureau of Public Enterprises ("BPE") and Ministry of Finance Incorporated (MOFI) on November 5, 2020.

Transafam Power Limited took over the Company on November 26, 2020, while the administrative takeover was completed on March 10, 2021.

The company's principal activity is the generation of electric power.

The financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

1.1 Basis of preparation

The financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting a Committee (IFRIC) and in the manner required by the Companies and Allied Matters Act (CAMA) 2020 and the Financial Reporting Council Act 2011. Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to interpretations issued by the IFRIC

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

1.2 Financial period

These financial statements cover the financial year from 1 January 2022 to 31 December 2022, with comparative figures for the financial year ended 31 December 2021.

1.3 Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the financial statements

1.4 Composition of financial statements

The financial statements are drawn up in naira, the functional currency of Afam Power Plc in accordance with the International Financial Reporting Standards (IFRS). These financial statements comprise:

- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements.

Other National Disclosures

- Value added statement
- Five-year financial summary

2 New Standards and amendments

2.1 New and amended standards and interpretations that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Title	Key Requirements	Effective date
Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amount of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The amendments do not have any significant impact on the Company's financial statements.	1 January 2022
Reference to the Conceptual Framework - Amendments to IFRS 3	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments do not have any significant impact on the Company's financial statements.	1 January 2022

Notes to the financial statements

2.1 New and amended standards and interpretations that are effective for the current year (cont'd)

Title	Key Requirements	Effective date
Onerous Contracts - Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The amendment does not have any significant impact on the Company's financial statements.	1 January 2022
Annual Improvements to IFRS Standards 2018 - 2020	The following improvements were finalized in May 2020: • IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases - amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards - allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. • IAS 41 Agriculture - removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. These improvements do not have significant impact on the Company's financial statements.	1 January 2022

Notes to the financial statements

2.2 New and revised IFRS Standards in issue but not yet effective

The following standards and interpretations had been issued but were not mandatory for annual reporting periods ended on 31 December 2022.

Title	Key Requirements	Effective date
Classification of Liabilities as Current or Non-Current Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered Management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. ** Since approving these amendments, the IASB has issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.	1 January 2023 (deferred from 1 January 2021)
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023

Notes to the financial statements

2.2 New and revised IFRS Standards in issue but not yet effective (cont'd)

Title	Key Requirements	Effective date
Definition of Accounting Estimates - Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	The amendments to IAS 12 Income Taxes require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.	1 January 2023

Notes to the financial statements

2.2 New and revised IFRS Standards in issue but not yet effective (cont'd)

Title	Key Requirements	Effective date
Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognize the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognized by the investor only to the extent of other investor's interests in the associate or joint venture. The amendments apply prospectively. ** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalized its research project on the equity method.	n/a **

These standards and amendments are not expected to have material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

3 Significant accounting policies

3.1 Basis for Preparation

The principal accounting policies adopted are set out below:

a) Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
 - Held primarily for the purpose of trading
 - Expected to be realized within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

a) Current versus non-current classification (cont'd)

A liability is current when:

- It is expected to be settled in the normal operating cycle
 - It is held primarily for the purpose of trading
 - It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Revenue from contract with customers

The Company is in the business of generation of electric power.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Company has also been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorize the different revenue stream detailed below.

At contract inception, the Company assesses the goods or services promised to a customer and identifies as a performance obligation each promise to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

In arriving at the performance obligations, the Company assessed the goods and services as capable of being distinct and as distinct within the context of the contract after considering the following:

- If the customer can benefit from the individual good or service on its own;
- If the customer can use the good or service with other readily available resources; service on its own;
- If multiple promised goods or services work together to deliver a combined output(s); and
- whether the good or service is integrated with, highly interdependent on, highly interrelated with, or significantly modifying or customizing, other promised goods or services in the contract

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

b) Revenue from contract with customers (cont'd)

Energy and capacity charge

Capacity charge is recognized monthly based on the average of available capacity declared at the beginning of the month. Revenue from energy sent out is calculated on the basis of megawatts of electricity pushed to the transmission grid. The capacity charge and energy sent out are included in revenue reported in the profit and loss account.

Contract for the sale of electric power begins on performance and revenue is recognized overtime using an output method to measure progress towards completion of the service because the customer simultaneously receives and consumes the benefits provided by the Company.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any). In determining the transaction price for the sale of electric power, the Company considers the existence of significant financing components and consideration payable to the customer (if any).

Ancillary Services

Ancillary services relate to services provided by the Company, other than the primary production of electricity, which is used to operate a stable and secure Power System including but not limited to reactive power, operating reserve, frequency control and black start capability. The ancillary services are provided in line with the existing agreement.

The Company recognizes revenue from ancillary services overtime as control is transferred.

Significant financing component

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less."

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Amount received from customers or guests in advance of receiving the goods or services is recognized as liability in the statement of financial position described as unearned income.

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

b) Revenue from contract with customers (cont'd)

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

c) Current and deferred tax

The tax for the period comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is recognized in other comprehensive income or directly in equity, respectively. Pioneer status incentive exempts the Company from current tax over the period covered by the incentive.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

c) Current and deferred tax (cont'd)

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 profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized. Deferred tax is charged or credited to the Statement of profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

d) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which Afam Power Plc operates ('the functional currency') and also presented in the same currency. The functional currency of Afam Power Plc is the Nigerian Naira (N).

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the company's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI, or profit or loss are also recognized in OCI or profit or loss, respectively).

