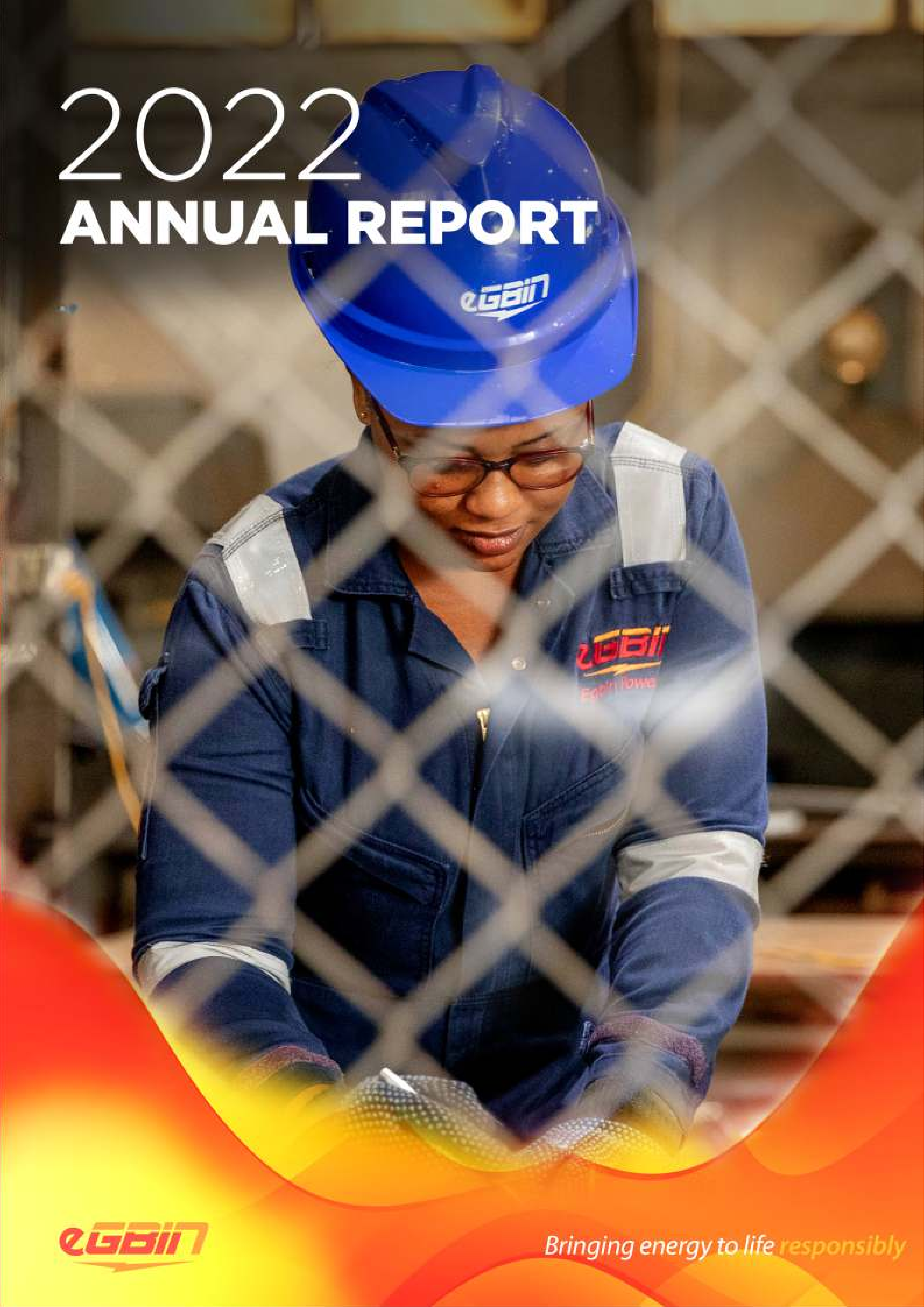
2022 ANNUAL REPORT



Bringing energy to life responsibly

EGBIN POWER PLC

Annual Report and Financial Statements
for the year ended 31 December 2022

TABLE OF CONTENTS

CORPORATE INFORMATION

Directors	Temitope Shonubi	(Nigerian)	Chairman
	Alex Okoh	(Nigerian)	Director
	Kola Adesina	(Nigerian)	Director
	Ade Odunsi	(Nigerian)	Director
	Attahir Yusuf	(Nigerian)	Director
	Sang-Woo Park	(Korean)	Director

Registered Office	Egbin Power Station Egbin Town, Ikorodu, Lagos State, Nigeria
Bankers	Zenith Bank Plc. Plot 84, Ajose Adeogun Street, Victoria Island, Lagos
	Fidelity Bank Plc. Awolowo road Ikoyi, Lagos
	United Bank For Africa Plc. 57, Marina Lagos.
	FCMB Plc. 42, Ademola Adetokunbo Street, Victoria Island, Lagos
	Sterling Bank Plc. 20, Marina Lagos, 15th Floor Sterling Tower
	Access Bank Plc. Oyin Jolayemi, Victoria Island, Lagos
	Eco Bank Plc. Plot 21, Ahmadu Bello Way, Lagos
	Union Bank of Nigeria Plc. 36, Marina, Lagos
	Wema Bank Plc. 54, Marina Lagos Island, Lagos
	Polaris Bank Limited 28, Church gate street, Victoria Island, Lagos
	FSDH Merchant Bank Ltd. 1/5 Odunlami St, Lagos Island, Lagos
Solicitors	Templars 5th Floor, The Octagon,13A A J Marinho drive Victoria Island, Lagos
	Consolex Legal 62, Awolowo Road, Ikoyi, Lagos.
Auditor	PricewaterhouseCoopers Chartered Accountants Landmark Towers Plot 5B Water Corporation Road Victoria Island, Lagos
Company Secretary	Lanre Durojaiye

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of **Egbin Power Plc** (the "**Company**") will be held via zoom on **Tuesday 31st October 2023** at **10.30 a.m.** to transact the following businesses:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December 2022 and the Reports of the Directors and Auditors thereon;
2. To re-elect Directors;
3. To authorize the Directors to fix the Remuneration of the Auditors;
4. To elect the members of the Audit Committee.

Dated this 4th October 2023

BY ORDER OF THE BOARD

N-Durojaiye

LANRE DUROJAIYE
Company Secretary

NOTES:

1. **Proxy**
   A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her/its stead and such a proxy need not be a member. For the appointment to be valid, executed proxy forms must be deposited at the principal place of business of the Company at Egbin Power Plant, Ikorodu, Lagos State, not less than forty-eight (48) hours before the meeting.

2. **Re-election of Directors**
   In accordance with the Companies and Allied Matters, 2020 (CAMA), the directors to retire by rotation at the Annual General Meeting are Mr. Kola Adesina and Professor Attahir Yusuf. The retiring directors being eligible offer themselves for re-election.

3. **Audit Committee**
   As stipulated by Section 404 (6) of CAMA, any shareholder may nominate another shareholder for election to the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least fourteen (14) days before the Annual General Meeting.

CHAIRMAN'S STATEMENT

Dear Invaluable Shareholders, distinguished members of the Board, distinguished guests, ladies & gentlemen. I welcome you all, on behalf of the Board of Directors of Egbin Power Plc, to the 2022 Annual General Meeting of our Company wherein we will present the Annual Report for the year ended 31st December 2022 for your consideration.

The year 2022 was one of objective self-evaluation and strategic adjustments as we built on our performance for 2021, particularly as we gradually recovered from the impact of the downtime of many of our units. We made a concerted effort to engage qualified local vendors whilst working with critical global vendors on major maintenance works.

In Egbin, we always seek ways to improve our output while preserving and sustaining our environment and promoting a safe and conducive work environment for our employees. We embarked on a continuous green campaign around the landscape where initially about 492 trees were planted within the Plant to trap Carbon Dioxide (CO_2) from the atmosphere to reduce our carbon footprint and ensure environmental sustainability. We also received the AfriSAFE Health Safety and Environment Award (the most prestigious HSE award in Africa) for the Utility Power Generation Company of the Year 2022 amongst others.

OPERATING ENVIRONMENT

In 2022, according to the Nigerian Bureau of Statistics (NBS), the national Gross Domestic Product (GDP) growth rate dropped by about10% to 3.10% from 3.40% year-on-year, putting pressure on businesses, as consumers had less money to spend. The economy was largely driven by the non-oil sector. Inflation stood at 18.85% compared to 16.95% in the preceding year, along with the struggles of the increase in Foreign Exchange Rate and limited US Dollar ($) due to the decline of Nigeria's Foreign Exchange reserves.

Nigeria experienced a high level of migration due to the "Japa" syndrome where skilled and unskilled individuals left the country for mostly Canada, the United Kingdom, and the USA, amongst others. Insecurity, which is prevalent in several regions of the country, has been a major challenge in the past years as businesses continue to face several security risks including abduction of personnel, invasion of business sites, which have all brought about a higher cost of doing business.

