

AFAM POWER PLC

ANNUAL REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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Corporate Information

Company Registration No.	RC 638823	
Tax Identification Number	17916109-0001	
Registered Office	Afam Power Station Complex Afam, Oyigbo Rivers State, Nigeria	
Plant address	Afam Power Complex Afam, Oyigbo, Rivers State, Nigeria.	
Board of Directors	Dr. Stanley Lawson	Chairman
	Mr. Vincent Ozuode	Managing Director
	Mr. Emmanuel Nnorom	Non Executive Director
	Dr. (Mrs) Owen Omogiafo, OON	Non Executive Director
	Mr. Ayodeji Gbeleyi	Non Executive Director
	Mr. Peter Ikenga	Non Executive Director
	Mr. Christopher Ezeafulukwe	Non Executive Director
Auditors	Deloitte & Touche Chartered Accountants Civic Towers Plot GA 1 Ozumba Mbadiwe Avenue Victoria Island, Lagos Nigeria	
Banker	United Bank for Africa Plc	
Company Secretary	Ms. Atinuke Kolade 38 Glover Road Ikoyi, Lagos, Nigeria.	

Reports of the Directors

In line with the Companies and Allied Matters Act 2020 (CAMA), the Board of Directors ('the Directors') have the pleasure to submit their report together with the audited financial statements for the year ended 31 December 2024, 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 ("the Company") was incorporated in Nigeria on 9 November 2005 under the Companies and Allied Matters Act (CAMA), 2020 as amended, as a private 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.

The address of its registered office is:

Afam Power Station Complex
Afam, Oyigbo
Rivers State, Nigeria

Principal activities

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

Results	31 December 2024 N'000	31 December 2023 N'000
Revenue	<u>26,735,091</u>	<u>13,411,391</u>
Loss before income tax	(2,446,684)	(1,057,164)
Income tax	<u>-</u>	<u>-</u>
Loss for the year	<u><u>(2,446,684)</u></u>	<u><u>(1,057,164)</u></u>

Dividend

The Board did not recommend any dividend for the year ended 31 December 2024 (2023: Nil)

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. Vincent Ozoude	Managing Director
Mr Emmanuel Nnorom	Non Executive Director
Dr. (Mrs) Owen Omogiafo, OON	Non Executive Director
Mr Ayodeji Gbeleyi	Non Executive Director
Mr. Peter Ikenga	Non Executive Director
Mr. Christopher Ezeafulukwe	Non Executive Director

Reports of the Directors (cont'd)

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.

Full Name	Position	Direct Holding	Indirect Holding	Companies represented by indirect holding
Dr. Stanley Lawson	Chairman	N/A	N/A	N/A
Mr. Vincent Ozoude	Managing Director	N/A	N/A	N/A
Mr. Emmanuel Nnorom	Non Executive Director	N/A	N/A	N/A
Dr. (Mrs) Owen Omogiafo, OON	Non Executive Director	N/A	N/A	N/A
Mr. Ayodeji Gbeleyi	Non Executive Director	N/A	N/A	BPE and MoFI
Mr. Peter Ikenga	Non Executive Director	N/A	N/A	N/A
Mr. Christopher Ezeafulukwe	Non Executive Director	N/A	N/A	N/A

Shareholding

According to the register of members at 31 December 2024, the shareholding in the Company was as follows:

	December 2024	December 2023	December 2024	December 2023
Bureau of Public Enterprise	8,000,000	8,000,000	80%	80%
Ministry of Finance Incorporated	<u>2,000,000</u>	<u>2,000,000</u>	<u>20%</u>	<u>20%</u>
	<u>10,000,000</u>	<u>10,000,000</u>	<u>100%</u>	<u>100%</u>

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. The shares are still held with BPE and MOFI because the acquisition cost is yet to be fully paid as at 31 December 2024.

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.

Reports of the Directors (cont'd)

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.

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, IFRS Accounting Standards and guidelines of the Financial Reporting Council of Nigeria. The Directors consider that the format adopted is the most suitable for the Company.

Events after the reporting date

The shareholders paid the sum of N56bn on 27 January 2025, being the balance of acquisition cost of Afam Power Plc and Afam Three Fast Power Ltd. By this, the purchase acquisition has been fully paid.

Apart from the above, there are no other events or transactions that have occurred since the reporting date which would have a material effect on the financial statements as presented.

Reports of the Directors (cont'd)

Auditors

Deloitte & Touche have expressed their willingness to continue 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



Atinuke Kolade
Company Secretary
FRC/2019/PRO/NBA/002/00000019306

31 March 2025

Corporate Governance Report

Afam Power Plc is committed to upholding the highest standards of corporate governance fostering a culture defined by strong business ethics, robust policies and procedures and effective internal control systems. The principles of good corporate governance are at the centre of Afam Power Plc's operations, serving as a cornerstone in creating and sustaining value for the Company's key stakeholders.

The Board plays a pivotal role in embedding high standards of corporate governance across the Company. It ensures that Management implements and adheres to sound policies, procedures, frameworks and systems resulting in an efficiently functioning company, focused on delivering sustained value to shareholders and other stakeholders.

Recognising that strong corporate governance is integral to long-term financial success, the Company remains steadfast in its efforts to governance practices alongside financial performance, understanding that the two are intrinsically linked and mutually reinforcing.

1. Overview

The Board serves as the cornerstone of the Company's corporate governance framework. Board members are entrusted with upholding the highest standards of governance as they carry out their fiduciary duties and responsibilities. The roles and responsibilities of the Board and its Committees are clearly defined in the Board and Committees Governance Charter. These Committees are established to support the Board in performing its duties and achieving the Company's objectives. However, the delegation of functions to these Committees does not absolve Board members of their overarching responsibilities and obligations.

The Company has the following Board Committees: Technical Committee (TC), Finance and General Purpose Committee (FGPC) and Board Audit and Governance Committee (BAGC).. Existing corporate governance policies approved by the Board of Directors remained operational throughout the period under review.

Below are key policies that underpin and promote good Corporate Governance within the Company:

1.1. Governance Framework

This governance framework outlines the policies that governs the Company's operations. It provides guidelines for policy development, application, classification, review, and revision as well as protocols for policy deviations and the use of guiding templates.

1.2. Board and Board Committees Governance Charter

This Charter defines the types and composition of Committees, their composition, terms of reference and functions. It delineates the roles and responsibilities of the Board, its Committees, Non- Executive Directors, the MD/CEO, Executives, and the Company Secretary. Additionally, it outlines provisions for tenure, meetings, quorum, proceedings, appointments, and the overall governance framework for the Board, its committees, and their members.

1.3. Executive Management Charter

This Charter governs the Executive Management Committee (EMC) of the Company detailing its composition, role, terms of reference, proceedings, and overall governance structure for Management."

Corporate Governance Report (cont'd)

1.4. Code of Conduct

This Policy ensures a consistent approach on integrity-related matters between the Company and its employees, directors, government officials, business partners and customers. It outlines the policies and procedures for addressing issues such as anti – corruption, conflict of interest, anti – bribery/improper payments, money laundering, terrorism financing and insider trading (blackout policy). Upon appointment, each staff member and director signs an undertaking to adhere to the Code with annual declarations of compliance executed thereafter.

1.5. Whistleblowing Policy

This policy establishes procedures for reporting and investigating suspected fraudulent, illegal and unethical activities within the Company. It provides a clear mechanism for stakeholders to report concerns in good faith, ensures proper investigation of such cases and reinforces the Company's commitment to a non-victimization policy for any stakeholder that reports concerns responsibly.

1.6. Non-Audit Services Policy

This policy was designed to safeguard the independence and objectivity of the Company's external auditor. It sets out measures to mitigate risks that could arise from the provision of non-audit services by the external auditor.

2. Board of Directors

2.1. General

The Board of Directors bear the primary responsibility of representing and promoting the interest of shareholders and other key stakeholders, by ensuring sustainable value creation and Company performance.

The Board consists of seven (7) members comprising one (1) Executive Director, six (6) Non-Executive Directors. In line with the provisions of the Companies and Allied Matters Act 2020 and the Company's Board Governance Charter, the Chairman of the Board presides over board proceedings. During the 2024 financial year, the Board convened two (2) times. Details of the Directors' attendance at these meetings are included in this Corporate Governance Report.

The Board has established formal delegations of authority that clearly define the limits of Management's power and responsibilities while delegating specific authority to Management for the efficient day-to-day operation of the Company. These delegations align with statutory requirements, ensuring that key responsibilities remain with the Board and its committees. The Company continues to benefit significantly from the wealth of expertise of its Directors, who are distinguished professionals with exemplary track records in their respective fields.

2.2. Board Appointment, Induction and Training Processes

The appointment of Directors is based on the recommendations from the Board Audit and Governance Committee and conducted in accordance with the Board and Board Committees Governance Charter. The selection process prioritizes individuals with high integrity, a strong reputation, shareholder-focused perspectives, a lack of conflict of interest, a genuine commitment to the Company's objectives.

A structured Director Induction Plan & Procedure are in place to familiarise newly appointed Directors with the Company's business operations, governance framework, key personnel and its subsidiary businesses. The induction program also includes training sessions conducted Groupwide for both new and existing Board members.

