

AFAM THREE FAST POWER LIMITED

ANNUAL REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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Corporate Information

Company Registration No.	RC 1381174	
Tax Identification Number	20311041-0001	
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 Mr. Vincent Ozoude Mr Emmanuel Nnorom Dr. (Mrs.) Owen Omogiafo, OON Mr Dan Okeke	Chairman Managing Director Non Executive Director Non Executive Director 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	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 2021, to the members of Afam Three Fast Power Limited. ("the Company"). This report discloses the financial performance and state of affairs of the Company.

Incorporation and address

Afam Three Fast Power Limited ("the Company") was incorporated in Nigeria on 20 December 2016 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). Prior to 2021, there were no financial records available other than the share capital of the company.

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.

	31 December
	2021
	N'000
Revenue	-
Loss before income tax	(40,326)
Income tax	-
Loss for the year	(40,326)

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 Dan Okeke	Non Executive Director

Directors' interests in contracts

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

Reports of the Directors (cont'd)

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 Three Fast Power Limited.

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 Dan Okeke	Non Executive Director	N/A	N/A	N/A

Shareholding

According to the register of members at 31 December 2021, the shareholding in the Company was as follows:

	December 2021 Unit	December 2021
Bureau of Public Enterprise	8,000,000	80%
Ministry of Finance Incorporated	2,000,000	20%
	<u>10,000,000</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.

Equal employment opportunity

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

Employee health, safety and welfare

Afam Three Fast Power Limited 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.

Reports of the Directors (cont'd)

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 Three Fast Power Limited. 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 Property, plant and equipment is provided in Note 9 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 the 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

In January 2025, the new shareholders completely paid the full amount of purchase consideration to the Bureau of Public Enterprises (BPE), in respect of acquisition of 100% of the company's shares from the existing shareholders. Apart from this, there were no other events or transactions that occurred since the reporting date which would have had a material effect on the financial statements as presented.

Reports of the Directors (cont'd)

Auditors

Deloitte & Touche was appointed as the statutory auditor of the company 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 to ratify the appointment and authorize the Directors to determine their remuneration.

By Order of the Board



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

28th April 2025

Statement of Directors' Responsibilities

The Directors of Afam Three Fast Power Limited 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 2021, 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 2021 were approved by the Directors on 28 April 2025.

On behalf of the Directors of the Company.



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

28 April 2025



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

28 April 2025

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) has evaluated the effectiveness of the company's internal controls within 90 days prior to the date of its audited financial statements, and
- (iii) certifies that the company's internal controls are effective as of that date;

We have disclosed:

- (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, 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

28 April 2025



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

28 April 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 2021, 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

28th April 2025

Independent Auditors' Report

To The Shareholders of AFAM THREE FAST POWER LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Afam Three Fast Power Ltd** set out on pages 4 to 27, which comprise the statements of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements give a true and fair view of financial position of **Afam Three Fast Power Ltd** as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies and Allied Matters Act 2020 and 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 the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "**Afam Three Fast Power Ltd** Annual Reports and Accounts for the year ended 31 December 2021", 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 and will not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed, 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, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council (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 the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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, we expressly state that:

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



Abraham Udenani, FCA – FRC/2013/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 2021

	Notes	31 December 2021 N'000
Continuing operations		
Administrative expenses	6	(40,326)
Loss before income tax		(40,326)
Income tax	7	-
Loss for the year		(40,326)
Other comprehensive loss:		-
Total comprehensive loss		(40,326)
Basic and diluted loss per share (N)	8	(4)

The notes on pages 8 to 27 are an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2021

	Notes	31 December 2021 N'000
Assets		
Non-current assets		
Property, plant and equipment	9	79,065,000
		79,065,000
Total assets		79,065,000
Equity and liabilities		
Equity		
Share capital	12	10,000
Share Premium	13	79,055,000
Retained earnings	14	(40,326)
Total equity		79,024,674
Liabilities		
Current liabilities		
Trade and other payables	10	40,326
		40,326
Total liabilities		40,326
Total equity and liabilities		79,065,000

The financial statements on pages 4 to 29 were approved by the Board of Directors on 28 April 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 8 to 27 are an integral part of these financial statements.