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

d) Foreign currency translation (cont'd)

(b) Transactions and balances (cont'd)

In determining the spot exchange rate to use on initial recognition of the related asset, expense, or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the company determines the transaction date for each payment or receipt of advance consideration.

e) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized 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 measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the Statement of Profit or loss during the financial period in which they are incurred.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	2%
Plant and machinery	2.5% - 10%
Furniture and fittings	20%
Computer equipment	20%
Motor vehicles	20%

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

e) Property, plant and equipment (cont'd)

Where an indication of impairment exists, 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.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in other income or expense - net in the Statement of profit or loss for the period.

f) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

g) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, (i.e. capitalized) until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Currently, the Company has no qualifying assets on which borrowing costs are being capitalized.

h) Financial instruments (Recognition and measurement)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

h) Financial instruments (Recognition and measurement) (cont'd)

i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through profit or loss
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) .

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

h) Financial instruments (Recognition and measurement) (cont'd)

ii) Subsequent measurement (cont'd)

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.
- The Company's financial assets at amortized cost includes trade receivables, staff loans, cash and cash equivalents, treasury bills and related parties' receivables."

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

h) Financial instruments (Recognition and measurement) (cont'd)

ii) Subsequent measurement (cont'd)

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade receivables

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

h) Financial instruments (Recognition and measurement) (cont'd)

ii) Subsequent measurement (cont'd)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) 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 recognized 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, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

h) Financial instruments (Recognition and measurement) (cont'd)

ii) Subsequent measurement (cont'd)

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 21.

Derecognition

A financial liability is derecognized 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 recognized in the statement of profit or loss."

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

i) Inventories

Inventory is stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of inventory includes purchase costs and costs directly attributable to the purchase.

Inventory comprises of engineering spares that are not ready for use (complex installation process), tools and lubricants.

Subsequent to initial recognition, inventory is measured at the lower of cost and net realizable value. Any write down of inventory to net realizable value is recognized in the statement of profit or loss. Inventories are stated at the lower of cost and estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

j) Cash, cash equivalents and bank overdrafts

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

k) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Provisions are not recognized for future operating losses.

l) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the financial statements

3.1 Basis for Preparation (cont'd)

l) Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, is summarized below:

- Financial instruments (including those carried at amortized cost) Note 6.2

m) Dividend distribution

The Company recognizes a liability to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Companies and Allied Matters Act, CAMA 2020, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity. In respect of interim dividends, these are recognized when declared by the Board of Directors.

n) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

Retained earnings

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves.

Share premium

Share premium refers to the excess of the share price paid for the Company's shares by the shareholders over the nominal value of the shares issued.

Notes to the financial statements

3.2 Significant accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in Note 3.2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.2.1 Critical Judgement in Applying the Company's Accounting Policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Revenue from contracts with customers

The company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction

The company concluded that revenue from energy and capacity charge will be recognized overtime because, as the company performs, the customer simultaneously receives and consumes the benefits provided by the company's performance.

The company has determined that the output method is the best method in measuring progress rendering the services to the customer. The Output method recognizes revenue based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

The company has assessed that there is a direct relationship between the company's measurement of the value of goods or services transferred to date, relative to the remaining goods or services promised under the contract.

Taxes

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

Taxes - Pioneer Status Incentive

The Pioneer Status Incentive (PSI) was established by the Industrial Development (Income Tax Relief) Act (IDITRA) and is a tax holiday which grants qualifying industries and products relief from payment of corporate income tax for an initial period of three years. The tax holiday is extendable for one or two additional years.

Notes to the financial statements

3.2.1 Critical Judgement in Applying the Company's Accounting Policies (cont'd)

Electric power generation qualifies as a pioneer product/service based on the approved list of Pioneer Industries and Products issued pursuant to the provisions of the IDITRA. Afam Power Plc generates electric power through a thermal system and is therefore eligible for PSI.

Afam Power Plc engaged Andersen (Tax Consulting Firm) to provide support in reviewing the merits of obtaining the PSI certificate and the related Production Day certificate from the Nigeria Investment Promotion Commission (NIPC) and the Federal Ministry of Industry, Trade, and Investment respectively.

Following our successful application, submission, and presentation to NIPC and result of further due diligence done by the NIPC, we obtained approval of our application for Pioneer Status Incentive - Income Tax Relief from NIPC. Subsequently, the Industrial Inspectorate Department of the Federal Ministry of Trade and Investment has issued Production Day Certificate to our company, with a production date effective January 2021. Therefore, the directors have decided to take the tax advantage in the current.

3.2.2 Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The fair value of the assets of is based on the market value. This is the price which an asset may be reasonably expected to be realized in a sale in a private contract. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Company. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 16.

Provision for expected credit losses of trade receivables and contract assets

The company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

The provision matrix is initially based on the company's historical observed default rates. The company 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 analyzed.

Notes to the financial statements

3.2.2 Key sources of estimation uncertainties (cont'd)

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 company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company's trade receivables is disclosed in Note 5.

Impairment of property, plant and equipment and right-of-use assets

The Company assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment and right-of-use assets have been determined based on value-in use calculations. These calculations and valuations require the use of judgment and estimates on future operating cash flows and discount rates adopted.

The carrying amount of the Company's property, plant and equipment at the end of reporting period is disclosed in Note 16 to the financial statements.