The Nigerian Electricity Supply Industry (NESI) is yet to achieve its full potential in meeting the country's ever-growing demand for electricity due to several challenges grappling the sector, particularly electricity policy enforcement, regulatory uncertainty, limited gas supply and transportation issues, non-cost reflective electricity tariff, unwillingness of customers to pay for electricity as well as weak grid infrastructure. In view of these monumental challenges, the industry, through its regulator, the Nigerian Electricity Regulatory Commission (NERC), set out on a journey to achieve commercial sustainability by initiating the partial activation of the existing Power Purchase Agreement (PPA) in the market on the 1st of July 2022. This initiative was aimed at ensuring operational and commercial discipline among market participants through the payment of liquidated damages for default on agreed obligations including delivery of partially activated capacity by the Generation Companies.

This journey has garnered significant results which include improved payment to the gas-to-power value chain participants, especially the Gas Supply Companies. While this is laudable progress, the process has left some market participants without full closure on their payment and liquidity; for example, Generation Companies like ourselves have a sizable portion of our bills unpaid because of the higher priority placed on gas payments. This unpaid portion of our invoices continues to put pressure on our already stretched liquidity, impacting our ability to fulfill commitments to our partners, vendors, and stakeholders.

BOARD MATTERS

There was no change to the composition of the Board during the period under review. At this AGM, Mr. Kola Adesina (MFR) and Prof. Attahir Yusuf will be retiring by rotation and being eligible, have offered themselves for re-election in accordance with Article 88 of the Articles of Association of the Company and with the provisions of the Companies and Allied Matters Act 2020.

CORPORATE GOVERNANCE

Our Corporate Governance structure and management system help us monitor and maintain an ethical, effective corporate culture with the goal of providing value for stakeholders and enabling sustainable growth. Our governance strategies, policies, processes, and procedures are implemented across our entire operations.

OPERATING RESULTS

The year 2022 brought an array of operational challenges, primarily stemming from the multiple grid system disruptions that significantly impacted our generating assets. As a result of these disruptions, we were unable to sustainably generate electricity efficiently leading to a decrease of 33% in generation from 642 MW in 2021 to 428 MW in 2022. These adverse operational circumstances reverberated through our financial performance.

We witnessed a decline in revenue by 31%, which decreased from ₦153 billion in 2021 to ₦106 billion in 2022. This, in turn, had a profound impact on our profit. For 2022, our business reported a loss of approximately ₦22 billion, in stark contrast to the profit position of ₦11 billion we achieved in 2021.

Our financial challenges were also compounded by the substantial increase in foreign exchange losses resulting from the volume of payment made to purchase spares and services for maintenance of our generating assets, at the prevailing exchange rate which skyrocketed by 290% compared to the previous year. This added to the headwinds we faced and significantly impacted our overall profitability.

Whilst these challenges have indeed tested our resilience, it's important to acknowledge our Team's unwavering dedication and determination at Egbin Power Plc. They remain committed to providing reliable, sustainable, and responsible energy to Nigeria, with our focus on strengthening operational excellence, optimizing our assets, and seeking innovative ways to navigate the complexities of the power sector. We are confident that this Team will emerge from these challenges stronger and better.

FUTURE OUTLOOK

The outlook for the domestic and the global economy remains uncertain amid the heightened global recession risk, the Russia-Ukraine war, the residual impact of the COVID-19 pandemic, as well as the transition decisions by the new Administration in Nigeria, especially its socioeconomic initiatives including, but not limited to, the unification of the Foreign Exchange window and the removal of Premium Motor Spirit (PMS) subsidy. Although all these will affect the valuation of our existing debts, we must forge ahead to continuously improve our effectiveness and maintain the market leader position.

There are speculations that the Nigerian economy is expected to continue to grow through 2023 nonetheless at a subdued pace. The International Monetary Fund (IMF) has maintained its 2023 growth forecast for Nigeria at 3.2%, and the World Bank projects a 2.9% expansion (0.3% less its previous projection of 3.2%).

The main risks to the Nigerian economy in 2023 include a high inflation rate due to the rising cost of food and energy; insecurity which can make it difficult for businesses to operate and deter investment; and foreign exchange scarcity due to the declining foreign exchange reserves amidst the increasing need for businesses to import materials, services, and machinery for the ever-growing demand of Nigeria.

Notwithstanding these challenges, risks, and most importantly the opportunities present in our market, the Board and Management are confident about the future of the Company and remain committed to its success, sustainability, and the creation of value for our stakeholders as we continue to improve through operational excellence, innovation, and cutting-edge digital solutions relevant both today and in the years to come.

CONCLUSION

Distinguished Shareholders, as always, I am very grateful for the dedication and loyalty of our staff, management, and Directors. Our people have continued over the years to be our most treasured assets and will continue to be because they are the essential internal customers through which we can continually deliver quality service to our external customers and the nation at large.

We are hopeful that the regulators and Government will pay attention to the success of our sector as they have done to the Petroleum and the FX sectors.

We are totally committed to the environment and sustainability principles. As I have always been, I am confident that the strategies being adopted by the Board and Management will put our Company on a sound footing to enjoy growth going forward despite the challenges of the post-COVID-19 era.

On behalf of the Management of the Company, I would like to say a heartfelt thank you to our dedicated employees, our host communities, our shareholders, regulators, partners, and Directors for their continued support and the trust you place in us.

Thank you and God Bless.

Yours in faith,

Temitope Shonubi
CHAIRMAN

DIRECTOR'S REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022.

Principal Activity
EGBIN Power Plc ("the Company") is a company incorporated and domiciled in Nigeria with its registered office and principal place of business at Egbin Power Station Complex, Egbin, Ikorodu, Lagos. Following the conclusion of the Government's privatization exercise in November 2013, The Federal Government of Nigeria handed over the Company to the core investor, a Joint Venture between Sahara Power Group (SPG) and Korea Electric Power Corporation ("KEPCO")
known as KEPCO Energy Resource Limited ("KERL").

The principal activity of the Company remains the generation and sale of energy ("Power"). The Company is the largest power generating station in Nigeria with an installed capacity of 1320MW. It is a gas fired plant with six 220MW independent boiler turbine units. Power generated is sent to the National grid by three main transmission lines mainly: Ikeja West (330KV); Ajah (330KV); and Ikorodu (132KV) lines.

Operating results and dividend
The following is a summary of the Company's operating results:

	2022 ₦'000	2021 ₦'000
Revenue	106,426,203	153,822,254
(Loss)/Profit before taxation	(24,416,265)	10,897,284
Taxation	2,807,797	493,941
(Loss)/Profit for the year	(21,608,468)	11,391,225

Dividend
No dividend was paid or proposed during the year (2021: Nil).

Property, Plant and Equipment
Information relating to changes in property, plant and equipment of the Company is disclosed in Note 12 to the financial statements.

Shareholding Structure
The shareholding structure of the Company is as follows:

Names	2022 No of shares	%	2021 No of shares	%
KEPCO Energy Resource Limited	17,500,000	70	17,500,000	70
Bureau of Public Enterprises	6,000,000	24	6,000,000	24
Ministry of Finance Incorporated	1,500,000	6	1,500,000	6
Total	25,000,000	100	25,000,000	100

	2022 N'000	2021 N'000
Authorised 100,000,000 ordinary shares of ₦1 each (2021: 100,000,000 ordinary shares of ₦1 each)	100,000	100,000
Issued 25,000,000 ordinary shares of ₦1 each (2021: 25,000,000 ordinary shares of ₦1 each)	25,000	25,000

Directors and their interests

The directors of the Company during the year and up to the date of this report were:

Temitope Shonubi	(Nigerian)	Chairman
Kola Adesina	(Nigerian)	Director
Ade Odunsi	(Nigerian)	Director
Attahir Yusuf	(Nigerian)	Director
Alex Okoh	(Nigerian)	Director
Sang-Woo Park	(Korean)	Director

In accordance with Section 303 of the Companies and Allied Matters Act of Nigeria, other than as noted above, none of the other Directors has notified the Company of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

Charitable donations

The Company made donations/CSR amounting to N56 million to charitable institutions and organizations during the year (2021: N135 million).

Events after the reporting date

On 19th May 2023, the shareholders of Egbin Power Plc and KEPCO Energy Resource Nigeria Limited (KERNL) had a court ordered meeting where an Internal Scheme of Arrangement was approved by both parties. Under the terms of the scheme of Arrangement, all the assets and liabilities of the two entities will be consolidated, with Egbin emerging as the surviving entity, and KERNL being dissolved without being wound up. The final court sanction is tentatively scheduled for 31st of October 2023.

There are no other significant events after the reporting period which could have had a material effect on the state of affairs of the Company as at 31 December 2022 and the net results for the year ended, which have not been adequately provided for or disclosed in these financial statements.

Employee Health, Safety and Welfare

The Company places a high premium on health, safety and welfare of its employees in their places of work. To this end, the company has various forms of insurance policies, including Combined all risk, Group personal accident, and Group life assurance, to adequately secure and protect its employees.

The Company places considerable value on the involvement of its employees in major policy matters and maintains a practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. This is achieved through meetings with the employees.

There is great emphasis on staff development and training through carefully planned training courses and seminars to update the special skills and job requirements of the staff.

The Company does not have any policies that will hinder the employment or retention of physically challenged persons.

Auditors

In accordance with Section 401 (2) of Companies and Allied Matters Act of Nigeria, Messrs Pricewaterhousecoopers (Chartered Accountants), have indicated their interest to continue in office as auditors of the Company.