Corporate Governance Report (cont'd)

2.3. Separation of the position of Chairman and Managing Director

In adherence to global best practices in corporate governance, the roles of the Chairman and Managing Director/CEO were held by separate individuals during the year under review.

2.4. Membership and Changes on the Board

As at year ended December 31, 2024, the Board comprised one (1) Executive Director and six (6) Non-Executive Directors. Two changes occurred on the Board during the period under review.

iii. Mr. Christopher Ezeafulukwe was appointed as a Non -Executive Director on August 1, 2024.

iv. Mr. Ayodeji Gbeleyi was appointed a Non – Executive Director on September 10, 2024.

The composition of the Board of Directors of the Company is as follows:

S/N	Director	Designation	Appointment/Resignation Date	Date re – appointed /re-elected
1	Mr. Stanley Lawson	Chairman	Appointed: November 26, 2020	NA
2	Mr. Vincent Ozoude	MD/CEO	Appointed: February 1, 2021	NA
3	Mr. Emmanuel Nnorom	Non - Executive Director	Appointed: November 26, 2020	NA
4	Dr. (Mrs.) Owen D. Omogiafo, OON	Non - Executive Director	Appointed: November 26, 2020	NA
5	Mr. Peter Ikenga	Non - Executive Director	Appointed: February 22, 2021	NA
6	Mr. Christopher Ezeafulukwe	Non - Executive Director	Appointed: August 1, 2024	NA
7	Mr. Ayodeji Gbeleyi	Non – Executive Director	Appointed: September 10, 2024	NA

The Tenure of Services for the Directors who served as at December 31, 2024 are as indicated in the table below

S/N	Director	Tenure of service
1	Mr. Stanley Lawson	4 years
2	Mr. Vincent Ozoude	3 years
3	Mr. Emmanuel Nnorom	4 years
4	Dr. (Mrs.) Owen D. Omogiafo, OON	4 years
5	Mr. Peter Ikenga	4 years
6	Mr. Christopher Ezeafulukwe	4 Months
7	Mr. Ayodeji Gbeleyi	3 Months

2.5. Board Meeting Attendance

The Chairman of the Board of Directors presides over the Board and General Meetings. The Board met two (2) times in the year 2024. The table below shows Directors' attendance at Board meetings for the year.

Corporate Governance Report (cont'd)

2.5. Board Meeting Attendance (cont'd)

BOARD MEETINGS

S/N	Director	Total Attendance	10-Sep	4-Dec
1	Mr. Stanley Lawson	2	√	√
2	Mr. Vincent Ozoude	2	√	√
3	Mr. Emmanuel Nnorom	1	√	X
4	Dr. (Mrs.) Owen D. Omogiafo, OON	2	√	√
5	Mr. Peter Ikenga	2	√	√
6	Mr. Christopher Ezeafulukwe	1	X	√
7	Mr. Ayodeji Gbeleyi	1	NA	√

Key

√ = Director was present for the meeting

X= Director was absent with an apology

N/A = Not Applicable. Director was not yet appointed to the Board.

2.6. Board Committees

2.6.1. Technical Committee

The Technical Committee ("TC") provides strategic oversight on technical matters, as well as health, safety and environmental (HSE) issues related to the Company's operations. Terms of Reference of the TC include:

- (i) Making recommendations on the plant output target of the Company for the year in terms of megawatts (MW).
- (ii) Providing maintenance recommendations and maintenance blueprints for plant equipment for the year.
- (iii) Providing oversight on both human and material resources needed to be deployed in order to achieve megawatt output target and to carry out maintenance works.
- (iv) Providing recommendations on technical partnerships and joint ventures with other companies.
- (v) Providing recommendations and oversight for the company's expansion plans.
- (vi) Reviewing/approval of major acquisition and rehabilitation agreements.
- (vii) Providing oversight on the company's regulatory compliance.
- (viii) Providing oversight on the company's HSE implementation.
- (ix) Reviewing plant performance quarterly and yearly.

Technical Committee members as at year ended December 31, 2024:

s/n	Director	Designation
1	Mr. Peter Ikenga	Chairman
2	Mr. Vincent Ozoude	Member
3	Dr. (Mrs.) Owen D. Omogiafo, OON	Member
4	Mr. Christopher Ezeafulukwe	Member

Corporate Governance Report (cont'd)

2.6.1. Technical Committee (cont'd)

The Committee met three (3) times in the year under review. The table below shows the meeting dates and members' attendance in 2024:

S/N	Director	Total Attendance	29-Feb	4-Jul	7-Oct
1	Mr. Peter Ikenga	3	√	√	√
2	Mr. Vincent Ozoude	3	√	√	√
3	Dr. (Mrs.) Owen Omogiafo, OON	3	√	√	√
4	Mr. Christopher Ezeafulukwe	1	NA	NA	√

√ = Director was present for Meeting

N/A = Not Applicable. Director was not yet appointed to the Board.

x = Director was absent with an apology

Mr. Christopher Ezeafulukwe became a member of the Technical Committee on October 7, 2024

2.6.2. Finance and General Purpose Committee

The Finance and General Purpose Committee (F&GPC) has primary responsibility for providing oversight and guidance on matters that relate to finance, investment, company performance and strategy and governance. The Terms of Reference of the Committee include:

- (i) Advising the Board on all matters relating to finance, procurement, general purposes and financial arrangements.
- (ii) Ensuring that adequate and comprehensive financial controls are in place and implemented in line with Financial Regulations.
- (iii) Advising on the appointment of the Auditors and on matters arising from the audit.
- (iv) Considering and recommending annual estimates of income and expenditure to the Board
- (v) Monitoring income and expenditure against yearly estimates.
- (vi) Requesting and receiving reports from other Committees on any matter having a financial implication
- (vii) Contributing to and reviewing financial planning as part of the strategic and business planning process
- (viii) Monitoring and recommending actions in relation to debtors.
- (ix) Monitoring and advising on staffing arrangements and budgets.

Finance and General-Purpose Committee members as at December 31, 2024 are:

s/n	Director	Designation
1	Dr. (Mrs.) Owen Omogiafo, OON	Chairman
2	Mr. Vincent Ozoude	Member
3	Mr. Emmanuel Nnorom	Member
4	Mr. Ayodeji Gbeleyi	Member
5	Mr. Christopher Ezeafulukwe	Member

Corporate Governance Report (cont'd)

2.6.2. Finance and General Purpose Committee (cont'd)

The F&GP met three (3) times in the year under review. The table below shows the meeting dates and members' attendance in 2024:

s/n	Director	Total Attendance	7-Feb	24-Jul	7-Nov
1	Dr. (Mrs.) Owen Omogiafo, OON	3	√	√	√
2	Mr. Vincent Ozoude	3	√	√	√
3	Mr. Emmanuel Nnorom	3	√	√	√
4	Mr. Ayodeji Gbeleyi	1	NA	NA	√
5	Mr. Christopher Ezeafulukwe	1	NA	NA	√

Key

√= Director was present for Meeting

x= Director was absent with an apology

N/A = Not Applicable. Director was not yet appointed to the Board.

*Mr. Christopher Ezeafulukwe became a member of the Finance and General Purpose Committee on November 7, 2024 and

Mr. Ayodeji Gbeleyi became a member of the Finance and General Purpose Committee On November 7 2024

The meeting held on February 7, 2024 was a Joint Meeting of the Finance and General Purpose Committee and Board Audit and Governance Committee

2.6.3. Board Audit and Governance Committee

The Board Audit and Governance Committee is responsible for audit, remuneration, nomination and governance. Its Terms of Reference include:

- (i) Advising the Board on all matters relating to finance, procurement, general purposes, staffing policy and establishing procedures for the nomination of Directors
- (ii) Advising and recommending to the Board the composition of the Board
- (iii) Approving recruitments, promotions, redeployments, and disengagements for the Company/Heads of departments that make up the Executive Management Committee.
- (iv) Reviewing and evaluating the skills of members of the Board
- (v) Recommending to the Board, compensation for all staff of the Company
- (vi) Advising the Board on corporate governance standards and policies
- (vii) Reviewing and approving all human resources and governance policies for the Company
- (viii) Reviewing and recommending to the Board and Shareholders any changes to the Memorandum and Articles of Association
- (ix) Evaluating and appraising the performance of the Board and Board Committees and its members annually in conjunction with consultants
- (x) Monitoring other aspects of activities of the Company including internal targets, health, and safety.

Corporate Governance Report (cont'd)

2.6.3. Board Audit and Governance Committee (cont'd)

- (xi) Evaluating the adequacy of internal audits and internal controls that could significantly affect the Company's financial statements and special audit steps adopted in the event of significant control deficiencies, if any, including those reported by internal audit.
- (xii) Having oversight of the assessment of risk and actions taken to minimize risk.

Board Audit and Governance Committee (BAGC) members as at year ended December 31, 2024 are:

s/n	Director	Designation
1	Mr. Emmanuel Nnorom	Chairman
2	Dr. (Mrs.) Owen D. Omogiafo, OON	Member
3	Mr. Peter Ikenga	Member

The BAGC met three (3) times in the year under review. The table below shows the meeting dates and members' attendance in 2024:

s/n	Director	Total Attendance	7-Feb	26-Jul	11-Nov
1	Mr. Emmanuel Nnorom	3	√	√	√
2	Dr. (Mrs.) Owen D. Omogiafo, OON	3	√	√	√
3	Mr. Peter Ikenga	3	√	√	√

Key

√= Director was present for Meeting

x= Director was absent with an apology

N/A = Not Applicable. Director was not yet appointed to the Board.