Estimation of useful lives of property, plant and equipment

As described in Note 3.2 (e), the Company reviews the estimated useful life of property, plant and equipment at each reporting date. In assessing the useful life of property, plant and equipment, and specially with respect to the plant and ancillary facilities management considers, amongst other things, the expected usage of the assets by the Company and the terms of relevant sales and purchase agreements. Any changes in estimating of the remaining useful life of property, plant and equipment will result in a higher or lower level of depreciation expenses in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- | | |
|--|--------|
| • Capital management | Note 4 |
| • Financial instruments risk management and policies | Note 5 |
| • Sensitivity analyses disclosures | Note 5 |

4 Capital management

For the purpose of the Company's capital management, capital includes issued capital, share premium and retained earnings attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 50% and 70%. The Company includes within net debt, interest bearing loans and borrowings, less cash and bank balances.

Notes to the financial statements

4 Capital management (cont'd)

	31 December 2022 N'000	31 December 2021 N'000
Interest-bearing loans and borrowings	-	-
Less: cash and cash equivalent (Note 20)	<u>(727,594)</u>	<u>(1,348)</u>
Net debt	(727,594)	(1,348)
Total capital: Equity	<u>37,897,052</u>	<u>37,269,300</u>
Capital and net debt	<u>37,169,458</u>	<u>37,267,952</u>

5 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board has established the finance and General-Purpose committee, who is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risk it faces, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by the executive management to reflect changes in the market conditions and the Company's activities.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is supported by various management functions that check and undertake both regular and ad hoc reviews of compliance with established controls and procedures.

5.1 Financial risk factors

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not hedge any of its risk exposures.

Risk management is carried out in line with policies approved by the board of directors. The board provides written policies for overall risk management, as well as set the overall risk appetite for the Company. Specific risk management approaches are defined for respective risks such as interest rate risk, credit risk, liquidity and investment risk. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Notes to the financial statements

5.1 Financial risk factors (cont'd)

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk in the Company are borrowings and deposits.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is reduced since the Company does not have significant debt obligation.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency denominated borrowings. However, the Company has no foreign currency denominated borrowings during the year.

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

Foreign Currency Sensitivity

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates at the reporting date. The Company has no borrowings, trade payables and cash denominated foreign currencies.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Company's liquidity reserve and cash and bank balances (Note 20) on the basis of expected cash flows.

This is generally carried out in accordance with practice and limits set by the Company. These limits vary to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Notes to the financial statements

5.1 Financial risk factors (cont'd)

(b) Liquidity risk (cont'd)

(i) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(ii) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum national rating of 'A' are accepted.

There is no independent rating for customers since the company has only one customer (NBET). Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by the customer is regularly monitored by line management.

Sales to the customer are required to be settled in cash or using major credit cards, mitigating credit risk. There is concentration of credit risk but mitigated by government.

The credit ratings of the investments are monitored for credit deterioration.

(iii) Security

No security is obtained for trade receivables either in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. There are no credit ratings for Afam power plc's trade and other receivables.

(iv) Impairment of trade receivables

For trade receivables, the Company applied the simplified approach in computing ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 19. The Company does not hold collateral as security.

Notes to the financial statements

5.1 Financial risk factors (cont'd)

(b) Liquidity risk (cont'd)

(iv) Impairment of trade receivables (cont'd)

Set out below is the information about the credit risk exposure on the Company's trade receivables using provisional matrix:

As at 31 December 2022		Trade receivables						
In thousands of naira		Days past due						
		<30 days	31 -60 days	61 - 90 days	91 - 120 days	121 -150 days	151 -360 days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.61%	
Estimated total gross carrying amount at default	1,290,143	1,866,344	-	253,334	170,799	2,215,763	2,070,070	7,866,453
Expected credit loss	-	-	-	-	-	-	74,708	74,708

As at 31 December 2021		Trade receivables						
In thousands of naira		Days past due						
		<30 days	31 -60 days	61 - 90 days	91 - 120 days	121 -150 days	151 -360 days	Total
Expected credit loss rate	0.00%	0.34%	0.73%	0.84%	0.84%	24.68%	0.00%	
Estimated total gross carrying amount at default	855,897	1,236,629	939,760	960,777	961,118	720,908	-	5,675,089
Expected credit loss	-	4,154	6,820	8,034	8,055	177,897	-	204,960

Notes to the financial statements

5.1 Financial risk factors (cont'd)

(b) Liquidity risk (cont'd)

(iv) Impairment of trade receivables (cont'd)

Set out below is the movement in the allowance for expected credit losses of trade receivables:

<i>In thousands of Naira</i>	2022	2021
Balance as at 1 January	204,960	-
Provision/(reversal) for expected credit losses (Note 13)	<u>(130,252)</u>	<u>204,960</u>
Balance at 31 December	<u>74,708</u>	<u>204,960</u>

(v) Impairment of other financial assets

Expected credit loss measurement - other financial assets

The Company applied the general approach in computing expected credit losses (ECL) for intercompany receivables. The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

Notes to the financial statements

5.1 Financial risk factors (cont'd)

(b) Liquidity risk (cont'd)

(v) Impairment of other financial assets (cont'd)

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3 Summary of significant accounting policies. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2022 and 31 December 2023.

The tables below show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

31 December 2022

Key drivers			Assigned Probabilities	ECL Scenario	2022	2023	2024
Crude Oil Price (USD)							
	10%	Upturn	52.30	53.50	54.96		
	80%	Base	51.9	52.7	53.87		
	10%	Downturn	49.98	50.78	51.91		
Unemployment rate %							
	10%	Upturn	0.34	0.36	0.36		
	80%	Base	0.32	0.34	0.37		
	10%	Downturn	0.26	0.33	0.33		
Inflation rate %							
	10%	Upturn	0.11	0.11	0.11		
	80%	Base	0.11	0.11	0.11		
	10%	Downturn	0.12	0.12	0.12		

Notes to the financial statements

5.1 Financial risk factors (cont'd)

(b) Liquidity risk (cont'd)

(v) Impairment of other financial assets (cont'd)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(c) Liquidity risk

Management of liquidity risk

Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the covenant compliance, and compliance with internal financial position ratio.