On behalf of the Board

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Company Secretary
Lanre Durojaiye
FRC/2022/PRO/ICSAN/002/127427

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

In preparing the financial statements, the Directors are responsible for:
- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:
- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

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

The financial statements of the Company for the year ended 31 December 2022 were approved by Directors on 3 October, 2023

Temitope Shonubi
Chairman
FRC/2018/IODN/00000018969

Ade Odunsi
Director
FRC/2013/ICAN/00000005046

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL REPORTS

The Chief Executive Officer and Chief Financial Officer of Egbin Power Plc have reviewed the audited financial statements and accept responsibility for the financial and other information within the annual report.

The following certifications and disclosures regarding the true and fair view of the financial statements as well as the effectiveness of the Internal Controls established within the Company are hereby provided below:

Financial Information

i The 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 The 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 period covered by the audited financial statement;

Effective Internal Controls

i Is responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the company and its subsidiaries is made known to the officer by other officers of the companies, particularly during the period in which the audited financial statement report is being prepared.

ii Evaluated the effectiveness of the company's internal controls within 90 days prior to the date of its audited financial statements, and

iii The Company's internal controls are effective as at 31 December 2022.

Disclosures

i There were no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data. Furthermore, there were no identified material weaknesses in the Company's internal control systems.

ii There were no fraud events involving management or other employees who have significant role in the Company's internal control, and;

iii There were no significant changes in internal controls or in other factors that could significantly affect internal controls.

Emmanuel Udu
Chief Corporate Support Officer
FRC/2022/PRO/ICAN/002/805543

3 October, 2023

Oludare Oyedotun
Chief Finance officer
FRC/2014/ICAN/00000006018

3 October, 2023

REPORT OF THE AUDIT, RISK & GOVERNANCE COMMITTEE TO THE MEMBERS OF EGBIN POWER PLC

In compliance with Section 404(1) of the Companies and Allied Matters Act (CAMA 2020), we the members of the Audit, Risk and Governance Committee of Egbin power Plc, have reviewed the Audited Report for the year ended 31 December 2022 and hereby declare as follows:

1. The scope and planning of the audit for the year ended 31 December 2022 were adequate in our opinion;

2. The accounting and financial reporting policies of the Company conformed to legal requirements and agreed ethical practices;

3. The Internal Control and Internal Audit were operated effectively through robust internal control framework;

4. The External Auditor's findings as stated in the management letter received satisfactory response from Executive Management;

5. The External Auditors confirmed receiving full co-operation from the Company's management and that their scope of work was not restricted in any way.

Dated: 3 October, 2023

Mr. Kola Adesina (MFR)
Chairman, Audit, Risk & Governance Committee
FRC/2016/CIIN/00000014687

MEMBERS OF THE COMMITTEE

Mr. Kola Adesina (MFR)	-	Chairman
Mr. Alex Okoh	-	Member
Mr. Ade Odunsi	-	Member
Prof. Attahiru Yusuf	-	Member

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Independent auditor's report

To the Members of Egbin Power Plc

Report on the audit of the financial statements

Our opinion

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

What we have audited

Egbin Power Plc's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2022;
- the statement of financial position as at 31 December 2022;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

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Key audit matters

Provision for Decommissioning Liability (N10.3 billion)

The accounting policies, critical accounting judgement and disclosures are set out in notes 3h, 4d, and 21 respectively to the financial statements.

Egbin Power Plc recognises a provision for decommissioning liability when it has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

At 31 December 2022, the company's statement of financial position included provision for decommissioning obligation of N10.3 billion.

The entity accounts for the corresponding decommissioning asset in Property, Plant and Equipment using the revaluation model. In line with IFRIC 1, the effect of changes is treated consistently with other revaluation surpluses and deficits. Any cumulative deficit is taken to profit or loss, but any cumulative surplus is included as part of other reserves.

To arrive at the provision for decommissioning liability, the entity estimates the future liability it will incur to retire the asset and restore the plant sites to its original position. The estimates include cost of pre-decommissioning operations, decontamination, dismantling activities, waste processing, storage disposal, site clean-up, landscaping, engineering, and engineering support.

The estimation performed by management requires judgement in the determination of key assumptions and future market conditions, particularly in relation to:

- the decommissioning cost estimate
- the discount rate
- the inflation rate

The provision for decommissioning liability was considered a key audit matter in our audit because of the magnitude of the amount and the significant judgment and assumptions used by management in estimating the liability.

How our audit addressed the key audit matters

Audit procedures performed to assess the valuation and assumptions used in determining the provision for decommissioning liability include:

- Obtaining an understanding of the provision for decommissioning liability accounting policy and ensuring it is in line with IAS 37.
- Checking that the method selected to measure the provision for decommissioning liability is appropriate.
- Comparing the inflation rate used for the estimation to independent external information and checking the reasonableness of the discount rate applied.
- Involving the services of our accounting specialists in testing how management's decommissioning cost estimate was determined.
- Checking that the provision for decommissioning liability estimate has been disclosed and presented in the financial statements in line with IAS 37.

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Impairment of Trade and Other receivables (N37.9 billion)

The accounting policies, critical accounting judgement and disclosures are set out in notes 3e, 4a and 15 respectively to the financial statements.

The financial assets in scope for IFRS 9 impairment are: trade receivables from customers, receivables from related party and other receivables.

Trade receivables from customers include amounts due from Nigerian Bulk Electricity Trading Plc ("NBET"), Eko Electricity Distribution Company ("Eko Disco") and Transmission Company of Nigeria.

Trade receivable from related party includes amount due from Ikeja Electric.

Other receivables include amounts due from Nigerian Gas Company Limited (NGC), National Control Centre (NCC).

The company recognized credit losses based on the "simplified approach" for trade receivables and related party receivables.

The estimation performed by management requires judgement in the determination of key assumption for the simplified approach, such as:

- the historical settlement pattern to estimate the loss rate.
- the forward-looking information, such as inflation rate and GDP rate.

We focused on this area because of the materiality of the trade and other receivable of N150.5 billion (with the resulting impairment loss of N37.9 billion), and because it requires significant judgement both for timing of recognition of impairment and estimation of amounts of such impairments.

Audit procedures performed to test impairment of trade receivables include:

- Evaluating the reasonableness of the method applied by management to calculate the impairment provision for account receivables.
- Involving the services of our accounting specialists in testing the reasonableness of management's assumptions, which include: historical loss rates, settlement patterns, inflation rate and GDP rate.
- Comparing impairment amount calculated by our specialist to amount recognised by management.
- Checking the reasonableness of IFRS 9 disclosures in the financial statement.

Other information

The directors are responsible for the other information. The other information comprises the Corporate information, Directors' Report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility for the Financial Report, Value Added Statement, 5-year Financial Summary, Statement of profit or loss and other comprehensive income (USD), Statement of financial position (USD), Statement of changes in equity (USD) and Statement of cash flows (USD), but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, 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.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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 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.

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- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria
Engagement Partner: Cyril Azobu
FRC/2013/ICAN/00000000648

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0465341

03 October 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2022 ₦'000	31 December 2021 ₦'000
Revenue	5	106,426,203	153,822,254
Cost of sales	6	(99,830,288)	(130,683,238)
Gross profit		**6,595,915**	**23,139,016**
Impairment (loss)/reversal	7.4	(4,443,875)	461,893
Administrative expenses	8	(4,791,662)	(4,372,913)
Operating (loss)/profit		**(2,639,622)**	**19,227,996**
Finance income	7.1	1,697,517	1,019,571
Finance cost	7.2	(1,604,138)	(601,386)
Other income	7.3	280,764	240,475
Net foreign exchange loss		(22,150,786)	(8,989,371)
(Loss)/Profit before taxation		**(24,416,265)**	**10,897,284**
Tax credit	11	2,807,797	493,941
(Loss)/Profit for the year		**(21,608,468)**	**11,391,225**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Change in Decommisioning estimate	21	3,354,355	(3,607,758)
Revaluation surplus	12, 13	-	5,421,333
Total comprehensive (loss)/income for the year		**(18,254,113)**	**13,204,800**
(Loss)/earnings per share - Basic & Diluted (Naira)	24	**(864.34)**	**455.65**

The explanatory notes on pages 22 to 51 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2022 ₦ '000	31 December 2021 ₦ '000
ASSETS			
Non-current assets			
Property, plant and equipment	12,12a	251,470,218	259,485,493
Intangible assets	13	176,507	53,300
Total non-current assets		251,646,725	259,538,793
Current assets			
Inventories	14	1,071,648	13,975
Trade and other receivables	15	112,698,775	111,088,229
Other assets	16	2,311,633	3,883,993
Restricted cash	17	3,837,005	3,208,146
Cash and cash equivalents	18	14,246,219	35,287,132
Total current assets		134,165,280	153,481,475
TOTAL ASSETS		**385,812,005**	**413,020,268**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	25,000	25,000
Retained earnings		1,202,000	22,810,468
Other reserves	25	196,178,415	192,824,060
Total equity		**197,405,415**	**215,659,528**
Non-current liabilities			
Deferred tax liabilities	11.2	68,042,229	71,532,005
Provision for decommissioning obligation	21	10,282,511	12,078,712
Total non-current liabilities		78,324,740	83,610,717
Current liabilities			
Trade and other payables	19	109,155,200	111,558,292
Current tax liabilities	11.1	926,650	2,191,732
Total current liabilities		110,081,850	113,750,024
TOTAL LIABILITIES		**188,406,590**	**197,360,741**
TOTAL EQUITY AND LIABILITIES		**385,812,005**	**413,020,268**