Statement of Changes In Equity
For the year ended 31 December 2021

	Share capital N'000	Share Premium N'000	Retained earnings N'000	Total N'000
Impact of deemed cost at take over		-	-	-
Balance at 1 January 2021	10,000	-	-	10,000
Share Premium		79,055,000	-	79,055,000
Loss for the year	-	-	(40,326)	(40,326)
Total comprehensive loss	-	79,055,000	(40,326)	79,014,674
Balance at 31 December 2021	10,000	79,055,000	(40,326)	79,024,674

Statement of Cashflow
For the year ended 31 December 2021

	31 December 2021 N'000
Cash generated from operations	
Loss before tax	(40,326)
	-
Working capital adjustments:	
Increase in trade and other payables	40,326
Cash flows from operating activities	<u>-</u>
Investing activities	
Net cash used in investing activities	<u>-</u>
Financing activities	
Net cash inflow used in financing activities	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	-
Cash and cash equivalents at the beginning of the year	<u>-</u>
Cash and cash equivalents at the end of the year	<u>-</u>

Notes to the Financial Statements
Accounting Policies

1 General information

Afam Three Fast Power Limited was incorporated in Nigeria on 20 December 2016 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). Prior to 2021, there were no financial records available other than the share capital of the company.

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 (IFRS), including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting a Committee (IFRIC) and in the manner required by the Companies and Allied Matters Act (CAMA) 2020 and the Financial Reporting Council 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 2021 to 31 December 2021.

1.3 Going Concern

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

1.4 Composition of financial statements

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

The financial statements are prepared in accordance with IFRS Accounting Standards 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.

Notes to the Financial Statements

1.4 Composition of financial statements (cont'd)

Other National Disclosures

- Value added statement
- Financial summary is not available because this is the first financial statement issued and available.

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 the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2.1.1 Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

Notes to the Financial Statements

2.1.2 Amendments to IAS 1 Presentation of Financial Statements

In the current year, the company has applied the below amendments to the classification of liabilities as current or non-current based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an company will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

2.1.3 Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.

2.1.4 Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

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 Standards that have been issued but are not yet effective:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

Notes to the Financial Statements

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

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Notes to the Financial Statements

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

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use (cont'd)

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Notes to the Financial Statements

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

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

3 Material accounting policies

3.1 Accounting principles and policies

Pursuant to the accrual basis of accounting followed by Afam Three Fast Power Limited, 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 amortised cost. Financial assets and liabilities are usually measured at fair values.

3.2 Summary of significant 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.

Notes to the Financial Statements

A liability is current when:

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

The company classifies all other liabilities as non-current.

b) 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 Three Fast Power Limited operates ('the functional currency'). The functional currency of Afam Three Fast Power Limited 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.

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.

Notes to the Financial Statements

3.2 Summary of significant accounting policies (cont'd)

c) Property, plant and equipment

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.

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:

Plant and machinery - Turbines	2.5%
--------------------------------	------

d) 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 grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements

3.2 Summary of significant accounting policies (cont'd)

e) **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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Notes to the Financial Statements

3.2 Summary of significant accounting policies (cont'd)

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

i) Initial recognition and measurement (cont'd)

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).

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 includes trade receivables, staff loans, cash and cash equivalents, treasury bills and related parties receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily 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.

Notes to the Financial Statements

3.2 Summary of significant accounting policies (cont'd)

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

ii) Subsequent measurement (cont'd)

Derecognition (cont'd)

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.

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.

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.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Notes to the Financial Statements

3.2 Summary of significant accounting policies (cont'd)

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

ii Financial liabilities(cont'd)

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.

f) **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 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

Notes to the Financial Statements

3.2 Summary of significant accounting policies (cont'd)

f) Fair value measurement (cont'd)

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)

g) 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 3.2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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.

Notes to the Financial Statements

3.3 Significant accounting judgements, estimates and assumptions (cont'd)

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.