The meeting held on February 7, 2024 was a Joint Meeting of the Finance and General Purpose Committee and Board Audit and Governance Committee

2.6.5 Executive Management Committee

The Executive Management Committee (EMC) is primarily responsible for making decisions that ensure the effective and efficient management of the Company. Below are other specific functions of the EMC:

- i. Articulate the strategy of the Company and recommend same to the Board for approval.
- ii. Discuss strategic matters and their impact on the Company's business.
- iii. Recommend to the Board the framework or policy for investment; and monitor the implementation of investment procedures.
- iv. In line with Board approvals and guidance, outline the Company's philosophy, policy, objectives and resultant tasks to be accomplished.
- v. Recommend to the Board, structures and systems through which activities are arranged, defined and coordinated in terms of specific objectives.
- vi. Prepare an annual financial plan for the approval of the Board and ensure the achievement of set objectives.

Corporate Governance Report (cont'd)

3. Directors' Remuneration Policy

The Board's remuneration policy is designed to align with the Company's operating environment and performance outcomes. The policy is periodically reviewed to reflect economic realities. For 2024, the policy includes the following:

Non- Executive Directors

Annual Fees & Allowances

During the financial year 2024, Non-Executive Directors earned N3,500,000 as Directors' fees annually while the Chairman earned N4,150,000, various components of remuneration are payable quarterly, half-yearly or annually.

Board Meetings

During the 2024 financial year, Non-Executive Directors earned N300,000 sitting allowances per meeting while the Chairman earned N350,000, Transport costs and hotel expenses were reimbursed where applicable.

Board Committee Meetings

During the 2024 financial year, Non-Executive Directors earned N300,000 sitting allowances per meeting, while the Chairman earned N350,000. Transport costs and hotel expenses were reimbursed where applicable.

Executive Directors

The remuneration policy for executive directors includes the following:

Fixed remuneration: considering the level of responsibility, and ensuring this remuneration is competitive with remuneration paid for equivalent posts of equivalent status within the industry both within and outside Nigeria.

Variable annual remuneration linked to performance: The amount of this remuneration is subject to achieving specific, quantifiable and measurable Key Performance Indicators set and appraised annually by the Parent and Company Boards.

4. Clawback Policy

The Company has a clawback policy to recover performance bonus payments from executive management and employees if necessary.

5. Human Resource Policies and Internal Management Structure

The Human Resources Policy outlines benefits for eligible employees and ensures compliance with relevant labor laws, regulations, and best practices. The Company also maintains an internal control system to uphold these standards.

6. Independent Auditors

The firm of Deloitte & Touche has served as the Independent Auditors of the Company for four years. In compliance with the Company's and Allied Matters Act 2020. Deloitte & Touche has expressed their willingness to continue for another term, subject to shareholders' approval of their remuneration at the Annual General Meeting.

Corporate Governance Report (cont'd)

8. Risk Management Framework

Details of the Company's risk management framework are disclosed in Note 5 of the financial statements.

9. Fines & Penalties

The Company did not incur any fines or penalties during the year under review.

10. Statement of Compliance

The Company carried out its Corporate Governance practices in line with the Nigerian Code of Corporate Governance 2018.

11. Relationship with Shareholders

The Company values its relationships with shareholders and recognizes the importance of continuous engagement. These interactions have been mutually beneficial, and the Company welcomes further contributions at the Annual General Meeting. The Company remains committed to upholding shareholder rights.

12. Code of Conduct & Business Ethics

The Code of Conduct & Business Ethics provides general guidance and complements other policies and procedures of the Company regarding ethics and acceptable conduct in the organization. The Code clearly defines parameters of acceptable principles and standards in which Directors and employees are expected to conduct themselves in undertaking the business of the Company.

13. Communications Policy

The Communications Policy governs how information is communicated within Transcorp Power Plc and how the Company's representatives may communicate with outside parties. The Policy defines who "outside parties" are and applies to all Transcorp Power Plc's employees, directors, officers, consultants and contractors.

14. Internal Control/Audit

The entire staff and Management of Afam Power Plc take ownership and responsibility for protecting the Company against fraudulent transactions. The Control unit takes responsibility for ensuring and promoting compliance with statutory and regulatory requirements, as well as with internal policies approved by the Board. The primary functions of Internal Audit are to review transactions entered into by the Company to ensure completeness, compliance and accuracy. Internal Audit also provides assurance to the Board and Management that internal control processes are in place and adequate. The Head of Internal Control/Audit reports directly to the Board through the Audit and Governance Committee.

15. Environmental, Social, and Governance Policy

This Policy covers the environmental and social dimensions of sustainable development which the Company recognises as part of good business and is applicable to all our organizational units as well as the operational locations where it carries out business. The Company is committed to sustainable development, in its day-to-day activities including Stakeholder Engagement, Corporate Governance, Preserving the Environment, Employee related matters, Vendors Engagement and Supplies, Safety, Health and Environment Management, Community Investment and Corporate Social Responsibility, and Ethics and Whistle Blowing.

Corporate Governance Report (cont'd)

15. Environmental, Social, and Governance Policy (cont'd)

In addition, Afam Power Plc is committed to achieving the highest standards in Health, Safety and Environment (HSE) Policy management, maintaining a healthy and safe working environment throughout its operations for all its employees, consultants, sub-consultants and other third parties, ensuring compliance and prevention of loss of any life, equipment or property. Recognizing our need to provide the highest quality of services, we proactively integrate the Health, Safety and Environment objectives into our management systems at all levels, actively reinforced by rewards and recognition programs.

In view of the above, the Company's Board and Management implement as follows:

- i. Allocate all necessary resources to achieve set goals.
- ii. Provide and maintain safe and healthy working conditions in compliance with all statutory and regulatory requirements.
- iii. Make available all necessary safety devices, protective equipment and supervision of usage.
- iv. Maintain constant and continued interest in the Company's health and safety matters, by ensuring employees undertake hazard spotting as a normal part of their duties.
- v. Provide appropriate training to enable employees to perform their work safely and efficiently.
- vi. Mandate the use of protective equipment provided as and when required.
- vii. Adherence to our Company's procedures for minimizing the environmental effects of its activities.
- viii. Investigate accidents with the aim of preventing their re-occurrence.
- ix. Minimize waste through re-use and recycling where applicable.
- x. Suspending any activity if the employee or consultant notices any unsafe situation.
- xi. Report any damaged equipment, or accidents, to the responsible departmental head.

All employees of Afam Power Plc at all times understand their specific responsibilities for Health, Safety and Environment within the organization.

By Order of the Board



Atinuke Kolade
Company Secretary
FRC/2019/PRO/NBA/002/00000019306
31 March 2025

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 2024, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act 2020, and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

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 IFRS Accounting Standards 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 2024 were approved by the Directors on 31 March 2025.

On behalf of the Directors of the Company.



Vincent Ozoude
Managing Director/Chief Executive Officer
FRC/2021/PRO/DIR/003/00000023654



Dr. Stanley Lawson
Chairman
FRC/2015/PRO/DIR/003/00000012416

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 have 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) have evaluated the effectiveness of the company's internal controls within 90 days prior to the date of its audited financial statements, and
- (iii) certify 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, summarise and report financial data, and have 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
Managing Director/Chief Executive Officer
FRC/2021/PRO/DIR/003/00000023654

31 March 2025



Olufemi Sami
Chief Financial Officer
FRC/2024/PRO/ICAN/001/339415

31 March 2025

Certification by Company Secretary

In my capacity as Company Secretary, I hereby certify, in terms of the Companies and Allied Matters Act, 2020 that for the year ended 31 December 2024, the Company has lodged all such returns as are required of a company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



Atinuke Kolade
Company Secretary
FRC/2019/PRO/NBA/002/00000019306

31 March 2025

Management's Report on the Assessment of Internal Control Over Financial Reporting

The Management of Afam Power Plc ("Company") is responsible for establishing and maintaining an adequate system of internal control over financial reporting, including safeguarding of assets against unauthorized acquisition, use or disposition. This system is designed to provide reasonable assurance to management and the Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Afam Power Plc's system of internal control over financial reporting is supported with written policies and procedures, contains self-monitoring mechanisms, and is audited by the internal audit function. Appropriate actions are taken by management to correct deficiencies as they are identified. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and, therefore, can provide only reasonable assurance as to the reliability of financial statement preparation and asset safeguarding

In addition, the internal audit function provides its independent assurance on the effectiveness of the internal control over financial transactions by its structured review of Finance activities.

Management has assessed the effectiveness of its internal control over financial reporting as of December 31, 2024. In making this assessment, management used the COSO 2013 "Internal Control –Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of December 31, 2024, the Company's internal control over financial reporting was properly designed and operates effectively. Additionally, based upon management's assessment, the Company determined that there were no material weaknesses in its internal control over financial reporting as of December 31, 2024

The effectiveness of the Company's internal control over financial reporting as of December 31, 2024, has been audited by Deloitte, an independent registered public accounting firm.