The financial statements and notes from pages 19 to 51 were approved by the Board of Directors of the Company on 3 October, 2023. They were signed on its behalf by:

Emmanuel Udu
Chief Corporate Support Officer
FRC/2022/PRO/ICAN/002/805543

Oludare Oyedotun
Chief Finance officer
FRC/2014/ICAN/000000006018

Temitope Shonubi
Chairman
FRC/2018/IODN/00000018969

Ade Odunsi
Director
FRC/2013/ICAN/00000005046

STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital ₦'000	Retained Earnings ₦'000	Other Reserves ₦'000	Total Equity ₦'000
Balance at 1 January 2021		**202,454,728**	**25,000**	**11,419,243**	**191,010,485**
Profit for the year		-	11,391,225		11,391,225
Revaluation surplus				5,421,333	5,421,333
Changes in Decommissioning estimate				(3,607,758)	(3,607,758)
Total comprehensive income for the year		**-**	**11,391,225**	**1,813,575**	**13,204,800**
Balance at 31 December 2021		**25,000**	**22,810,468**	**192,824,060**	**215,659,528**
Loss for the year		-	(21,608,468)	-	(21,608,468)
Changes in Decommissioning estimate		-	-	3,354,355	3,354,355
Total comprehensive income for the year		**-**	**(21,608,468)**	**3,354,355**	**(18,254,113)**
Balance at 31 December 2022	23-25	**25,000**	**1,202,000**	**196,178,415**	**197,405,415**

The explanatory notes on pages 22 to 51 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	31 December 2022 ₦'000	31 December 2021 ₦'000
Cashflows from operating activities			
(Loss)/Profit before tax		(24,416,265)	10,897,284
Adjustments for:			
Depreciation on generation assets	6	7,992,131	12,238,127
Depreciation on non generation assets	8	1,173,424	802,013
Amortization on intangible assets	8	43,745	2,556
Impairment loss/(reversal) -Receivables	7.4	4,443,875	(448,307)
Impairment reversal - Cash & bank	7.4	-	(13,586)
Accretion expense	7.2	1,558,154	558,611
Interest on fixed deposit	7.1	(1,697,517)	(1,019,571)
		13,513,813	**12,119,843**
Movements in working capital			
(Increase)/Decrease in trade and other receivables	15	(6,054,421)	18,921,048
Decrease/(Increase) in other assets	16	1,572,359	(2,616,218)
(Increase)/Decrease in inventories	14	(1,057,669)	5,968
(Decrease)/Increase in trade and other payables	19	(2,403,092)	(22,391,702)
Total adjustments and movements		**5,570,990**	**6,038,939**
Income taxes paid	11.1	(1,947,061)	(722,050)
Net cash generated from/(used in) operating activities		**(20,792,336)**	**16,214,172**
Cashflows from investing activities			
Purchase of fixed assets	12	(1,317,434)	(622,681)
Disposal of fixed assets	12	200	-
Interest received on fixed deposits	7.1	1,697,517	1,019,571
Decrease/(Increase) in restricted cash	17	(628,860)	1,197,596
Net cashgenerated from/(used in) investing activities		**(248,577)**	**1,594,486**
Cashflows from financing activities		-	-
Net cashgenerated from financing activities		**-**	**-**
Net increase in cash and cash equivalents		(21,040,913)	17,808,659
Gross cash and cash equivalents at beginning of the year		35,287,132	17,478,473
Gross cash and cash equivalents at end of the year		**14,246,219**	**35,287,132**

The explanatory notes on pages 22 to 51 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1.0 The Company

Egbin Power Plc ("the Company") was one of the unbundled companies from the defunct Power Holdings Company of Nigeria (PHCN). The Company was in the generating sector of the PHCN which was a state-owned Electric Power Company. During the Federal Government's privatisation program, the Company was sold to KEPCO Energy Resource Limited (KERL) in 2007 as part of the privatization of the electric power sector. The sale was authorized by the Bureau of Public Enterprises (BPE). Effective from 1st November 2013 (referred to as the handover date), the Federal Government of Nigeria (FGN) handed over the Company and other unbundled assets to their new owners. The Company entered into an operation and maintenance agreement with KEPCO in November 2013 to provide operation and maintenance services on its plant.

1.1 Shareholding structure

The shareholding structure of the Company is as follows:

	₦'000	%
KERL		
17,500,000 ordinary shares of ₦1 each	17,500	70
BPE		
6,000,000 ordinary shares of ₦1 each	6,000	24
Ministry of Finance Incorporated		
1,500,000 ordinary shares of ₦1 each	1,500	6
Total issued ordinary shares	25,000	100

1.2 Principal activities

The Company's principal activity is to generate power and to sell to the Nigerian Bulk Electricity Trading Plc (NBET). The Company has installed capacity of 1,320 megawatts and utilizes thermal plant to generateelectricity.

1.3 Financial period

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

1.4 Composition of financial statements

The financial statements are presented in Nigerian Naira (NGN), the functional currency of Egbin Power Plc, in accordance with IFRS accounting presentation. The financial statements comprise:

(i) Statement of profit or loss and other comprehensive income
(ii) Statement of financial position
(iii) Statement of changes in equity
(iv) Statement of cash flows
(v) Notes to the financial statements

Other information provided by management includes:
(i) Statement of value added
(ii) Five-year financial summary

1.5.1 Going concern

The management of Egbin Power Plc ("EGBIN") has continually assessed the going concern of the Company and as at the end of the financial year 2022, the management have no plans or intentions to dispose of the business or cease operations that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

The management of the company further considered that the going concern of the Company is not threatened in any form having reviewed the going concern assumption under the following contexts; financial, operational, other possible indicators and strategic growth plans.

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

The following new standards and amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year.

2.1 Amendments to IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2022

The following new standards and amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year.

Amendments to accounting standards that became effective during the year

Annual Improvements to IFRS Standards 2018-2020. (Effective date is 1 January 2022)

On 14 May 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018-2020'. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project.
IFRS 1 - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. IFRS 9 - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing 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. IFRS 16 - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) (Effective date is 1 January 2022)

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 can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or 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).

Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16). (Effective date is 1 January 2022)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

For sales of items that are an output of a company's ordinary activities, the disclosure requirements of IFRS 154and IAS 2 apply.
For the sale of items that are not part of a company's ordinary activities, companies are required to disclose the following if not presented separately in the statement of comprehensive income:
-The sales proceeds and related production cost recognized in profit or loss; and
-The line items in which such proceeds and costs are included in the statement of comprehensive income.'

Reference to the Conceptual Framework (Amendments to IFRS 3. (Effective date is 1 January 2022)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The above ammendments do not have a material impact on the entity's financial statements in the current and prior period.

2.2 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Classification of Liabilities as Current or Non - Current - Amendments to IAS 1. Effective date is 1 January 2023 (deferred from 1 January 2022).
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statements 2. Effective date is 1 January 2023.
Disclosure of Accounting Estimates - Amendments to IAS 8. Effective date is 1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12. Effective date is 1 January 2023.
Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10and IAS 28. Effective date is to be decided by the International Accounting Standards Board (IASB). IFRS 17 Insurance Contracts. Effective date is 1 January 2023 (deferred from 1 January 2021).

3. BASIS OF PREPARATION OF THE ACCOUNTS

These "financial statements" have been prepared in accordance with International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee ("IFRIC") Interpretations (collectively referred to as IFRS), the Companies and Allied Matters Act (CAMA), and the Financial Reporting Council of Nigeria (FRC) Act as at 31 December 2022.

The financial statements have been prepared on a historical cost basis except for the property, plant & equipment balance which has been measured on a revaluation model basis. The historical cost is generally based on the fair value of the consideration given in exchange for the assets while the revaluation model refers to the replacement costs of the fixed assets.

Accounting policies

The financial statements have been prepared in accordance with the Company's accounting policies approved by the Board of Directors of the Company.

A. Revenue recognition

Revenue from sale of electricity to Nigeria Bulk Electricity Trading Plc (NBET), it is measured at the fair value of the consideration received or receivable, net of value added tax (VAT). Revenue is recognised when title to, and control of the electricity is passed to the customer (NBET) i.e. when electricity is delivered to the delivery point in accordance with the Power Purchase Agreement (PPA). Revenue is earned over time in line with the continuous generation of power from the Company's generating plant. Revenue (capacity and energy) is the total pre- agreed tariff set out in the PPA with Nigeria Bulk Electricity Trading Plc (NBET) at the time the utility service is rendered.

The revenue also includes bilateral sales to Ikeja Electric in respect of energy generated from Unit 6. The units are based on energy volumes received by Ikeja Electric. The Company also generates additional revenue based on a compensating fee received from the System Operator (National Control Centre) in respect of spinning reserves. This arises when the Company has been requested to step down its supply of power in order to prevent damage to the national grid.

Performance Obligation

Revenue is recognised when the electricity generated is sent to the National Grid and acknowledged by the Nigeria Bulk Electricity Trading Plc (NBET). This consideration is unconditional because only the passage of time is required before the payment is due.

B. Property, plant and equipment

1.Generation assets
The Company's generation assets are stated at replacement cost using the revaluation model less accumulated depreciation and impairment losses and are generally depreciated using the unit of production method based on the machine usage hours over the estimated operating capacity of the assets. Generation assets include the operating assets which the Company uses in carrying out its normal course of business; generating power to NBET. These assets include the generating plants, turbines, plant spares, and the plant's buildings. All asset are estimated to be revalued every 5years.