Prudent liquidity risk management implies that sufficient cash is maintained, and that sufficient funding is available through an adequate amount of committed credit facilities.

Maturity analysis

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the ageing of the financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows representing trade payables, related party payables and other payables.

Notes to the financial statements

5.1 Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

31 December 2022	0 - 30 days N'000	31 - 180 days N'000	181 - 365 days N'000	Over 1 year but less than 5 years N'000	Over 5 years N'000	Total N'000
Financial liabilities						
Trade and other payables	1,450,764	5,542,257	11,602,537	-	-	18,595,558
Borrowings						
	1,450,764	5,542,257	11,602,537	-	-	18,595,558

31 December 2021	0 - 30 days N'000	31 - 180 days N'000	181 - 365 days N'000	Over 1 year but less than 5 years N'000	Over 5 years N'000	Total N'000
Financial liabilities						
Trade and other payables	4,690,616	3,868,123	822,495			9,381,234
Borrowings						-
	4,690,616	3,868,123	822,495	-	-	9,381,234

6 Financial instruments and fair values

6.1 Measurement categories

The Company does not have interest-bearing loans and borrowings during the year.

6.2 Fair value measurement

Fair value measurement hierarchy for liabilities as at 31 December 2022:

There are no financial instruments that are measured at amortized cost.

Notes to the financial statements

7 Revenue from contracts with customers

Disaggregated revenue information

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

	31 December 2022 N'000	31 December 2021 N'000
Capacity charge	4,716,903	6,701,915
Energy delivered	<u>8,212,983</u>	<u>10,336,449</u>
Total revenue from contracts with customers	<u>12,929,886</u>	<u>17,038,364</u>
Timing of revenue recognition		
Services transferred over time	<u>12,929,886</u>	<u>17,038,364</u>
Total revenue from contracts with customers	<u>12,929,886</u>	<u>17,038,364</u>

All revenue was generated from customers within Nigeria. There is no other revenue items outside IFRS 15

8 Cost of sales	31 December 2022 N'000	31 December 2021 N'000
Natural gas and fuel costs	8,598,579	10,329,557
Salaries and wages	400,211	150,318
Repairs and maintenance	450,974	400,862
Depreciation (Note 11.1)	789,739	656,221
Amortization	5,891	3,437
Insurance	52,370	32,933
Liquidated Damages	299,170	-
Other direct expenses	<u>504,190</u>	<u>192,022</u>
Total cost of sales	<u>11,101,124</u>	<u>11,765,350</u>

9 Other operating income

Other income	<u>504,746</u>	<u>7,607</u>
	<u>504,746</u>	<u>7,607</u>

Included in Other operating income in 2022 are spares inventory items received from the Original Equipment Manufacturer (OEM) as operational support for the optimal running of Afam V GT20 valued at N441 million. This income has been reflected in the inventory account as part of the inventory balance (Note 17).

Notes to the financial statements

		31 December 2022 N'000	31 December 2021 N'000
10	Finance income		
	Interest income	-	18,603
		-	18,603
	Finance income	-	18,603
		31 December 2022 N'000	31 December 2021 N'000
11	Administrative expenses		
	Auditors' remuneration	27,025	20,000
	Bank charges	16,863	19,943
	Depreciation (Note 11.1)	102,522	62,297
	Directors' remuneration	47,506	53,919
	Insurance	3,577	2,337
	Management fees	376,250	376,250
	Marketing and promotion	-	485,204
	Other operating expenses	15,199	592,969
	Community Related Expense	31,856	18,137
	IT Expenses	42,322	16,534
	Public Relations	16,064	4,000
	Postage & Stationeries	14,446	7,754
	Medical Expenses	172,510	148,502
	Pension cost	24,004	24,054
	Professional fees	72,166	129,639
	Rent and rates	6,500	3,500
	Repairs and maintenance	112,287	389,035
	Security services	169,361	140,238
	Staff costs	484,967	520,492
	Subscriptions and fees	18,122	8,487
	Travel and accommodation	62,923	99,398
		1,816,470	3,122,689

Included in staff cost is N222 million (2021: N176 million) paid to Afam Power Plc Staff School. The staff school is seen by management as part of the Corporate Social Responsibility of the Company.

Notes to the financial statements

11.1 Total depreciation and amortization included in the statement of profit or loss;

	31 December 2022 N'000	31 December 2021 N'000
Depreciation- Cost of sales (Note 8)	789,739	656,221
Depreciation- Administrative expenses (Note 11)	102,522	62,297
Total depreciation expense (Note 15)	892,261	718,518
Amortization- Cost of sales (Note 8)	5,891	3,437
Total amortization expense (Note 15b)	5,891	3,437

12 **Impairment (reversal)/loss on financial assets**

Trade receivables (Note 5.1)	(130,252)	204,316
Due from related companies (Note 19.2)	-	644
Total impairment loss on financial assets	(130,252)	204,960

13 **Income tax**

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	31 December 2022 N'000	31 December 2021 N'000
Current income tax	-	-
Education tax	-	-
	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
Income tax expense/(credit) reported in the statement of profit or loss	-	-

13.1 **The movement in tax payable is as follows:**

Balance as at 1 January	-	588,922
Income tax for the year	-	-
Tertiary Education tax for the year	-	-
Tax paid during the year	-	(588,922)
Balance as at 31 December	-	-

Notes to the financial statements

13 Income tax (cont'd)

Corporate tax is calculated at 30 per cent of the estimated taxable profit for the year. The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, as amended.