Dated this 31 day of March 2025



Vincent Ozoude
Managing Director/Chief Executive Officer
FRC/2021/PRO/DIR/003/00000023654



Olufemi Sami
Chief Financial Officer
FRC/2024/PRO/ICAN/001/339415

Assurance Report of the Independent Auditor

To the Shareholders of Afam Power Plc

Assurance Report on management's assessment of controls over financial reporting

We have performed a limited assurance engagement in respect of the systems of internal control over financial reporting of **Afam Power Plc** ("the Company") as of 31 December 2024, in accordance with the FRC Guidance on assurance engagement report on Internal Control over Financial Reporting and based on criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ("the ICFR framework"). Afam Power Plc's management is responsible for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting including the accompanying Management's Report on Internal Control Over Financial Reporting.

We have also audited, in accordance with the International Standards on Auditing, the financial statements of **the Company**, and our report dated 30 April 2025 expressed *unmodified* opinion.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the *Company* did not establish and maintain an effective system of internal control over financial reporting, as of the specified date, based on FRC Guidance on Management report on Internal Control over Financial Reporting.

Definition of internal control over financial reporting

Internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

- I. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- II. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- III. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Inherent limitations

Our procedures included the examination of historical evidence of the design and implementation of the Company's system of internal control over financial reporting for the year ended 31 December 2024. Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Directors' and Management's Responsibilities

The Directors are responsible for ensuring the integrity of the entity's financial controls and reporting. Management is responsible for establishing and maintaining a system of internal control over financial reporting that provides reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards as issued by the International Accounting Standards and the ICFR framework.

Section 7(2f) of the Financial Reporting Council of Nigeria (Amendment) Act 2023 further requires that management performs an assessment of internal controls, including information system controls. Management is responsible for maintaining evidential matters, including documentation, to provide reasonable support for its assessment of internal control over financial reporting.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Auditor's Responsibility and Approach

Our responsibility is to express a limited assurance opinion on the company's internal control over financial reporting based on our Assurance engagement.

We performed our work in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information (ISAE 3000) revised. That Standard requires that we comply with ethical requirements and plan and perform the limited assurance engagement to obtain limited assurance on whether any matters come to our attention that causes us to believe that the *Company* did not establish and maintain an effective system of internal control over financial reporting in accordance with the ICFR framework.

That Guidance requires that we plan and perform the Assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the Company established and maintained an effective system of internal control over financial reporting.

As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances.

We believe the procedures performed provides a basis for our report on the internal control put in place by management over financial reporting.



Abraham Udenani, FCA – FRC/2013/PRO/ICAN/004/00000000853
Deloitte & Touche
Lagos, Nigeria
30 April 2025



Independent Auditors' 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 7 to 54, which comprise the statement of financial position as at 31 December 2024; and the statement of profit or loss and other comprehensive income; the statement of changes in equity; and the statement of cash flows for the year then ended; and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Afam Power Plc** as at 31 December 2024 and their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board and the requirements of the Companies and Allied Matters Act (CAMA) 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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 IESBA Code and other Ethical requirement that are relevant to our audit of Financial Statement 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 information included in the document titled "**Afam Power Plc** Annual Reports and Accounts for the year ended 31 December 2024", which includes the Directors' Report and Other National Disclosures, 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 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, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies and Allied Matters Act (CAMA) 2020, the Financial Reporting Council of Nigeria (Amendment) Act, 2023 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 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 judgment 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 the directors.
- 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 the directors 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 (CAMA) 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.

In accordance with the requirements of the Financial Reporting Council of Nigeria (Amendment) Act 2023, we performed a limited assurance engagement and reported on management's assessment of the company's internal control over financial reporting as of 31 December 2024. The work performed was done in accordance with **FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting** (this Guidance), and we have issued a report with no exception in our report dated 30 April 2025. That report is included on pages 1 to 3 of the annual report and accounts.

Abraham Udenani, FCA – FRC/2013/PRO/ICAN/004/00000000853
Deloitte & Touche
Lagos, Nigeria
30 April 2025



Statement of Profit or Loss and Other Comprehensive Income

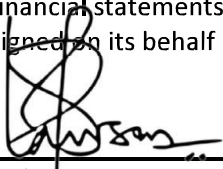
For the year ended 31 December 2024		31 December 2024 N'000	31 December 2023 N'000
	Notes		
Continuing operations			
Revenue from contracts with customers	7	26,735,091	13,411,391
Cost of sales	8	<u>(22,582,451)</u>	<u>(9,475,042)</u>
Gross profit		4,152,640	3,936,349
Other operating income	9	-	3,700
Impairment loss on financial assets	12	(1,146,996)	(365,172)
Administrative expenses	11	<u>(1,790,609)</u>	<u>(2,123,735)</u>
Operating profit		1,215,035	1,451,142
Finance income	10.1	5,730	-
Finance costs	10.2	(2,344,550)	(1,009,244)
Foreign exchange loss	10.3	<u>(1,322,899)</u>	<u>(1,499,062)</u>
Loss before income tax		(2,446,684)	(1,057,164)
Income tax	13	<u>-</u>	<u>-</u>
Loss for the year		<u>(2,446,684)</u>	<u>(1,057,164)</u>
Other comprehensive (loss)/income:			
Total comprehensive loss for the year		<u>(2,446,684)</u>	<u>(1,057,164)</u>
Basic and diluted loss per share (N)	14	<u>(245)</u>	<u>(106)</u>

The notes on pages 11 to 54 are an integral part of these financial statements.

**Statement of Financial Position
As at 31 December 2024**

	Notes	31 December 2024 N'000	31 December 2023 N'000
Assets			
Non-current assets			
Property, plant and equipment	15	52,130,255	49,868,341
Intangible Assets	15b	37,802	43,693
		52,168,057	49,912,034
Current assets			
Inventories	16	1,525,869	1,577,951
Trade and other receivables	17	40,181,218	13,497,460
Cash and cash equivalents	18	56,621	204,706
		41,763,708	15,280,117
Total assets		93,931,765	65,192,151
Equity and liabilities			
Equity			
Share capital	23	5,000	5,000
Other reserves	24	24,737,893	24,737,893
Retained earnings	25	9,650,311	12,096,995
Total equity		34,393,204	36,839,888
Liabilities			
Non-current liabilities			
Deferred tax liabilities		-	-
		-	-
Current liabilities			
Trade and other payables	19	43,956,817	17,579,126
Loans and Borrowings	20.2	15,581,744	10,773,137
		59,538,561	28,352,263
Total liabilities		59,538,561	28,352,263
Total equity and liabilities		93,931,765	65,192,151

The financial statements on pages 7 to 54 were approved by the Board of Directors on 31 March 2025 and signed on its behalf by:


 Dr. Stanley Lawson
 Chairman, Board of Directors
 FRC/2015/PRO/DIR/003/00000012416


 Olufemi Sami
 Chief Financial Officer
 FRC/2024/PRO/ICAN/001/339415


 Vincent Ozoude
 Managing Director/Chief Executive Officer
 FRC/2021/PRO/DIR/003/00000023654

The notes on pages 11 to 54 are an integral part of these financial statements.

Statement of Changes In Equity

	Share capital N'000	Other reserve N'000	Retained earnings (Note 25) N'000	Total N'000
Balance at 1 January 2023	5,000	24,737,893	13,154,159	37,897,052
Loss for the year	-	-	(1,057,164)	(1,057,164)
Total comprehensive income	-	-	(1,057,164)	(1,057,164)
Balance at 31 December 2023	5,000	24,737,893	12,096,995	36,839,888
Balance at 1 January 2024	5,000	24,737,893	12,096,995	36,839,888
Loss for the year	-	-	(2,446,684)	(2,446,684)
Total comprehensive (loss)/income	-	-	(2,446,684)	(2,446,684)
Balance at 31 December 2024	5,000	24,737,893	9,650,311	34,393,204

Statement of Cashflow

For the year ended December 2024		31 December 2024 N'000	31 December 2023 N'000
	Notes		
Cash generated from operations			
Loss before tax		(2,446,684)	(1,057,164)
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	15	1,220,085	1,216,261
Amortisation of On-Grid Licences	15b	5,891	5,891
Interest income	10	(5,730)	-
Interest expense	10	2,344,550	1,009,244
Impairment allowance on financial assets	12	1,146,996	365,172
Working capital adjustments:			
Increase in trade and other receivables		(27,830,754)	(5,655,686)
(Increased)/Decrease in inventories		52,082	(1,089,799)
Increase in trade and other payables		26,377,691	3,923,168
Cash flows from /(used in) operating activities		864,127	(1,282,913)
Tax paid		-	-
Net cash flows from operating activities		864,127	(1,282,913)
Investing activities			
Interest Income	10	5,730	-
Purchase of property, plant and equipment	15	(3,482,000)	(4,064,268)
Net cash used in investing activities		(3,476,270)	(4,064,268)
Financing activities			
Proceed from Intercompany borrowing	21.2	4,540,000	4,824,293
Repayments of Intercompany borrowings - Principal	21.2	(1,966,656)	-
Repayments of Intercompany borrowings - Interest	21.2	(109,286)	-
Net cash inflow from financing activities		2,464,058	4,824,293
Net decrease in cash and cash equivalents		(148,085)	(522,888)
Cash and cash equivalents at the beginning of the year		204,706	727,594
Cash and cash equivalents at the end of the year	18	56,621	204,706

The notes on pages 11 to 54 are an integral part of these financial statements.