Spare parts and replacement materials of significant importance to the generation assets and whose useful lives are greater than one year (either utilised or not) are classified as part of generation assets in line with IAS 16 - Property, Plant and Equipment and depreciated accordingly with similar assets.

The main depreciation rate and basis used by the Company for its assets are as set out below:

Generation assets		
Asset Class	**Rate/Useful life (yrs.)**	**Basis**
Plant and machineries	**Unit of production method based on machine usage hours**	Capacity Utilisation
Generation plant buildings (Including Auxiliary plant)	50	Estimated Useful life

2. Non-generation assets
The Company's non-generation assets are stated at fair value using the revaluation model less accumulated depreciation and accumulated impairment losses. Depreciation is on a straight line method over the estimated useful lives of the assets. Non-generation assets include land, administrative office building, furniture and fittings, motor vehicles, etc. Land is not depreciated. The organization's policy is to capitalize assets with value above one hundred thousand naira. All assets are estimated to be revalued every 5years.

The main depreciation rate and basis used by the Company for its assets are as set out below:

Non-generation assets		
	Rate/Useful life (yrs.)	**Basis**
Land	Nil	N/A
Buildings	50	Estimated Useful life
Building Improvement	20	Estimated Useful life
Equipment	Computer (4), Communication (4), Software (4), Miscellaneous (10)	Estimated Useful life
Furniture and fittings	5	Estimated Useful life
Motor Vehicles	4	Estimated Useful life
Work-in-Progress	Nil	N/A

C. Impairment of property, plant and equipment

The carrying amounts of the Company's long-term assets are reviewed at each reporting date to determine whether there is any indication of impairment. If an indication of impairment exists, then the asset's recoverable amount is estimated. Generation assets are assessed for impairment when they are reclassified from construction in progress to property, plant and equipment (PP&E), and if facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount through the statement of profit or loss.

For the purpose of impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell ("FVLCTS").

Value in use is determined by estimating the present value of the pre-tax future net cash flows expected to be derived from the continued use of the asset. FVLCTS is based on available market information, where applicable. The Company generally estimates fair value less costs to sell using a discounted cash flow model which has a significant number of assumptions. The model uses expected cash flows from capacity of electricity generation forecast, energy unit sales price in force and other operational cost parameters. The discount rate applied to the cash flows is also subject to management's judgement and will affect the recoverable amount calculated. The Company monitors internal and external indicators of impairment relating to its generation and non-generation assets.

D. Derecognition of property, plant & equipment

Property, plant & equipment are derecognised at disposal or when no future economic benefits are expected from its use. Upon disposal, the difference between the net disposal proceeds and the carrying value of the asset is computed in order to ascertain whether there is a gain or loss. The gain/loss is then recognised in the statement of profit or loss for the year.

E. Financial instruments

Financial assets

Initial recognition and measurement:

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus (in the case of investments not at fair value through profit or loss) directly attributable transaction costs. The Company's financial assets include cash and cash equivalents, trade and other receivables.

Classification and subsequent measurement:

The Company classifies its financial assets in the following measurement categories:
• those to be measured subsequently at fair value (either through OCI or through profit or loss), and
• those to be measured at amortised cost.

Financial assets measured at amortized cost - Subsequent measurement and gains & losses

Financial assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less, but exclude any restricted cash which is not available for use by the Company and therefore is not considered highly liquid. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Financial instruments (continued)

Derecognition
A financial asset (or, where an applicable part of a financial asset or part of a group of similar financial assets) is de-recognised when:
• The right to receive cash flows from the asset has expired.
• 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.

Impairment of financial assets
The company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for all financial assets except cash & cash equivalents which is based on general approach. To measure the expected credit losses, trade receivables have been grouped on shared credit risk characteristics and days past due. The expected loss rate are based on the payment profiles of sales over a period of 48 months before 31st December 2022 and corresponding historical credit losses experienced within this period. The historical loss rate are adjusted to reflect current and forward looking information on macroeconomic factors such as, inflation and GDP affecting the ability of the customers to settle the receivables.

The simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted forward- looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Company considers a financial asset to be in default when:
-the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
-the financial asset is more than 15 business days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
ECLs are discounted at the effective interest rate of the financial asset. Financial assets not classified at fair value through profit or loss are assessed at each reporting date.

Presentation of allowance for ECL in the statement of financial position:
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and recognised in profit or loss under the administrative expenses.

Financial liabilities

Initial recognition and measurement

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus attributable transaction costs. The Company's financial liabilities include trade and other payables.

Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

If there is a change in the timing or amount of estimated cash flows, then the amortised cost of the financial liability (or group of financial instruments) is adjusted in the period of change to reflect the revised actual and estimated cash flows, with a corresponding income or expense being recognised in profit or loss.

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

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include: using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Trade and Other Payables
Creditors and accruals are the financial obligations due to third parties and are falling due within one year. The outstanding balances are not interest bearing and are stated at their nominal value.

Finance income and expense
Finance expense comprises accretion on decommissioning liabilities and impairment losses recognized on financial assets. Finance income comprises interest earned on cash and cash equivalents and short-term investments through profit or loss.

F. Employee benefit costs
The Company maintains a defined contribution pension scheme in accordance with the new Pension Reform Act, 2014. The contribution by the employer and employee is 10% and 8% respectively of the employees' monthly basic salary, transport and housing allowances. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits
Short-term employee benefits are rewards such as wages, salaries, paid annual leave, and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars, etc.)

Medical Insurance Scheme
The Company subscribes to a medical insurance plan on behalf of its employees, paying a gross premium to a health management organization based on the level of the employee. This premium is treated as a prepayment and charged to staff costs on a monthly basis.

G. Inventories
Inventories are stated at the lower of cost and net realizable value. Inventories represent small parts, other consumables and gas fuel, the majority of which is consumed by our projects in provision of their services within one financial year. Cost comprises; direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventory to their present location and condition.

Cost is determined by the First In First Out (FIFO) method.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Estimates are based on the most reliable evidence available and take into consideration fluctuations in price or cost directly relating to events occurring after the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

H. Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event for which 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. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of comprehensive income 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of comprehensive income.

Decommissioning liability

The Company recognizes a decommissioning liability when it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the revalued amount of the related base/power stations and generating plants to the extent that it was incurred by the development/construction of the station. Any decommissioning obligations that arise through the production of electricity are expensed as incurred. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the revalued amount of that asset. If it does, any excess over the revalued value is taken immediately to statement of comprehensive income. If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the revalued value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If the revised power and utilities' assets net of decommissioning provisions exceed the revalued value, that portion of the increase is charged directly to expense. Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in statement of profit or loss as a finance cost. The Company recognises neither the deferred tax asset regarding the temporary difference on the decommissioning liability nor the corresponding deferred tax liability regarding the temporary difference on a decommissioning asset.

Decommissioning provision represents the present value of estimated future decommissioning costs relating to the generation assets, which are expected to be incurred up to year 2035, based on its operating life. This provision has been created based on management's best estimates as at the reporting date. Assumptions based on the current economic environment have been made which management believes are a reasonable basis upon which to estimate the future liability. The fair values of these asset retirement obligations are recorded on a discounted basis, at the time the obligation is incurred, and accreted overtime for the change in present value. The estimate for the decommissioning liability was calculated based on the plant capacity for the year, expected scrap value of the steel components factoring the Federal Government of Nigeria (FGN) 10-year tenor bond at the rate of 13.82% (2021: 12.9%) per annum. The assumptions and judgements made in regard to this estimate are subject to annual assessment by management and adjustments if any are to be recognised. Management recognises that actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the generation assets cease to produce on economically viable basis.

I. Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies on the statement of financial position date are reported at the foreign exchange rate prevailing at that date. Foreign currency differences are generally recognised in profit or loss and presented within finance cost or income except where they are regarded as an adjustment to borrowing costs and as such capitalised as part of property, plant and equipment.

J. Taxation

1. Company income tax

Income tax expense is the aggregate of the charge to the statement of comprehensive income in respect of current income tax, education tax and deferred tax.

Current income tax is the amount of income tax payable on the taxable profit of the year determined in accordance with the Company Income Tax ACT, CAP C21 LFN 2004 (as amended). Education tax is assessed at 2.5% of the assessable profit in line with the Finance Act 2021. Minimum tax according to the Finance Act 2020 is 0.5% of gross annual turnover less franked investment income.

2. Deferred tax

In general, deferred tax is recognized in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws enacted or substantively enacted by the reporting date and expected to apply when the deferred tax asset or liability is settled. This is determined through the liability method.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are presented as non-current assets or liabilities respectively.

K. Intangible assets

1. Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is calculated using the straight-line method over a period of rights obtained to allocate the cost of computer software. If software is integral to the functionality of related property, plant and equipment (PPE), then it is capitalised as part of the PPE. Costs that are directly associated with the development of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets and amortised as above. Costs include employee costs incurred as a result of developing software, borrowing costs if relevant and an appropriate portion of relevant overheads. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

L. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term out of money borrowed specifically to finance a project, the income generated from the temporary investment of amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

M. Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price is recorded in the share premium reserve.