The charge for education tax of 2.5 percent is based on the provisions of the Education Tax Act, as amended in the Finance Act 2021. The Company does not have tax liabilities because it was granted pioneer status by the Nigerian Investment Promotion Commission (NIPC) under the Industrial Development (Income Tax Relief) Act 1971 for an initial period of 3 years from January 2021 to December 2023.

13.2 A reconciliation between tax expense and the product of accounting profit or loss multiplied by Nigeria's domestic tax rate (30%) for the years ended 31 December 2022 and 31 December 2021 is as follows:

	31 December 2022 N'000	31 December 2021 N'000
Profit/(Loss) before tax	647,290	1,971,575
Tax at Nigeria Corporation Tax Rate of 30% (2020: 30%)	194,187	591,480
Pioneer profit tax not recognized	(646,462)	(969,957)
Tertiary Education tax	-	-
Non-deductible expenses for tax purposes:	452,275	378,484
Donation and fines	-	-
Marketing expenses	-	-
Other non-deductible expenses	-	-
Income not subjected to tax	-	-
Tax credit for the year	-	-
Effective income tax rate	0%	0%

Notes to the financial statements

13.3 Deferred tax assets

	31 December 2022 N'000	31 December 2021 N'000
Deferred tax relates to the following:		
Statement of financial position		
Accelerated depreciation for tax purposes	4,245,919	2,137,343
Expected credit losses of debt financial assets	(121,510)	(66,612)
Losses available for offsetting against future taxable income	<u>(4,124,409)</u>	<u>(2,070,731)</u>
Net deferred tax assets	<u>-</u>	<u>-</u>
Statement of profit or loss		
Accelerated depreciation for tax purposes	4,245,919	2,137,343
Expected credit losses of debt financial assets	(121,510)	(66,612)
Losses available for offsetting against future taxable income	<u>(4,124,409)</u>	<u>(2,070,731)</u>
Deferred tax (expense)/benefit	<u>-</u>	<u>-</u>

The Company offsets tax assets and 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 tax authority. The company had a deferred tax asset of N614million (2021: N287million), which was not recognized in the year in line with IAS 12.

14 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive ordinary shares at either year end; hence the basic and diluted earnings per share have the same value.

	31 December 2022	31 December 2021
Profit for the year attributable to shareholders (in ₦'000)		
unlisted	<u>647,290</u>	<u>1,971,575</u>
Weighted average number of shares in issue ('000)	<u>10,000</u>	<u>10,000</u>
Basic earnings per share (₦)	<u>64.73</u>	<u>197.16</u>

The denominator for the purposes of calculating basic earnings per share is based on issued and fully paid ordinary shares of N0.50 each.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

Notes to the financial statements

15 Property, plant and equipment

	Land N'000	Building N'000	Furniture and fittings N'000	Plant and machinery N'000	Motor vehicles N'000	Office Equipment N'000	Work in progress N'000	Total N'000
Cost								
1 January 2021	297,800	34,481	426,250	22,848,492	313,383	14,076	-	23,934,482
Derecognition of asset carrying value at handover date (Note 15.1)	(297,800)	(34,481)	(426,250)	(22,848,492)	(313,383)	(14,076)	-	(23,934,482)
Recognition of deemed cost of transferred asset at handover date (Note 15.1)	1,784,600	2,748,017	37,000	30,134,600	8,100	38,582	-	34,750,899
Additions	-	15,415	23,233	-	119,325	20,816	6,443,162	6,621,951
31 December 2021	1,784,600	2,763,432	60,233	30,134,600	127,425	59,398	6,443,162	41,372,850
1 January 2022	1,784,600	2,763,432	60,233	30,134,600	127,425	59,398	6,443,162	41,372,850
Additions	-	3,897	7,224	29,478	34,500	32,582	7,170,120	7,277,801
Adjustment	-	-	-	(13,970)	(8,121)	-	-	(22,091)
Reclassification	-	-	-	5,956	-	-	(5,956)	-
31 December 2022	1,784,600	2,767,329	67,457	30,156,064	153,804	91,980	13,607,326	48,628,560
Accumulated depreciation								
1 January 2021	-	5,486	281,246	8,576,599	200,817	2,815	-	9,066,963
Derecognition of asset carrying value at handover date	-	(5,486)	(281,246)	(8,576,599)	(200,817)	(2,815)	-	(9,066,963)
Depreciation for the year	-	45,881	7,578	644,924	11,297	8,838	-	718,518
31 December 2021	-	45,881	7,578	644,924	11,297	8,838	-	718,518
1 January 2022	-	45,881	7,578	644,924	11,297	8,838	-	718,518
Depreciation for the year	-	55,313	13,121	776,250	29,411	18,166	-	892,261
Adjustment	-	-	-	(1,163)	(1,390)	-	-	(2,553)
31 December 2022	-	101,194	20,699	1,420,011	39,318	27,004	-	1,608,226
Carrying amounts								
At 31 December 2021	1,784,600	2,717,551	52,655	29,489,676	116,128	50,560	6,443,162	40,654,332
At 31 December 2022	1,784,600	2,666,135	46,758	28,736,053	114,486	64,976	13,607,326	47,020,334

Notes to the financial statements

- 15.1** This represents the recognition of the revalued amount of the entity's assets as at handover date after derecognition of the carrying value of the transferred assets contained in the purchase agreement. These carrying value could neither be substantiated nor supported hence the application of deemed cost at handover date

The asset deemed costs recognized represents the recognized value of the transferred assets of the entity based on the revaluation exercise carried out by Management through independent valuers (Jide Taiwo & Co - Chime Peter Adesanya - FRC/2015/NIESV/00000011462.) as at the handover date; 1st March 2021. The property, plant and equipment were revalued on the basis of its open market value. This cost has been reflected in the respective assets' account and also in the equity section of the statement of financial position as part of ""Retained earnings"".