Notes to the Financial Statements

1 General information

Afam Power Plc 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.

The company's principal activity is the generation and sales 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 IFRS Accounting Standards and interpretations issued by the International Accounting Standard Board (IASB) and in the manner required by the Companies and Allied Matters Act (CAMA) 2020 and the Financial Reporting Council of Nigeria(Amendment) Act 2023. 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 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 2024 to 31 December 2024, with comparative figures for the financial year ended 31 December 2023.

1.3 Going Concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the company will continue in operational existence for the foreseeable future. Although, there are going concern factors affecting the entity, supports from the Parent company and assurance to continue to fund the company has helped to manage working capital deficiencies and recurring losses over the last two years. Thus, they continue to adopt the going concern basis of accounting in preparing financial statements.

1.4 Composition of financial statements

The financial statements are drawn up in Naira, the functional currency of Afam Power Plc.

The financial statements are prepared in accordance with IFRS Accounting Standards (IFRS) and 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

Notes to the Financial Statements

2 Application of new and revised International Financial Reporting Standards (IFRS)

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 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

Notes to the Financial Statements

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

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements (cont'd)

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements.
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers.
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement.
- Liquidity risk information

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

Notes to the Financial Statements

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

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective. They are listed below:

1. Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates effective January 1, 2025
2. Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures effective January 1, 2026
3. Annual Improvements to IFRS Accounting Standards – Amendments to:
 - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
 - IFRS 10 Consolidated Financial Statements; and
 - IAS 7 Statement of Cash flows. effective January 1, 2026
4. IFRS 18 Presentation and Disclosure in Financial Statements. effective January 1, 2027
5. IFRS 19 Subsidiaries without Public Accountability: Disclosures. effective January 1, 2027"

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

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates effective January 1, 2025

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. However, in rare cases, it is possible that one currency cannot be exchanged into another. This lack of exchangeability might arise when a government imposes controls on capital imports and exports, for example, or when it provides an official exchange rate but limits the volume of foreign currency transactions that can be undertaken at that rate. Consequently, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

The nature and financial impacts of the currency not being exchangeable;
The spot exchange rate used;
The estimation process; and
Risks to the company because the currency is not exchangeable.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures effective January 1, 2026

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

Notes to the Financial Statements

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

Other annual Improvements to IFRS Accounting Standards – Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

The IASB's amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price – e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15.

Other amendments include derecognising lease liabilities

If a lease liability is derecognised, then the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the modification is accounted for under IFRS 16 Leases.

The IASB's amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss. However, the amendment does not address how to distinguish between derecognition and modification of a lease liability. The IASB has indicated that it may consider this issue as part of a future project.

IFRS 18 Presentation and Disclosure in Financial Statements effective January 1, 2027

IFRS 18 replaces IAS 1 Presentation of Financial Statements. and IFRS 18 defines management performance measures (MPMs); these measures are currently commonly known as non-GAAP measures, alternative performance measures (APMs) or key performance indicators (KPIs).

IFRS 18 affects all companies, bringing significant changes to how you present your income statement and what information you need to disclose, and making certain 'non-GAAP' measures part of your audited financial statements for the first time. You'll see three new categories of income and expenses, two defined income statement subtotals and one single note on management-defined performance measures.

To provide investors with better insight into financial performance, the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether material information is included in the primary financial statements or is further disaggregated in the notes.

Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.

IFRS 19 Subsidiaries without Public Accountability: Disclosures effective January 1, 2027

The IASB intends to update IFRS 19 on an ongoing basis as new or amended disclosure requirements in IFRS Accounting Standards are issued.

Because of the timing of IFRS 19's publication, disclosure requirements in new or amended IFRS Accounting Standards issued between 28 February 2021 and May 2024 were included in IFRS 19 without reductions. The IASB issued a 'catch-up' exposure draft in July 2024 to consult on reducing the disclosure requirements for the relevant standards issued in this period, most notably IFRS 18 Presentation and Disclosure in Financial Statements.

Notes to the Financial Statements

3 Material accounting policies

3.1 Accounting principles and policies

Pursuant to the accrual basis of accounting followed by Afam Power Plc., the financial statements reflect the effects of transactions and other events when they occur. Assets and liabilities such as property, plant and equipment and intangible assets are measured at cost. Financial assets and liabilities are usually measured at fair values.

3.2 Summary of material accounting policies

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 realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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.

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
- It does not have the right at the end of the reporting period to defer 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 and sales of electric power.

Revenue from contracts with customers is recognised 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.

Revenue is earned overtime in line with the continuous generation of power from the company's generating plant.

Notes to the Financial Statements

3.2 Summary of material accounting policies (cont'd)

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

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 customising, other promised goods or services in the contract

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

Contract for the sale of electric power begins when the energy is generated, sent to the grid and control transfers to the transmission company then revenue is recognised per the energy generated and transmitted to the grid 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.

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.

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).

Notes to the Financial Statements

3.2 Summary of material accounting policies (cont'd)

c) **Current and deferred tax**

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

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 recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised 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 recognised 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.

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 assets 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 realised. 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.

Notes to the Financial Statements

3.2 Summary of material accounting policies (cont'd)

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'). 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 recognised in profit or loss as either foreign exchange loss or foreign exchange gain.

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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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 recognises 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 (Capital work 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.

Notes to the Financial Statements

3.2 Summary of material accounting policies (cont'd)

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be 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 recognised 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:

Leasehold buildings	2%
Plant and machinery - Turbines	2.5%
Furniture and fittings	20%
Computer equipment	10%
Motor vehicles	20%

The Company allocates the amount initially recognised 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 derecognised when replaced. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate.

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 recognised in other income or expense - net in the Statement of profit or loss for the period.

f) Intangible assets

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

Notes to the Financial Statements

3.2 Summary of material accounting policies (cont'd)

f) Intangible assets (cont'd)

- the directors intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

g) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 computed 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.

h) 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. capitalised) 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 capitalisation. All other borrowing costs are recognised 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 capitalised.

Notes to the Financial Statements

3.2 Summary of material accounting policies (cont'd)

i) **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.

i) **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 amortised 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 recognised 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 amortised 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

3.2 Summary of material accounting policies (cont'd)

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

ii) Subsequent measurement (cont'd)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised 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 amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
- The Company's financial assets at amortised cost include 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 derecognised (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 recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises 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

Notes to the Financial Statements

3.2 Summary of material accounting policies (cont'd)

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

ii) Subsequent measurement (cont'd)

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.

Impairment of financial assets

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

- Disclosures for significant assumptions (Note 3.3.1)
- Trade receivables

The Company recognises 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 recognised 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 recognises 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 amortised 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;

Notes to the Financial Statements

3.2 Summary of material accounting policies (cont'd)

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

ii) Subsequent measurement (cont'd)

Impairment of financial assets (cont'd)

- 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.

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.

The financial asset is considered default after 90 days given the history of customers payment, the payment process from the customers and the company considers that the timeline is adequate.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The company's write off policy clearly states that once there is no reasonable expectation of recovering the contractual cash flows, such financial assets should be written off the books. The rationale of reasonable expectation is once the customer has informed of its inability to pay given the obvious reasons around liquidity and business going concern of the customer.

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 recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Notes to the Financial Statements

3.2 Summary of material accounting policies (cont'd)

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

ii) Financial liabilities (cont'd)

Initial recognition and measurement (cont'd)

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 recognised 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.

Loans and borrowings

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

Amortised 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 amortisation 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 21.2

Derecognition

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

Notes to the Financial Statements

3.2 Summary of material accounting policies (cont'd)

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

ii) Financial liabilities (cont'd)

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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j) Inventories

Inventory is stated at a lower cost and net realisable 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 realisable value. Any write down of inventory to net realisable value is recognised in the statement of profit or loss. Inventories are stated at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

k) 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.

l) Provisions

Provisions are recognised 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 recognised 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 recognised as a finance cost. Provisions are not recognised for future operating losses.

Notes to the Financial Statements

3.2 Summary of material accounting policies (cont'd)

m) 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised 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 categorisation (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 summarised below:

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

n) Dividend distribution

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

Notes to the Financial Statements

3.2 Summary of material accounting policies (cont'd)

o) 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.

3.3 Significant accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in Note 3, 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 recognised 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.

3.3.1 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 recognised in the financial statements.

Determining the timing of satisfaction

The company concluded that revenue from energy and capacity charge will be recognised 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 recognises 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.

Notes to the Financial Statements

3.3.2 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.

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 companying 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 historically observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The 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 15 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 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 |

Notes to the Financial Statements

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 maximise 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.

	31 December 2024 N'000	31 December 2023 N'000
Interest-bearing loans and borrowings	15,581,744	10,773,137
Less: cash and cash equivalent (Note 19)	<u>(56,621)</u>	<u>(204,706)</u>
Net debt	15,525,123	10,568,431
Total capital: Equity	<u>34,393,204</u>	<u>36,839,888</u>
Capital and net debt	<u>49,918,327</u>	<u>47,408,319</u>
Gearing ratio	31%	22%

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 analyse 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.