FINANCIAL RISK MANAGEMENT POLICY

The company's financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the company's working capital needs. The company have trade and other receivables, and cash and short-term deposits that arise directly from its operations. During the year ended 31 December 2022, the company has been exposed to energy market risk, credit risk, foreign currency exchange risk, and treasury risk.

(a) Energy market risk

The company is exposed to market risk associated with fluctuations in the market price of electricity within the framework of the Multi Year Tariff Order (MYTO) and confirmation by the market operator and generation gas compounded by volumetric loss risk of power generated caused by unplanned changes in the load, output of its portfolio of generation assets, capacity of transmitting companies and demand by customer. The risk management policies are implemented at the business level with the oversight of the Company's board, technical partner, and management teams. The company uses a number of risk measurement procedures and techniques to ensure that risk is kept within pre-approved limits. This risk is mitigated by compensation payment for capacity and load shedding by the Market Operator if reduction in generation is at their instance.

(b) Credit risk

The company is exposed to both settlement risk defined as the risk of a counterparty failing to pay for energy and/or services which have been delivered. Credit risk is mitigated by active engagement and reconciliation of energy supplied to the market operator and promotion of compliance with the MYTO agreement. Credit risk is an activity managed by the Directors with all relevant stakeholders to ensure reduced impact on provisioning policy. The expected credit loss is analysed at each reporting date and this is estimated by management taking into account forward looking information within which the company operates. The maximum exposure to credit risk in respect of trade receivables is the carrying value of the trade receivables at the reporting date. The carrying value of trade receivables is stated gross of the allowance for recoverability provision. The policy of the organization is to make provision and write offs for receivable balance above 365days.

The following table provides information about the exposure to credit risk and E C Ls for trade receivables as at 31 December 2022.

Total trade receivables

Age of trade receivables	0 - 30 days	31 - 90 days	90 - 180 days	181 - 270 days
Gross carrying amount (₦'000)	13,911,830	11,887,207	4,521,794	7,436,169
Loss rate	9.87%	16.20%	19.06%	28.46%
Lifetime E C L (₦'000)	1,372,482	1,925,308	861,871	2,116,428

Age of trade receivables (cont.)	271-365 days	Above 365 days	Management overlay	**Total**
Gros s carrying amount (₦'000)	8,835,912	26,613,824	76,891,971	**150,098,707**
Loss rate	56.14%	100.00%	0.00%	
Lifetime E C L (₦'000)	4,960,167	26,613,824	-	**37,850,080**

**Gross carrying amount comprises receivables from NB E T ₦123.5bn, Ikeja Electric ₦20.2bn, Market Operator ₦4.7bn, Eko Electricity Distribution C o. ₦1.2bn, and TC N ₦450m.*

Management overlay

An exception was made in the los s definition for NB E T balances that have been outs tanding above 365 days becaus e bas ed on indus try trends , balances above 365 days aren't deemed los t and management was able to provide evidence of government promises and a reconciliation document between NB E T and E gbin P ower P lc which was s igned by both parties .

Sensitivity of Expected credit loss
The table below demonstrates the sensitivity to a 10% increase or decrease in the los s rates on trade receivables, for each customer group, with all other variables held cons tant:

E ffect on profit before tax (PB T)

Increase/decreas e in estimated los s rates	2022 ₦'000	2021 ₦'000
+10%	(3,785,008)	(3,340,621)
-10%	3,785,008	3,340,621

Sensitivity to macroeconomic variables
The table below s hows the s ens itivity of the expected credit los s on trade receivables to a 10% increase or decrease in each forward-looking macro variable, with all other variables held cons tant:

GDP Growth rate

		[+10%] ₦'000	No change ₦'000	[-10%] ₦'000
B rent oil price	[+10%]	1,869,838	273,765	(237,871)
	No change	1,077,658	-	(469,862)
	[-10%]	280,424	(233,471)	(703,333)

Cash and cash equivalents
The Company held cash and cash equivalents of 14.25 billion (excluding cash in hand) as at year end (2021: 35.29 billion) which represents its maximum credit exposure on these assets.

The cash and cash equivalents (with the exception of 1.29 million held as cash) of the Company are held by banks and financial institutions. The Company mitigates the credit risk exposure of its bank balances by selecting reputable banks with good credit ratings and a history of strong financial performance. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Counterparties with external credit ratings		
Cash and equivalents		
Unrated (cash in hand)	1,295	12,967
A	-	-
B-	14,244,924	35,274,165
Impairment loss on cash	-	-
Total cash and cash equivalents	**14,246,219**	**35,287,132**

(c) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has a clear focus on ensuring sufficient access to capital to finance growth.

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

	Contractual cash flows	
	2022	**2021**
Trade and other payable	**₦'000**	**₦'000**
Carrying amount	109,155,200	111,558,292
2 months or less	83,868	240,421
2-12 months	109,071,332	111,317,871
Total	109,155,200	111,558,292

(d) Capital risk management
The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year. The capital structure of the Company consists of cash and cash equivalents as disclosed in Note 18, and the reserves in the statement of changes in equity. The company does not have borrowings, as such there is no gearing ratio.

(e) Currency risk
Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company is exposed to risks resulting from fluctuations in foreign currency exchange rates. Some of the Company's business activities and transactions (such as hire and other services) are done in a foreign currency, mainly the US Dollar. A change in the value of any such foreign currency could have an effect on the Company's cash flow and future profits. The Company is exposed to exchange rate risk as a result of cash balances denominated in a currency other than the Naira.

In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings.
Foreign currency denominated balances

	2022 ₦'000	2021 ₦'000
Financial assets:		
Cash and cash equivalents		
Financial liabilities:		
Trade and other payables	1,283	69,499
Payable to related companies	21,981,485	30,592,263
	21,982,768	30,661,762
Net foreign currency denominated balances	(21,072,308)	(28,682,877)

Sensitivity analysis for foreign exchange risk

A strengthening of the USD, as indicated below against the Naira at 31 December would have affected profit or loss and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period and has no impact on equity. The analysis assumes that all other variables, in particular interest rates, remain constant.

The analysis is performed on the same basis for 2021 albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

Impact on profit or loss

20% change in exchange rates	(4,214,462)	(5,736,575)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy to be followed could materially affect the reported amounts of revenues, expenses, assets and liabilities of the company should it later be determined that a different choice would be more appropriate. In addition, in preparing the accounts in conformity with IFRS, the company is required to make estimates and assumptions that impact on the reported amounts of revenues, expenses, assets, and liabilities of the company. Actual results may differ from these estimates. These are discussed in more details below.

(a) Impairment of trade receivables

Trade receivables are stated net of expected credit loss. The company estimates its provision for impairment taking into account future cash flows, based on prior experience, ageing analysis and an assessment of the current economic environment and other forward looking information within which the company operates, liquidity matters amongst the market participants and related government policies and plans. These estimates and assumptions involves forward looking information and a significant degree of judgement.

(b) Impairment of property, plant and equipment

Impairment of property, plant and equipment, and intangible Assets with indefinite life is conducted at every reporting period in line with the provisions of IAS 36. However, in certain circumstances if there are impairment indicators, property, plant and equipment are required to be reviewed for impairment. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of the expected future cash flows of the relevant Cash Generating Unit ("CGU"), or disposal value if higher. The discount rate applied is based on the company's weighted average cost of capital with appropriate adjustments for the risks associated with the CGU. Estimates of cash flows involve a significant degree of judgement as matters relating to gas supply, grid capacity, and load capacity factor which relate to the existing operating turbines and projected plans are used in developing these estimates. The tariff on Capacity and Energy are also susceptible to changes in variable elements of the MYTO 2.0 model. The Directors estimates and assumptions are based on reasonable and operational plan of the Company and existing or planned government policies.

(c) Contingencies

Appropriate disclosure of contingent liabilities is made regarding litigation, tax matters, and environmental issues, among others. Accounting for contingencies requires significant judgement by management regarding the estimated probabilities and ranges of exposure to potential loss. The evaluation of these contingencies is performed by specialists either externally contracted or internal personnel. The Company's assessment of its exposure to contingencies could change as new developments occur or more information becomes available. The outcome of the contingencies could vary significantly and could materially impact the Company's results and financial position. The Company has used its best judgement in applying IAS 37 'Provisions, Contingent liabilities and Contingent assets' to these matters during the year.

(d) Decommissioning and environmental liability

The company periodically revises the estimates made concerning the costs to be incurred in the decommissioning of the company's power generating plants and its constructive obligation to restore the station sites over the course of their operational lives.

Sensitivity analysis for decommissioning liability

Assumptions	**2022**	**2021**
Inflation rate	6.5%	7%
Discount rate	13.5%	12.9%
Exchange rate as at 31 Dec	447.79	412.02
Salvage value of scrap metal (N000)	2,238,950	2,060,100

The changes in Decommissioning estimate recognised in the period is impacted by a variety of factors, as described above.

The table below shows information on the sensitivity of the changes in Decommissioning estimate of the Company's decommissioning liabilities to the methods, assumptions and estimates used in calculating changes in Decommissioning estimate at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the decommissioning liabilities.