- 15.2** Management at the reporting date have considered possible impairment triggers in respect of the operations of the Company. Based on its assessment, no impairment provision has resulted based on the assumptions and estimates adopted on the expected future cash flows from installed capacity, power generation load factor, weighted average cost of capital and technical loss ratio. Management believes that the estimates and assumptions made are reasonable and based on best available information for both planning and operational purposes. Management acknowledges that sensitivity fluctuations may exists in the future based on macro-economic indices and company specific factors due to the continuing restructuring and regulations in the power industry but expects that any fluctuation which may impact on the carrying amount of the generating assets subsequent to this reporting date will be accounted for prospectively, if any exists in the applicable reporting period.
- 15.3** Management has disclosed at the reporting date that the Company's assets are not pledged as security for any transactions or facilities.

Notes to the financial statements

15b	Intangible asset	On-Grid Licence N'000
	Cost	
	1 January 2021	-
	Additions	58,912
	31 December 2021	58,912
	1 January 2022	58,912
	Additions	-
	31 December 2022	58,912
	Accumulated Amortization	
	1 January 2021	-
	Amortization charge for the year	3,437
	31 December 2021	3,437
	1 January 2022	3,437
	Amortization charge for the year	5,891
	31 December 2022	9,328
	Carrying amounts	
	At 31 December 2021	55,475
	At 31 December 2022	49,584

The intangible asset represents licence for On-grid electricity generation (726MW) at Okoloma Afam, Oyigbo, Rivers State issued by the Nigerian Electricity Regulatory Commission (NERC) to Afam Power Plc valid from June 2021 to June 2031.

16	Investment	31 December 2022 N'000	31 December 2021 N'000
	Balance at 1 January	-	-
	Investment in Shares (Note 16.1)	300,075	-
	Balance at 31 December	300,075	-

Notes to the financial statements

16.1 Investment in shares represents 7.5% stake in Jeolan International Limited as follows:

	31 December 2022 N'000	31 December 2021 N'000
Share capital	75	-
Deposit for shares	300,000	-
	<u>300,075</u>	<u>-</u>
17 Inventories	31 December 2022 N'000	31 December 2021 N'000
General stores	469,123	46,714
Stationery	5,484	3,799
Lubricant	13,545	45,625
	<u>488,152</u>	<u>96,138</u>

General stores, Stationery and Lubricants are carried as inventory and recognized in profit or loss when consumed. The cost of inventories recognized as an expense and included in repairs and maintenance within 'cost of sales' amounted to N237 million (2021: N398 million). During the year a provision of N209 million was made for obsolete inventory, however there was no inventory write-down during the year.

	31 December 2022 N'000	31 December 2021 N'000
18 Trade and other receivables		
Trade receivables (Note 19.1)	7,492,575	5,470,773
Other receivables and prepayments	15,777	27,064
Prepayments	30,001	22,061
Due from related companies (Note 19.2)	368,518	323,343
	<u>7,906,871</u>	<u>5,843,241</u>

Set out below is the movement in the allowance for expected credit losses of trade and other receivables

	31 December 2022 N'000	31 December 2021 N'000
18.1 Trade receivables		
Trade receivables	7,866,453	5,675,089
Less:		
Provision for impairment of trade receivables Note 5.1	(74,708)	(204,316)
Liquidated Damages	(299,170)	-
	<u>7,492,575</u>	<u>5,470,773</u>

Notes to the financial statements

		31 December 2022 N'000	31 December 2021 N'000
18.2 Due from related companies			
Receivables from related parties	(Note 22)	368,518	323,987
Less: provision for impairment	(Note 5.1 iv)	-	-644
		<u>368,518</u>	<u>323,343</u>

19 Cash and cash equivalents

Cash in hand	304	-
Cash at bank	<u>727,290</u>	<u>1,348</u>
Cash and cash equivalents	<u>727,594</u>	<u>1,348</u>

Cash and cash equivalents comprise cash and bank balances. The carrying amount of these assets approximate their fair value.

		31 December 2022 N'000	31 December 2021 N'000
20 Trade and other payables			
Trade payables		6,238,703	4,498,155
Other payables		3,491,438	231,390
Due to related parties	(Note 23)	8,791,856	4,617,961
Other accruals		58,934	23,889
Withholding tax		<u>14,627</u>	<u>9,839</u>
		<u>18,595,558</u>	<u>9,381,234</u>

The other payables of N3,491million represents amounts owed to non-trade vendors including the various project contractors

21 Financial assets and financial liabilities

		31 December 2022 N'000	31 December 2021 N'000
21.1 Financial assets			
Debt instruments at amortized cost			
Trade receivables (Note 19.1)		7,492,575	5,470,773
Due from related companies (Note 19.2)		368,518	323,343

Debt instruments at amortized cost include trade receivables and receivables from related parties.