Notes to the Financial Statements

5.1 Financial risk factors

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise 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.

(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.

Notes to the Financial Statements

5.1 Financial risk factors (cont'd)

(b) 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.

Credit 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.

(c) 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 19) 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.

(i) 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.

Notes to the Financial Statements

5.1 Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

(ii) Impairment of trade receivables

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 For trade receivables, the Company applied the simplified approach in computing ECL. Therefore, the Company does not track changes in credit risk, but instead recognises 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)

(ii) 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 2024		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	>360 days	Total		
Expected credit loss rate		0.00%	0.00%	2.61%	3.01%	3.56%	4.01%	5.78%			
Estimated total gross		9,558,812	837,232	3,717,048	5,289,038	314,425	6,408,719	8,250,807	34,376,080		
Expected credit loss		85,073	16,828	97,015	159,200	11,194	375,126	793,588	1,538,024		
As at 31 December 2023		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	>360 days	Total		
Expected credit loss rate		0.00%	0.00%	3.40%	3.46%	3.46%	5.88%	5.83%			
Estimated total gross		3,156,289	1,062,925	1,031,776	252,170	3,901	1,795,406	4,979,377	12,281,844		
Expected credit loss		-	-	35,071	8,718	135	105,544	290,412	439,880		

Notes to the Financial Statements

5.1 Financial risk factors (cont'd)

(b) Liquidity risk (cont'd)

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

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

<i>In thousands of Naira</i>	2024	2023
Balance as at 1 January	439,880	74,708
Allowance for expected credit losses (Note 12)	<u>1,146,996</u>	<u>365,172</u>
Balance at 31 December	<u>1,586,876</u>	<u>439,880</u>

Included in the 2024 expected credit losses above is N48.9 million, in relation to impairment of intercompany receivable (2023: nil).

(iii) 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 recognises 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 recognised 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.

Notes to the Financial Statements

5.1 Financial risk factors (cont'd)

(b) Liquidity risk (cont'd)

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

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.

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 2024.

Notes to the Financial Statements

5.1 Financial risk factors (cont'd)

(b) 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.

31 December 2024	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	12,882,475	12,891,268	22,876,368	-	-	48,650,111
Borrowings	417,588	2,166,862	12,983,593	-	-	15,568,043
	13,300,063	15,058,130	35,859,961	-	-	64,218,154
31 December 2023	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	2,026,132	6,371,922	9,181,072	-	-	17,579,126
Borrowings	729,660	3,896,756	6,146,721	-	-	10,773,137
	2,755,792	10,268,678	15,327,793	-	-	28,352,263

Notes to the Financial Statements

6 Financial instruments and fair values

6.1 Measurement categories

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

- (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

	Carrying Amount		Fair Amount	
	2024	2023	2024	2023
	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	<u>15,581,744</u>	<u>10,773,137</u>	<u>15,581,744</u>	<u>10,773,137</u>

The management assessed that the fair values of cash and bank balances, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

6.2 Fair value measurement

Fair value measurement hierarchy for liabilities as at 31 December 2024:

Liabilities for which fair values are disclosed

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings:	31-Dec-24	15,581,744	-	15,581,744	-
Interest-bearing loans and borrowings:	31-Dec-23	10,773,137	-	10,773,137	-

The fair value of the instruments classified as Level 2 (see above) was calculated using the discounted cash flow method. 3-month LIBOR rate was used for discounting future cash flows. There were no financial instruments that are measured at amortized cost and the fair value disclosed was classified as Level 3 either in current year or in prior year.

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 2024 N'000	31 December 2023 N'000
Capacity charge	4,775,661	3,690,565
Energy delivered	<u>21,959,430</u>	<u>9,720,826</u>
Total revenue from contracts with customers	<u>26,735,091</u>	<u>13,411,391</u>
Timing of revenue recognition		
Services transferred over time and during the year	<u>26,735,091</u>	<u>13,411,391</u>
Total revenue from contracts with customers	<u>26,735,091</u>	<u>13,411,391</u>
Revenue generated from:		
Local customers	26,735,091	13,411,391
International customers	<u>-</u>	<u>-</u>
Total revenue from contracts with customers	<u>26,735,091</u>	<u>13,411,391</u>

		31 December 2024 N'000	31 December 2023 N'000
8 Cost of sales			
Natural gas and fuel costs		19,631,397	7,886,609
Staff Cost		504,909	537,958
Repairs and maintenance		679,299	372,082
Depreciation	(Note 11.1)	1,106,447	1,106,043
Amortisation	(Note 11.1)	5,891	5,891
Insurance		377,750	180,616
Other direct expenses		276,758	314,685
Inventory write-down provision written back		<u>-</u>	<u>(928,842)</u>
Total cost of sales		<u>22,582,451</u>	<u>9,475,045</u>

Inventory write-down provision carried forward from prior years amounting to N929 million was written back in 2023 as provision no longer required.

Notes to the Financial Statements

	31 December 2024 N'000	31 December 2023 N'000
9 Other operating income		
Other income	<u>-</u>	<u>3,700</u>
	<u><u>-</u></u>	<u><u>3,700</u></u>

Other income in the prior year represents a 50% refund from Industrial Training Fund (ITF) received in the year. The refund for the year is yet to be received.

	31 December 2024 N'000	31 December 2023 N'000
10 Finance income/(costs)		
10.1 Finance income		
Interest income	<u>5,730</u>	<u>-</u>
	<u><u>5,730</u></u>	<u><u>-</u></u>
10.2 Finance costs		
Interest expense on loans	<u>(2,344,550)</u>	<u>(1,009,244)</u>
	<u><u>(2,344,550)</u></u>	<u><u>(1,009,244)</u></u>
Net finance cost	<u><u>(2,338,820)</u></u>	<u><u>(1,009,244)</u></u>

Interest expense on intercompany loan relates to accrued interest expense on intercompany loans.

	31 December 2024 N'000	31 December 2023 N'000
10.3 Foreign exchange loss		
Foreign Exchange loss in the ordinary course of business	<u>(1,322,899)</u>	<u>(1,499,062)</u>
	<u><u>(1,322,899)</u></u>	<u><u>(1,499,062)</u></u>

Notes to the Financial Statements

		31 December 2024 N'000	31 December 2023 N'000
11	Administrative expenses		
	Auditors' remuneration	43,891	34,938
	Bank charges	7,863	13,535
	Depreciation (Note 11.1)	113,639	110,218
	Directors remuneration	127,300	95,050
	Insurance	7,459	6,524
	Management fees	376,250	376,250
	Other operating expenses	101,717	33,920
	Community Related Expense	13,219	31,337
	IT Expenses	45,990	51,495
	Public Relations	48,823	84,055
	Postage & Stationeries	13,591	22,306
	Medical Expenses	100,125	169,200
	Professional fees	123,375	209,981
	Repairs and maintenance	55,918	96,329
	Security services	82,823	127,007
	Staff costs	442,785	561,324
	Subscriptions and fees	10,200	22,188
	Travel and accommodation	<u>75,641</u>	<u>78,078</u>
		<u>1,790,609</u>	<u>2,123,738</u>

Included in staff cost is N232 million (2023: N226 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.

Deloitte rendered both audit and internal control over financial reporting service to the company during the year. They were paid N40.8 million and N6.5 million respectively.(2023: only audit service was rendered at N32.5 million). No other services were performed by Deloitte.

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

		31 December 2024 N'000	31 December 2023 N'000
	Depreciation- Cost of sales (Note 8)	1,106,447	1,106,043
	Depreciation- Administrative expenses (Note 11)	<u>113,639</u>	<u>110,218</u>
	Total depreciation expense (Note 15)	<u>1,220,086</u>	<u>1,216,261</u>
	Amortisation- Cost of sales (Note 8)	<u>5,891</u>	<u>5,891</u>
	Total amortisation expense (Note 15b)	<u>5,891</u>	<u>5,891</u>

Notes to the Financial Statements

	31 December 2024 N'000	31 December 2023 N'000
12 Impairment loss on financial assets		
Trade receivables (Note 5.1)	1,098,144	365,172
Due from related companies (Note 19.2)	<u>48,852</u>	<u> </u>
Total impairment loss on financial assets	<u>1,146,996</u>	<u>365,172</u>

13 Income tax

The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

	31 December 2024 N'000	31 December 2023 N'000
Current income tax	<u>-</u>	<u>-</u>
Education tax	<u>-</u>	<u>-</u>
Income tax expense/(credit) reported in the statement of profit or loss	<u>-</u>	<u>-</u>

The Company qualified for and was granted the Pioneer Status Incentive (PSI) by the Nigerian Investment Promotion Commission (NIPC) under the Industrial Development (Income Tax Relief) Act for an initial period of three year in line with the Act. The first three years of the incentive expired in December 2023 and the company has now applied for the 2-year extension for 2024 and 2025, in line with the provisions of the Act. The extension application is being processed and will be issued after the physical inspection is conducted as confirmed officially by the NIPC. In line with the opinion of the professional advisers and based on the legitimate expectation , the Directors believe that the extension will be granted. Based on this, no current tax expense is recognised in the year.