	Impact on other comprehensive income	
Changes in assumptions	**2022**	**2021**
	₦'000	**₦**'000
Inflation rate -Increase by 10%	3,689,791	(3,968,534)
Discount rate - Increase by 10%	4,058,770	(4,365,387)
Exchange rate as at 31 Dec 2022 - Increase by 10%	4,058,770	(4,365,387)
Salvage value of scrap metal (NGN) - Increase by 10%	4,058,770	(4,365,387)
Inflation rate -Decrease by 10%	3,018,920	(3,246,982)
Discount rate - Decrease by 10%	2,717,028	(2,922,284)
Exchange rate as at 31 Dec 2022 - Decrease by 10%	2,717,028	(2,922,284)
Salvage value of scrap metal (NGN) - Decrease by 10%	2,717,028	(2,922,284)

5 Revenue

	2022	2021
	₦'000	₦ '000
This represents revenue generated from electricity sales at a point in time		
Sale of electricity (Note 5.1)	106,413,774	153,819,221
Other electricity bills (Note 5.2)	12,429	3,033
	106,426,203	**153,822,254**

5.1 Sale of electricity

This represents the total value of the energy received and capacity certified by the Market Operator/Nigeria Bulk Electricity Trader for energy generated by Egbin Power Plc. as recorded on the monthly settlement statements for the year between both parties

5.2 Other electricity bills

This represents billings to third parties for usage of portion of energy imported by the Company from the National Grid.

6 Cost of sales

	2022	2021
	₦'000	₦ '000
Operations & maintenance and implementation service fees (Note 6.1)	31,404,731	35,380,630
Gas consumed	47,159,591	71,782,554
Depreciation on generation assets (Note 12c)	7,992,131	12,238,127
Salaries and benefits	1,870,637	1,758,109
Regulatory charges (Note 6.2)	1,036,383	1,496,781
Other staff welfare	254,624	900,635
Other plant maintenance cost	10,112,191	7,126,403
	99,830,288	**130,683,238**

6.1 Operations & maintenance and implementation service fees

This relates to operations and maintenance (O&M), technical services and operational support cost rendered by Kepco Energy Resource Ltd (BVI). The fees were charged in line with the O&M contract between the Company and KERL(BVI). It also includes other O&M cost, facilities maintenance, and other ancillary support services. See Note 20.5 for details of transactions with KERL (BVI) in the year.

	2022	2021
	₦'000	₦'000
Operations & maintenance cost	31,404,731	35,380,630
	31,404,731	**35,380,630**

6.2 Regulatory charges

This represents regulatory charges due to the Nigerian Electric Regulatory Commission under the provisions of the NERC (License and Operations fee) Regulations, 2010, and is calculated as 1.5% of licensee s charges/kWh over a period.

7 Finance income/cost

	2022	2021
	₦'000	₦'000
7.1 Finance income	1,697,517	1,019,571
Interest on short term deposits	**1,697,517**	**1,019,571**

		2022 ₦'000	2021 ₦'000
7.2	**Finance cost**	1,558,154	558,611
	Accretion expense (Note 21)	45,984	42,775
	Letters of credit charges	**1,604,138**	**601,386**
7.3	**Other income**		
	School income - Powerfield*	236,078	234,480
	Gain on disposal of fixed assets	534	1,400
	Other income	44,152	4,595
		280,764	**240,475**

*School income-Powerfield: This school income relate to other income earned from Powerfield group of schools. Power field group of schools is an unconsolidated structured entity (as defined by IFRS 12). Its main objectives are to provide education services as a form of corporate social responsibility to the host community and also employee engagement/welfare.

The revenue of the school is generated from the subsidised school fees paid by students, Egbin Power Plc also supports the day to day running of the school as a form of corporate social responsibility. As at 31 December 2022, there were no receivables' due from the school and payables due to the school. A sum of NGN 13 million was donated to the school to support the running of the school during the period.

		2022 ₦'000	2021 ₦'000
7.4	**Impairment of receivables**		
	Impairment loss/(reversal)	4,443,875	(461,893)

This relate to impairment of trade receivables and cash & bank balances.

Breakdown of impairment/(reversals):

	2022	2021
Receivables (Note 15.1)	4,443,875	(448,306)
Cash and cash equivalents	-	(13,586)
	4,443,875	461,893

8 Administrative expenses

	2022 ₦'000	2021 ₦'000
Depreciation on non-generation assets (Note 12c)	1,173,424	802,013
Amortization on intangible assets (Note 13)	43,745	2,556
Salaries and benefits	678,772	659,434
Repairs and maintenance	1,378,934	1,468,362
Motor running expenses	395,015	376,631
Safety & security	192,868	157,019
Other staff welfare	277,305	364,546
Other professional fees (Note 9.2)	98,405	47,332
Community expenses/CSR	2,007	750
Travelling and transportation	128,867	94,049
Bank charges	34,358	59,013
Office & IT consumables	68,714	65,194
Audit fees (Note 9.1)	53,051	46,763
Directors fees and expenses	93,893	69,447
Entertainment and advertisement	56,260	58,992
Insurance	21,346	11,857
Regulatory expenses	16,100	28,351
Other expenses	78,598	60,605
	4,791,662	**4,372,913**

Other expenses relates to miscellaneous expenses not captured in the above sub -headings.

9 Professional fees

	2022	2021
9.1 Audit fees	**53,051**	**46,763**

9.2 Other professional fees

	2022	2021
- Consultancy fees	72,778	23,557
- Legal services	25,627	23,774
	98,405	**47,331**

10 Profit before tax

	2022 ₦'000	2021 ₦'000
This is stated after charging/crediting:		
Auditor's remuneration	53,051	46,763
Depreciation	9,165,555	13,040,139
Net foreign exchange loss	22,150,786	8,989,371
Other income	(280,764)	(240,475)

11 Income tax expense

Per profit or loss

	2022 ₦'000	2021 ₦'000
Income tax	545,609	1,931,860
Education tax	136,369	250,272
Police levy	-	545
Total income tax expense	681,979	2,182,677
Prior year tax underprovision	-	87,020
Deferred tax (Note 11.2)	(3,489,776)	(2,763,638)
	(2,807,797)	**(493,941)**

11.1 Current tax liabilities

	2022 ₦'000	2021 ₦'000
Current tax		
At 1 January	2,191,732	644,085
Prior year tax underprovision	-	87,020
Total income tax expense	681,979	2,182,677
Payments during the year	(1,947,061)	(722,050)
At 31 December	926,650	2,191,732

11.2 Deferred tax liabilities

	2022 ₦'000	2021 ₦'000
Deferred tax		
At 1 January 2022	71,532,005	74,295,643
Recognised in statement of profit or loss	(3,489,776)	(2,763,638)
Recognised in other comprehensive income	-	-
At 31 December 2022	**68,042,229**	**71,532,005**

11.3 Reconciliation of effective tax rate

	2022 ₦'000	2021 ₦'000
(Loss)/profit before tax from continuing operations	**(24,416,265)**	**10,897,284**
Income tax expense calculated at 30% of PBT	(7,324,880)	3,269,185
Adjustment for permanent differences		
Corporate social responsibility	2,138	2,138
Prior year gas estimate adjustment under pioneer	233,257	233,257
Investment Allowance	8,933	8,933
Provision for doubtful debts	6,621,962	(2,924,203)
Prior year tax underprovision	(87,020)	(87,020)
Adjustment for other taxes		
Tertiary Education Tax	(136,369)	(250,272)
Deferred tax	3,489,776	241,922
-	**2,807,797**	**493,941**

11.4 Analysis of deferred tax liability

	Property, plant and equipment ₦'000	Other provisions ₦'000	Total ₦'000
At 1 January 2021;			
Deferred tax asset	**(9,227,651)**	**-**	**(9,227,651)**
Deferred tax liability	**84,113,688**	**(3,354,032)**	**80,759,656**
At 31 December 2021	**74,886,037**	**(3,354,032)**	**71,532,005**
Debited to the income statement	(3,489,776)	-	(3,489,776)
At 31 December 2022	**71,396,261**	**(3,354,032)**	**68,042,229**