Notes to the financial statements

23 Related party transactions and balances

- a. The Company is a subsidiary of Transafam Power Limited which is domiciled in Nigeria. The ultimate parent company, Transnational Corporation of Nigeria provided management services during the year to the Company.

Balances with related parties during the year

Payables to related parties	Nature of relationship	Nature of transaction	31 December 2022	31 December 2021
			N'000	N'000
Transnational Corporation of Nigeria Plc	Ultimate Parent company	Technical and Management services and intercompany payable	2,610,742	1,911,038
Transcorp Power Limited	Common interest	Intercompany payable	4,788,375	1,014,024
Transcorp Hotel Abuja	Common interest	Intercompany payable	37,477	-
Heirs Oil and Gas and related companies	Common interest	Intercompany payable	1,355,262	1,692,899
			8,791,856	4,617,961

The payable to the ultimate parent company includes management fees, loans and dividend payable. Other payables to the related parties include short term loan, services and gas supply transaction. During the year, Heirs Oil and Gas (HHOG) supplied gas to Afam Power Plc amounting to N1.08 billion (2021: N2.8 billion), this is part of the Gas cost in the Cost of sales for the year.

Receivables from related parties	Nature of relationship	Nature of transaction	31 December 2022	31 December 2021
			N'000	N'000
Transcorp Hotel Abuja	Common interest	Intercompany receivable	-	17,847
Transafam Power Limited	Parent company	Intercompany receivable	320,753	267,570
Afam Three Fast Power	Common interest	Intercompany receivable	47,765	38,571
			368,518	323,988

The receivables from the related parties are short term non-interest-bearing amounts arising from expenses.

Notes to the financial statements

23 Related party transactions and balances (cont'd)

b. Key management personnel

Key management personnel constitute those individuals who have the authority and the responsibility for 'planning, directing, and controlling the activities of Afam Power Plc, directly or indirectly, including any director (whether executive or non-executive). The individuals who comprise the key management personnel are the Board of Directors as well as certain key management and officers.

Directors' emoluments are disclosed in Note 28.

	31 December 2022 N'000	31 December 2021 N'000
24 Share capital		
Allotted, called up, issued and fully paid:		
At 1 January	5,000	5,000
	<u>5,000</u>	<u>5,000</u>
25 Government funding	31 December 2022 N'000	31 December 2021 N'000
Balance as at 1 January	-	24,757,431
Government funding transferred to other reserves	-	(24,757,431)
	<u>-</u>	<u>-</u>
Balance as at 31 December	<u>-</u>	<u>-</u>
Other Reserves	N'000	N'000
Balance as at 1 January	24,757,431	-
Equity transfer	-	24,757,431
	<u>-</u>	<u>24,757,431</u>
Balance as at 31 December	<u>24,757,431</u>	<u>24,757,431</u>
26 Retained earnings	31 December 2022	31 December 2021
The movement in retained earnings during the year is as follows:		
Retained earnings brought forward (Note 26.1)	12,506,869	(9,991,574)
Other reserves	(19,538)	604,993
Profit for the year	647,290	1,971,575
Carrying value of post-acquisition asset	-	(14,829,024)
Deemed cost of post-acquisition asset	-	34,750,899
	<u>-</u>	<u>34,750,899</u>
Balance as at 31 December	<u>13,134,621</u>	<u>12,506,869</u>

Notes to the financial statements

26.2 Opening retained earnings

The opening accumulated loss for the 2021 comparative year represents the closing accumulated loss per the financial statements as audited by the former auditors, David Ugiagbe & Co. for the year ended 31 December 2020.

Prior to privatization, Federal Government grants represent funds received from the Federal Government of Nigeria in respect of capital projects. Upon privatization in March 2021, these grants ceased to exist hence they have been written off.

Currently, the retained earnings contain non-core net liabilities written off to Nigerian Electricity Liability Management Company (NELMCO) in line with the Purchase agreement.

As described in note above, the new owners of the company assumed full operational management from the old management (Nigerian Electricity Liability Management Company Limited - NELMCO) on 10th March 2021. Prior to the takeover, the company was owned by the Federal Government of Nigeria. In line with the share sales and purchase agreement between the Federal Government of Nigeria through the Bureau of Public Enterprise (BPE) and the Ministry of Finance incorporated, (The Vendor) Afam Power Plc and TransAfam Power Limited (The Purchaser), certain assets were taken over by the new management whereas some assets were not taken over. All the liabilities at the takeover date were not assumed. In view of the above, the management took a decision to adjust the financial statements to reflect the impact (Note 27).

27 NELMCO balances

The NELMCO balances relate to the derecognition of the aggregate NELMCO-related balances and adjustments in line with the NELMCO Pre-completion Receivables/Liability Transfer Agreement between Afam Power Plc and Nigerian Electricity Liability Management (NELMCO) Ltd/Gte. The agreement became effective from the handover date.