Notes to the Financial Statements

13.1 Deferred tax assets

	31 December 2024 N'000	31 December 2023 N'000
Deferred tax relates to the following:		
Statement of financial position		
Accelerated depreciation for tax purposes	9,075,694	6,259,282
Expected credit losses of debt financial assets	(965,888)	(749,021)
Losses available for offsetting against future taxable income	<u>(8,109,806)</u>	<u>(5,510,261)</u>
Net deferred tax assets	<u>-</u>	<u>-</u>
Statement of profit or loss		
Accelerated depreciation for tax purposes	2,816,413	6,259,282
Expected credit losses of debt financial assets	(216,868)	(749,021)
Losses available for offsetting against future taxable income	<u>(2,599,545)</u>	<u>(5,510,261)</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 would have had a deferred tax asset of N3,986million (2022: N614million), but given it was granted a pioneer status by the NIPC, this was not recognized in the year.

14 Basic and diluted loss 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 2024	31 December 2023
Loss for the year attributable to shareholders (in ₦'000)	<u>(2,446,684)</u>	<u>(1,057,164)</u>
Weighted average number of shares in issue ('000)	<u>10,000</u>	<u>10,000</u>
Basic loss per share (₦)	<u>(245)</u>	<u>(106)</u>

The denominator for the purpose of calculating basic loss 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 authorisation 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	Capital work in progress N'000	Total N'000
Cost								
1 January 2023	1,784,600	2,767,329	67,457	30,156,064	153,804	91,980	13,607,326	48,628,560
Additions	-	1,102	2,266	925	-	35,945	4,024,030	4,064,268
Reclassification	-	-	-	12,630,492	-	-	(12,630,492)	-
31 December 2023	<u>1,784,600</u>	<u>2,768,431</u>	<u>69,723</u>	<u>42,787,481</u>	<u>153,804</u>	<u>127,925</u>	<u>5,000,864</u>	<u>52,692,825</u>
1 January 2024	1,784,600	2,768,431	69,723	42,787,481	153,804	127,925	5,000,864	52,692,828
Additions	-	-	419	-	-	6,031	3,475,550	3,482,000
31 December 2024	<u>1,784,600</u>	<u>2,768,431</u>	<u>70,142</u>	<u>42,787,481</u>	<u>153,804</u>	<u>133,956</u>	<u>8,476,413</u>	<u>56,174,825</u>
Accumulated depreciation								
1 January 2023	-	101,194	20,699	1,420,011	39,318	27,004	-	1,608,226
Depreciation for the year	-	55,350	13,680	1,092,097	30,765	24,369	-	1,216,261
31 December 2023	-	<u>156,544</u>	<u>34,379</u>	<u>2,512,108</u>	<u>70,083</u>	<u>51,373</u>	-	<u>2,824,487</u>
1 January 2024	-	156,544	34,379	2,512,108	70,083	51,373	-	2,824,487
Depreciation for the year	-	55,369	14,014	1,092,166	30,765	27,771	-	1,220,085
31 December 2024	-	<u>211,913</u>	<u>48,393</u>	<u>3,604,274</u>	<u>100,848</u>	<u>79,144</u>	-	<u>4,044,571</u>
Carrying amounts								
At 31 December 2023	<u>1,784,600</u>	<u>2,611,886</u>	<u>35,344</u>	<u>40,275,373</u>	<u>83,721</u>	<u>76,552</u>	<u>5,000,864</u>	<u>49,868,341</u>
At 31 December 2024	<u>1,784,600</u>	<u>2,556,518</u>	<u>21,749</u>	<u>39,183,207</u>	<u>52,956</u>	<u>54,812</u>	<u>8,476,413</u>	<u>52,130,255</u>

Notes to the Financial Statements

15 Property, plant and equipment (cont'd)

15.1 Upon indication of impairment, the plant and machinery were assessed and tested for impairment and none of them was impaired. In arriving at the conclusion that none of the plant and machinery was impaired, the company engaged the services of a professional valuer, Jide Taiwo & Co (FRC No. FRC/2012/00000000254), to determine the fair value. The partner in charge of the valuation was Umoru Yakubu Ayiegbeni (FRC No.: FRC/2014/NIESV/00000008842). The valuer considered the following:

- a short time period for the consummation of a sales.
- the assets are subjected to market conditions prevailing as of the date of valuation or assumed timescale within which the transaction is to be completed.
- both the buyer and the seller are acting prudently and knowledgeably.
- the seller is under compulsion to sell.
- the buyer is typically motivated.
- both parties are acting in what they consider their best interests.

The capital work-in-progress (CWIP) represents capital expenditure on the ongoing Afam V Gas Turbine - GT19 rehabilitation project. In 2023, N12.6bn was reclassified from CWIP to plant and machinery, being GT20 rehabilitating cost.

15.2 Management has disclosed at the reporting date that the Company's assets are not pledged as security for any transactions or facilities.

15b Intangible asset	On-Grid Licence N'000
Cost	
1 January 2023	58,912
Additions	-
31 December 2023	58,912
1 January 2024	58,912
Additions	-
31 December 2024	58,912
Accumulated Amortisation	
1 January 2023	9,328
Amortisation charge for the year	5,891
31 December 2023	15,219
1 January 2024	15,219
Amortisation charge for the year	5,891
31 December 2024	21,110
Carrying amounts	
At 31 December 2023	43,693
At 31 December 2024	37,802

Notes to the Financial Statements

15b Intangible asset

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 Inventories	31 December 2024 N'000	31 December 2023 N'000
General stores	1,517,710	1,565,634
Stationery	5,373	5,974
Lubricant	<u>2,786</u>	<u>6,341</u>
	<u>1,525,869</u>	<u>1,577,951</u>

General stores, Stationery and Lubricants are carried as inventory and recognised in profit or loss when consumed. The cost of inventories recognised as an expense and included in repairs and maintenance within 'cost of sales' amounted to N437 million (2024: N305 million).

17 Trade and other receivables		31 December 2024 N'000	31 December 2023 N'000
Trade receivables	(Note 18.1)	32,538,886	11,542,794
Other receivables		877,478	896,842
Prepayments*		26,933	113,883
Due from related companies	(Note 18.2)	<u>6,737,921</u>	<u>943,941</u>
		<u>40,181,218</u>	<u>13,497,460</u>

*Prepayments and other assets includes prepaid insurance, Information technology subscription and maintenance fees.

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

18.1 Trade receivables		31 December 2024 N'000	31 December 2023 N'000
Trade receivables		34,376,080	12,281,844
Less:			
Allowance for impairment loss on trade receivables (Note 5.1)		(1,538,024)	(439,880)
Liquidated Damages		<u>(299,170)</u>	<u>(299,170)</u>
		<u>32,538,886</u>	<u>11,542,794</u>
18.2 Due from related companies			
Receivables from related parties	(Note 22)	6,786,773	943,941
Less: allowance for impairment loss	(Note 5.1 iv)	(48,852)	-

6,737,921 **943,941**

Notes to the Financial Statements

18	Cash and cash equivalents	31 December 2024 N'000	31 December 2023 N'000
	Cash in hand	4	244
	Cash at bank	<u>56,617</u>	<u>204,462</u>
	Cash and cash equivalents	<u>56,621</u>	<u>204,706</u>

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

19	Trade and other payables	31 December 2024 N'000	31 December 2023 N'000
	Trade payables	31,140,081	9,652,612
	Other payables	8,647,831	4,740,088
	Due to related parties (Note 22)	3,738,261	3,066,943
	Other accruals	375,248	103,681
	ITF	12,553	9,302
	Stamp Duty	666	217
	Withholding tax	<u>42,177</u>	<u>6,283</u>
		<u>43,956,817</u>	<u>17,579,126</u>

Included in trade payables is N9,471 million (2023: N4,109 million) owed to Heirs Energies Limited for gas supplied. The other payables of N8,647 million (2023: N4,740 million) represents amounts owed to non-trade vendors including the various project contractors.

20	Financial assets and financial liabilities	31 December 2024 N'000	31 December 2023 N'000
20.1	Financial assets		
	Debt instruments at amortised cost		
	Trade receivables (Note 18.1)	32,490,034	11,542,794
	Due from related companies (Note 18.2)	6,786,773	943,941

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

Notes to the Financial Statements

20.2 Financial liabilities: Interest-bearing loans and borrowings

	31 December 2024 N'000	31 December 2023 N'000
Intercompany Loans	<u>15,581,744</u>	<u>10,773,137</u>
	<u>15,581,744</u>	<u>10,773,137</u>
Total interest-bearing loans and borrowings		
Non-current	-	-
Current	<u>15,581,744</u>	<u>10,773,137</u>
	<u>15,581,744</u>	<u>10,773,137</u>
Movement in interest-bearing loans and borrowings		
	31 December 2024 N'000	31 December 2023 N'000
The movement in borrowings is as follows:		
Balance as at 1 January	10,773,137	4,939,600
Additions	4,540,000	4,824,293
Interest accrued (Note 10)	2,344,550	1,009,244
Repayments – Principal	(1,966,656)	-
Repayments – Interest	<u>(109,286)</u>	<u>-</u>
Balance as at 31 December	<u>15,581,744</u>	<u>10,773,137</u>

Qualitative description of interest bearing loans and borrowing

Intercompany loans

Intercompany loans are funding obtained by the Company from its related parties with interest rates of 20% repayable over 12 months.