Estimation of useful lives of property, plant and equipment

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

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

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

4 Capital management

For the purpose of the Company's capital management, capital includes issued capital, share premium and retained earnings attributable to the equity holders of the Company. The primary objective of the Company's capital management is to 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 2021
Interest-bearing loans and borrowings	-
Less: cash and cash equivalent	-
Net debt	-
Total capital: Equity	79,024,674
Capital and net debt	79,024,674
 Gearing ratio	 0%

Notes to the Financial Statements

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.

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) 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.

Notes to the Financial Statements

5.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign Currency Sensitivity

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

(b) 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 on the basis of expected cash flows.

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

Notes to the Financial Statements

5.1 Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

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 Three Fast Power Limited's trade and other receivables.

	31 December 2021 N'000
6 Administrative expenses	
Auditors' remuneration	2,150
Other operating expenses	5,376
License and fees	32,800
	<u><u>40,326</u></u>

During the year, Deloitte & Touche rendered audit service to the company amounting to N2.15 million. They did not perform any non-audit service in the financial year. N5.376million operating expenses represent the feasibility studies and consultancy fees attributable to Afam Three Fast Power acquisition.

7 Income Tax

There was no revenue during the year, hence no chargeable profit for tax purpose.

8 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 2021 N'000
Loss for the year attributable to shareholders (in N'000) unlisted	<u>(40,326)</u>
Weighted average number of shares in issue ('000)	<u>10,000</u>
Basic (loss)/earnings per share (N)	<u>(4)</u>

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

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

Notes to the Financial Statements

9 Property, plant and equipment

	Work in progress N'000	Total N'000
Cost		
1 January 2021	-	-
Additions	79,065,000	79,065,000
31 December 2021	79,065,000	79,065,000
1 January 2021	-	-
Depreciation for the year	-	-
31 December 2021	-	-
Carrying amounts		
31 December 2021	-	-
31 December 2021	79,065,000	79,065,000

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

9.2 The business is yet to commence operation and the assets are not available for use; hence there is no depreciation charges during the year.

10 Trade and other payables	31 December 2021 N'000
Due to related parties	38,176
Accrued audit fees	2,150
	40,326

11 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.

Payable to related parties	Nature of relationship	Nature of transaction	31 December 2021 N'000
Afam Power Plc	Common interest	Intercompany Payable	38,176
			38,176

Notes to the Financial Statements

11 Related party transactions and balances (cont'd)

b. Key management personnel

Key management personnel constitute those individuals who have the authority and the responsibility for 'planning, directing and controlling the activities of Afam Three Fast Power Limited, 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 Three Fast Power Limited

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 Dan Okeke	Board Member (Director)

List of key management staff

1	Mr. Vincent Ozoude	Managing Director/Chief Executive Officer
2	Mr Douglas Ngharamike	Chief Financial Officer
3	Mr. Peters Ameh	Plant Manager
4	Mr. Innocent Obinwanne	Head Resources
5	Mr Olalekan Olusanya	Internal Auditor
6	Mr. Marius Oguama	Head of HSSE

12 Share capital

31 December
2021
N'000

Allotted, called up, issued and fully paid:

At 1 January

10,000

10,000

Notes to the Financial Statements

	31 December 2021 N'000
13 Share Premium	
Balance as at 1 January	-
Share Premium	<u>79,055,000</u>
Balance as at 31 December	<u><u>79,055,000</u></u>
14 Retained earnings	
The movement in retained earnings during the year is as follows:	
Retained earnings brought forward	-
Loss for the year	<u>(40,326)</u>
Balance as at 31 December	<u><u>(40,326)</u></u>
15 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.	
16 Distributions made and proposed	
There was no interim dividend paid during the year. There is no proposed dividend on ordinary shares that is awaiting approval at the annual general meeting.	
17 Events after statement of financial position date	
There were no events or transactions that occurred since the reporting date which would have had a material effect on the financial statements as presented.	

**AFAM THREE FAST POWER LIMITED
OTHER NATIONAL DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2021**

Statement of Value Added

	31 December 2021 N'000	%
Turnover	-	
Bought-in materials and services (local)	(39,519)	
Brought- in materials and services (foreign)	(807)	
Value eroded	(40,326)	(100)
Distributed as follows:		
Loss for the year	(40,326)	(100)
Value eroded	(40,326)	(100)

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.