	31 December 2022	31 December 2021
	N'000	N'000
Assets of NELMCO de-recognized	-	7,864,085
Liabilities of NELMCO de-recognized	-	(8,484,106)
Net liabilities not assumed	-	(620,021)
Assets of NELMCO not taken over		
Trade receivables	-	6,698,455
Other receivables	-	25,354
Inventory	-	697,951
Cash and cash equivalents	-	442,325
Total assets due to NELMCO	-	7,864,085
Liabilities of NELMCO not assumed		
Trade payables	-	(7,463,478)
Other payables and accruals	-	(431,706)
Tax Payables	-	(588,922)
Total liabilities due from NELMCO	-	(8,484,106)

Notes to the financial statements

28 Particulars of directors and staff

The table below shows the number of employees (excluding directors), who earned over N240,000 as emoluments in the year and were within the bands stated

	31 December 2022 Number	31 December 2021 Number
Less than N1,000,000	29	22
N1,000,001 - N2,000,000	33	32
N2,000,001 - N5,000,000	70	70
Above N5,000,000	54	49
	186	173
	31 December 2022 N'000	31 December 2021 N'000
Staff costs for the above persons (excluding Directors):		
Salaries and wages	885,178	670,810
Pension cost	24,004	24,054
	909,182	694,864
Analysis of staff costs:		
Cost of sales (Note 8)	400,211	150,318
Administrative expenses (Note 11)	508,971	544,546
	909,182	694,864
Emoluments of directors		
The remuneration paid to the Directors of the Company was:		
Salaries	67,807	56,506
Fees and allowances	47,506	53,919
	115,313	110,425
Amount paid to the highest paid director (excluding pension contributions)		
Fees	67,807	56,506
	67,807	56,506
Compensation of managers		
Salaries and short-term employee benefits	112,200	94,567
Defined contribution	7,040	6,080
	119,240	100,647

Notes to the financial statements

28 Particulars of directors and staff (cont'd)

Managers excludes directors (executive and non-executive). The compensation paid or payables to managers for services is as shown above

The number of directors of the Company (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the Company fell within the following ranges:

	Number	Number
Less than N10,000,000	3	4
Over N10,000,000	4	2
	<u>7</u>	<u>6</u>

29 Capital commitments and contingent liabilities

The Directors have disclosed that all known liabilities and commitments which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

There were no significant litigations in the ordinary course of business as at each reporting date. It is the directors' opinion that no material liability against the Company will arise therefrom. There were no guarantees given on behalf of staff or other third parties on the reporting dates.

29 Capital commitments and contingent liabilities-continued

Legal claim contingency

The Company is involved in some legal action in the ordinary course of the business with summary financial outcome totaling N25million. The Company has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

30 Distributions made and proposed

There was no interim dividend paid during the year. There is no proposed dividend on ordinary shares that is awaiting approval at the annual general meeting.

31 Events after statement of financial position date

There were no subsequent events which could have had a material effect on the financial position and performance of the company as at 31 December 2022 which have not been adequately provided for or disclosed.

Notes to the financial statements

32 Liquidated Damages

The partial activation regime which is aimed at providing stability within the electricity sector commenced with effect from July 1, 2022. The power generating companies (GenCos) were assigned contracted capacities and failure to meet the contracted capacity the GenCo is charged a penalty as liquidated damages when such failure is attributed to the GenCo. In the course of the financial year 2022, the Market Operator charged Afam Power Plc the sum of N299 million as liquidated damage for not meeting its contracted capacity. Afam Power Plc has disputed the Market Operator's position and challenged the amount as it does not reflect the actual liquidated damage charge attributable to it. The Market Operator is yet to address the concerns raised in the dispute letter by Afam Power Plc. The liquidated damage charge of N299 million has been fully provided for in cost of sales in the financial statements.

OTHER NATIONAL DISCLOSURES

Statement of value added

	31 December 2022 N'000	%	31 December 2021 N'000	%
Turnover	12,929,886		17,038,364	
Bought-in materials and services (local)	(10,766,181)		(13,387,794)	
Brought- in materials and services (foreign)	<u>(219,718)</u>		<u>(273,220)</u>	
	1,943,987		3,377,350	
Other operating income	<u>504,746</u>		<u>7,607</u>	
Value added	<u>2,448,733</u>	<u>100</u>	<u>3,384,957</u>	<u>100</u>
Distributed as follows:				
Employees:				
To pay salaries, wages and other staff costs	909,182	38	694,864	21
Provider of funds				
Interest	-	-	-	-
Dividend	-	-	-	-
Government:				
To pay tax	-	-	-	-
Retained for future growth:				
Deferred tax	-	-	-	-
Depreciation	892,261	36	718,518	21
Profit for the year	<u>647,290</u>	<u>26</u>	<u>1,971,575</u>	<u>58</u>
Value added	<u>2,448,733</u>	<u>100</u>	<u>3,384,957</u>	<u>100</u>

Value added represents the additional wealth which the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth amongst employees, capital providers, government, and that retained for future creation of wealth.

Five-year financial summary

	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
Statement of financial position					
Non-current assets	47,369,993	40,709,807	14,829,024	14,779,745	15,182,820
Net (liabilities)/assets	(9,472,941)	(3,440,507)	(58,167)	332,716	105,866
Net assets	37,897,052	37,269,300	14,770,857	15,112,461	15,288,686
Share capital	5,000	5,000	5,000	5,000	5,000
Other reserves	24,757,431	24,757,431	-	-	-
Retained earnings	13,134,621	12,506,869	(9,991,574)	15,107,461	15,283,686
Total equity	37,897,052	37,269,300	(9,986,574)	15,112,461	15,288,686
Statement of profit or loss and other comprehensive income					
Revenue	12,929,886	17,038,364	11,515,209	6,264,657	6,881,743
Profit/(loss) before income tax	647,290	1,971,575	(193,866)	(99,857)	(55,497)
Income tax	-	-	(148,069)	(76,398)	(76,759)
Profit/(loss) after taxation transferred to retained earnings	647,290	1,971,575	(341,935)	(176,255)	(132,256)