Notes to the Financial Statements

22 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.

Transactions and balances with related parties during the year

Payables to related parties	Nature of relationship	Nature of transaction	31 December 2024	31 December 2023
			N'000	N'000
Transnational Corporation of Nigeria Plc	Ultimate Parent company	Technical and Management services and intercompany payable	3,580,213	2,917,397
Transcorp Power Limited	Common interest	Intercompany payable	147,716	147,667
Transcorp Hotel Abuja	Common interest	Intercompany payable	10,332	1,879
			3,738,261	3,066,943
Heirs Energies Limited and related companies (formerly Heirs Oil and Gas Limited)	Common interest	Intercompany payable	9,470,825	4,108,584
			13,209,086	7,175,527

The payable to the ultimate parent company includes management fees and other transactions. Other payables to the related parties include services and gas supply transactions. During the year, Heirs Energies Limited (HEL) (formerly Heirs Oil and Gas) supplied gas to Afam Power Plc amounting to N7.3 billion (2023: N5.3 billion), this is part of the Gas cost in the Cost of sales for the year.

22.2 Loans and balances with related parties during the year

Loans from related parties	Nature of relationship	Nature of transaction	31 December 2024	31 December 2023
			N'000	N'000
Transnational Corporation of Nigeria Plc	Ultimate Parent company	Borrowings	1,328,420	859,214
Transcorp Power Limited	Common interest	Borrowings	11,463,839	8,748,707
Transcorp Hotel Abuja	Common interest	Borrowings	2,789,485	1,165,216
			15,581,744	10,773,137

The related party loans are obtained for working capital purposes.

Notes to the Financial Statements

22.3 Receivables from related parties

	Nature of relationship	Nature of transaction	31 December 2024		31 December 2023
			N'000		N'000
Transafam Power Limited	Parent company	Intercompany receivable	720,470		660,386
Afam Three Fast Power	Common interest	Intercompany receivable	6,066,303		283,555
			6,786,773		943,941

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

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.

There were no transactions with key management personnel.

List of Directors of Afam Power Plc

1	Dr. Stanley Lawson	Chairman
2	Mr. Vincent Ozoude	Board Member (Managing Director/Chief Executive Officer)
3	Mr Emmanuel Nnorom	Board Member (Director)
4	Dr. (Mrs) Owen Omogiafo, OON	Board Member (Director)
5	Mr Ayodeji Gbeleyi	Board Member (Director)
6	Mr. Peter Ikenga	Board Member (Director)
7	Mr. Christopher Ezeafulukwe	Board Member (Director)

Directors' emoluments are disclosed in Note 26.

List of key management staff

1	Mr. Vincent Ozoude	Managing Director/Chief Executive Officer
2	Mr Olufemi Sami	Chief Financial Officer
3	Mr. Oluwafemi Isikaye	Head of Maintenance
4	Mr. John Awoniyi	Head of Resources
5	Mr Mathew Olaoye	Internal Auditor
6	Mr. Marius Oguama	Head of HSSE

Notes to the Financial Statements

23	Share capital	31 December 2024 N'000	31 December 2023 N'000
	Allotted, called up, issued and fully paid:		
	At 1 January	5,000	5,000
		<u>5,000</u>	<u>5,000</u>
24	Other Reserves	31 December 2024 N'000	31 December 2023 N'000
	Other reserves	24,737,893	24,737,893
	Balance as at 31 December	<u>24,737,893</u>	<u>24,737,893</u>
25	Retained earnings		
	The movement in retained earnings during the year is as follows:		
	Retained earnings brought forward (Note 26.1)	12,096,995	13,154,159
	Loss for the year	<u>(2,446,684)</u>	<u>(1,057,164)</u>
	Balance as at 31 December	<u>9,650,311</u>	<u>12,096,995</u>
26	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 2024 Number	31 December 2023 Number
	Less than N1,000,000	6	19
	N1,000,001 - N2,000,000	27	27
	N2,000,001 - N5,000,000	47	82
	Above N5,000,000	<u>98</u>	<u>67</u>
		<u>178</u>	<u>195</u>
		31 December 2024 N'000	31 December 2023 N'000
	Staff costs for the above persons (excluding Directors):		
	Salaries and wages	824,012	923,719
	National Social Insurance Trust Fund (NSITF)	8,136	9,302
	Industrial Training Fund (ITF)	8,136	9,302
	Others	70,403	108,802
	Pension cost	<u>37,008</u>	<u>48,157</u>
		<u>947,695</u>	<u>1,099,282</u>

Notes to the Financial Statements

26 Particulars of directors and staff (cont'd)

	31 December 2024	31 December 2023
Analysis of staff costs:		
Cost of sales (Note 8)	504,909	537,958
Administrative expenses (Note 11)	<u>442,786</u>	<u>561,324</u>
	<u>947,695</u>	<u>1,099,282</u>
 Emoluments of directors		
The remuneration paid to the Directors of the Company was:		
Fees	111,750	79,500
Other allowances	<u>15,550</u>	<u>15,550</u>
	<u>127,300</u>	<u>95,050</u>
 Amount paid to the highest paid director (excluding pension contributions)		
Fees	<u>17,500</u>	<u>17,500</u>
	<u>17,500</u>	<u>17,500</u>
 Compensation of managers		
Salaries and short-term employee benefits	135,432	135,432
Defined contribution	<u>6,530</u>	<u>6,530</u>
	<u>141,962</u>	<u>141,962</u>

Managers exclude 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:

	31 December 2024 Number	31 December 2023 Number
Less than N10,000,000	-	-
Over N10,000,000	<u>7</u>	<u>7</u>
	<u>7</u>	<u>7</u>

Notes to the Financial Statements

27 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.

Legal claim contingency

The Company is not involved in any legal action in the ordinary course of business. Accordingly, no provision for any liability has been made in these financial statements.

28 Distributions made and proposed

There is no proposed dividend on ordinary shares that is awaiting approval at the annual general meeting.

29 Events after statement of financial position date

There were no subsequent events which could have had material effect on the financial position and performance of the Company as at 31 December 2024 which have not been adequately provided for or disclosed.

30 Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the management are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Company are remote.

**AFAM POWER PLC
OTHER NATIONAL DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2024**

Statement of Value Added

	31 December 2024 N'000	%	31 December 2023 N'000	%
Turnover	26,735,091		13,411,391	
Bought-in materials and services (local)	(24,176,056)		(10,924,519)	
Brought-in materials and services (foreign)	<u>(493,389)</u>		<u>(222,949)</u>	
	2,065,646		2,263,923	
Other operating income	<u>-</u>		<u>3,700</u>	
Value added	<u>2,065,646</u>	<u>100</u>	<u>2,267,623</u>	<u>100</u>
Distributed as follows:				
Employees:				
To pay salaries, wages and other staff costs	947,695	46	1,099,282	48
Provider of funds				
Interest	2,344,550	113	1,009,244	45
Dividend	-	-	-	-
Government:				
To pay tax	-	-	-	-
Retained for future growth:				
Deferred tax	-	-	-	-
Depreciation	1,220,085	59	1,216,261	54
Loss for the year	<u>(2,446,684)</u>	<u>(118)</u>	<u>(1,057,164)</u>	<u>(47)</u>
Value added	<u>2,065,646</u>	<u>100</u>	<u>2,267,623</u>	<u>100</u>

Value added represents the additional wealth which the Company had created 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

	2024 N'000	2023 N'000	2022 N'000	2021 N'000	2020 N'000
Statement of financial position					
Non-current assets	52,168,057	49,912,034	47,369,993	40,709,807	14,829,024
Net (liabilities)/assets	<u>(17,774,853)</u>	<u>(13,072,146)</u>	<u>(9,472,941)</u>	<u>(3,440,507)</u>	<u>(58,167)</u>
Net assets	<u>34,393,204</u>	<u>36,839,888</u>	<u>37,897,052</u>	<u>37,269,300</u>	<u>14,770,857</u>
Share capital	5,000	5,000	5,000	5,000	5,000
Other reserves	24,737,893	24,737,893	24,737,893	24,757,431	-
Retained earnings	<u>9,650,311</u>	<u>12,096,995</u>	<u>13,154,159</u>	<u>12,506,869</u>	<u>14,765,857</u>
Total equity	<u>34,393,204</u>	<u>36,839,888</u>	<u>37,897,052</u>	<u>37,269,300</u>	<u>14,770,857</u>
Statement of profit or loss and other comprehensive income					
Revenue	<u>26,735,091</u>	<u>13,411,391</u>	<u>12,929,886</u>	<u>17,038,364</u>	<u>11,515,206</u>
(Loss)/profit before income tax	(2,446,684)	(1,057,164)	647,290	1,971,575	(193,866)
Income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148,069)</u>
(Loss)/profit after taxation transferred to retained earnings	<u>(2,446,684)</u>	<u>(1,057,164)</u>	<u>647,290</u>	<u>1,971,575</u>	<u>(341,935)</u>