12 Property, Plant and Equipment

	GENERATION ASSETS			NON-GENERATION ASSETS					CAPITAL WORK IN PROGRESS	
	Plant and Machinery	Auxiliary plant & building	ARO Asset cost	Equipment (Non plant)	Furniture & fittings	Motor vehicles	Freehold land	Buildings (Non plant)	Capital Work in Progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost or valuation										
At 1 January 2021	567,151,186	65,260,202	3,159,414	348,330	357,268	409,935	6,735,000	15,481,000	607,390	659,509,725
Additions	150,341	9,504	-	125,271	140,266	149,732	-	71,683	467,334	1,114,131
Revaluations	3,114,318	(10,359,279)	-	40,615	178,167	75,168	9,984,326	2,356,100	-	5,389,415
Transfers			-	-	-	-	-	-	(485,732)	(485,732)
Disposals	-	-	-	-	-	(45,691)		-	-	(45,691)
At 31 December 2021	**570,415,845**	**54,910,427**	**3,159,414**	**514,216**	**675,701**	**589,144**	**16,719,326**	**17,908,783**	**588,992**	**665,481,848**
At 1 January 2022	570,415,845	54,910,427	3,159,414	514,216	675,701	589,144	16,719,326	17,908,783	588,992	665,481,848
Additions	2,795	-	-	126,609	180,535	451,005	-	404,735	4,273	1,169,952
Revaluations										-
Transfers	-	-	-	-	-	-	-		(19,470)	(19,470)
Disposals	-	-	-	(426)	-					(426)
At 31 December 2022	**570,418,640**	**54,910,427**	**3,159,414**	**640,399**	**856,236**	**1,040,149**	**16,719,326**	**18,313,518**	**573,795**	**666,631,905**
Accumulated depreciation										
At 1 January 2021	342,588,673	44,661,967	983,978	122,097	220,455	179,447	-	4,217,402	-	392,974,019
Charge for the year	10,743,030	1,322,776	172,320	53,221	47,447	104,237	-	597,108	-	13,040,139
Disposal	-	-	-	-	-	(17,803)	-	-	-	(17,803)
At 31 December 2021	**353,331,703**	**45,984,743**	**1,156,298**	**175,318**	**267,903**	**265,881**	**-**	**4,814,510**	**-**	**405,996,355**
At 1 January 2022	353,331,703	45,984,743	1,156,298	175,318	267,903	265,881	-	4,814,510	-	405,996,355
Charge for the year	7,268,161	634,177	89,794	92,804	114,632	229,086	-	736,901	-	9,165,555
Disposal				(226)						(226)
At 31 December 2022	**360,599,863**	**46,618,920**	**1,246,092**	**267,896**	**382,535**	**494,968**	**-**	**5,551,412**	**-**	**415,161,684**
Carrying amount										
At 31 December 2022	**209,818,776**	**8,291,507**	**1,913,322**	**372,503**	**473,701**	**545,181**	**16,719,326**	**12,762,106**	**573,795**	**251,470,218**
At 31 December 2021	**217,084,142**	**8,925,684**	**2,003,116**	**338,898**	**407,799**	**323,263**	**16,719,326**	**13,094,273**	**588,992**	**259,485,493**

The effective date of the Property Plant and Equipment revaluation is 31 December 2021. The revaluation of all the classes of assets was carried out by an independent valuer.

	2022	2021
	₦'000	₦'000
Revaluation reserve as at 1st January	320,975,155	315,553,822
Revaluation surplus*	–	5,421,33
Revaluation reserve as at 31st December	**320,975,155**	**320,975,155**

*Revaluation surplus/reserve is not available for distribution to shareholders.

12a The Directors at the reporting date have considered possible impairment triggers in respect of the operations of the Company based on industry events. Based on its assessment, no impairment provision has resulted based on the assumptions and estimates adopted on the expected cash flows from installed capacity, power generation load factor, weighted average cost of capital and technical loss ratio. The Directors believe that the estimates and assumptions made are appropriate and reasonable and based on best available information for both planning and operational purposes. The Directors acknowledge that sensitivity fluctuations may exist in the future based on macro-economic indices and Company specific factors due to the continuing restructuring and regulations in the power industry, but expect that any fluctuation which may impact on the carrying amount of the generating assets will be accounted for prospectively, if any exists in the applicable reporting period. None of these assets are pledged as collateral for loans.

12b Additions to Property, Plant and Equipment

		2022	2021
		₦'000	₦'000
	Property, Plant and Equipment		
	Additions	1,189,423	1,599,863
	Transfers from WIP	(19,470)	(485,732)
12c	**Classification of depreciation**		
	Total additions	**1,169,952**	**1,114,131**

	2022	2021
	₦'000	₦'000
Total depreciation	**9,165,555**	**13,040,139**
Generation assets (Note 6)	7,992,131	12,238,127
Non-generation assets (Note 8)	1,173,424	802,013
Total depreciation	**9,165,555**	**13,040,139**

		2022	2021
		₦'000	₦'000
13	**Intangible assets**	**Software**	**Software**
	Cost		
	At 1 January	85,145	31,056
	Additions	166,951	22,172
	Revaluation	-	31,917
	At 31 December	**252,096**	**85,145**
	Accumulated amortisation and impairment		
	At 1 January	31,845	29,289
	Charge for the year	43,745	2,556
	At 31 December	**75,590**	**31,845**
	Carrying amount		
	At 31 December	**176,507**	**53,300**

		2022	2021
13a	**Additionsto Intangible assets**	₦'000	₦'000
	Additions	166,951	22,172
	Transfers (from WIP)	-	-
	Total addition	**166,951**	**22,172**

		2022	2021
		₦'000	₦'000
14	**Inventories**		
	Premium motor spirit	617	-
	Spares and consumables	1,058,195	-
	Automotive gas oil	12,836	13,975
		1,071,648	**13,975**

		2022	2021
15	**Trade and other receivables**	**₦'000**	**₦'000**
	Trade receivables	129,348,906	123,445,676
	Amounts due from related parties (Note 20.1)	20,277,197	20,277,426
	Other receivables*	902,752	751,332
	Unpaid share capital	20,000	20,000
		150,548,855	**144,494,434**
	Expected credit loss (Note 15.1)	(37,850,080)	(33,406,205)
	Net trade and other receivables	**112,698,775**	**111,088,229**

* Other receivables relate to accrued interest on short term deposits and other transactions not related to electricity sales.

		2022	2021
15.1	**Movement in expected credit loss allowance**	**₦'000**	**₦'000**
		33,406,205	33,854,512
	Impairment loss/(reversal)	4,443,875	(448,307)
	Balance as at 31 December	**37,850,080**	**33,406,205**

		2022	2021
16	**Other assets**	**₦'000**	**₦'000**
	Advances	1,945,260	3,633,056
	Prepayments	366,373	250,936
		2,311,633	**3,883,992**
17	**Restricted cash**		
	Cash cover for bank guarantees*	**3,837,005**	**3,208,145**

* This relates to cash cover for bank guarantees in respect of letters of credit for Gas suppliers.

		2022	2021
18	**Cashand cashequivalents**	**₦'000**	**₦'000**
	Investments in fixed deposit (Note 18.1)	10,979,807	28,830,777
	Cash in bank	3,265,117	6,443,389
	Cash at hand	1,295	12,967
		14,246,219	**35,287,133**

18.1 Investments in fixed deposit represent short term deposits kept by the Company in Nigerian commercial banks with maturity of 3 months or lower at fixed interest rates, and therefore yielding interest over the period of deposit.

19 Trade and other payables

	2022 ₦'000	2021 ₦'000
Amounts due to related parties (Note 20.4)	28,287,220	36,208,689
Trade creditors	70,597,207	66,593,518
Accruals and other creditors	10,270,772	8,756,085
	109,155,200	**111,558,292**

20 Related party transactions

20.1 Amountsdue from related companies

	2022 ₦'000	2021 ₦'000
Ikeja Electric (Note 20.2)	20,263,981	20,267,613
First Independent Power Ltd (Note 20.8)	3,395	-
Sahara Energy Resources Limited (Note 20.3)	9,821	9,813
	20,277,197	**20,277,426**

Parent and ultimate controlling party

The parent company of Egbin Power Plc is KEPCO Energy Resource Limited ("KERL"), with 70% shareholding. Following the conclusion of the Government s privatization exercise in November 2013, the Federal Government of Nigeria handed over the Company to the core investor, a Joint Venture between Sahara Power Group (SPG) and Korea Electric Power Corporation ("KEPCO") known as KEPCO Energy Resource Limited ("KERL").

The Company had the following transactions with the under-listed related parties during the year:

20.2 Ikeja Electric

Ikeja Electric Plc is an affiliated entity owned by Sahara group. On 18 December 2015, Ikeja Electric Plc entered into a memorandum of understanding (bilateral arrangement) with Egbin Power Plc. in respect of electricity sales from Unit 6.

The amount represents receivables due from Ikeja Electric, a related entity, under the bilateral arrangement. See transaction details below.

	2022 ₦'000	2021 ₦'000
Opening balance	20,267,613	22,435,744
Accrued during the year	(3,632)	-
Total payments	-	(2,168,131)
Total amount due as at end of the period	**20,263,981**	**20,267,613**

20.3 Sahara Energy Resources Limited

Sahara Energy Resources Limited (SERL) is an affiliated company owned by Sahara group.

The amount represents amount due from/(to) from Sahara Energy Resources Limited on cash swap transactions.

	2022 ₦'000	2021 ₦'000
Opening balance	(43,492)	17,628
Accrued during the year	13,753,078	1,888,773
Total payments	(13,450,135)	(1,949,893)
Net amount due from/(to) as at end of the period	**259,451**	**(43,492)**

20.4 Amountsdue to related companies

	2022	2021
	₦'000	₦'000
Kepco Energy Resource Ltd. BVI (Note 20.5)	21,981,485	30,592,263
Sahara Group Limited (Note 20.6)	6,027,864	5,553,264
First Independent Power Ltd (Note 20.8)	-	1,250
Sahara Energy Resources Limited (Note 20.3)	269,264	53,304
Sahara Power Limited (Note 20.9)	8,607	8,607
	28,287,220	**36,208,688**

20.5 Kepco Energy Resource Limited BVI

This affiliated company provides technical services and operations and implementation support services for the Company. This covers specialised manpower, major and minor inspections of the company's turbines, boilers and auxiliaries, procurement of spares & operational consumables; and other maintenance activities. Amount payable as at 31 December 2022 in respect of this transaction is USD 49.09m.

	2022	2021
	₦'000	₦'000
Opening balance	30,592,263	36,356,375
Accrued during the year	31,404,731	35,380,630
Total payments	(40,015,509)	(41,144,743)
Total amount due as at end of the period	**21,981,485**	**30,592,261**

20.6 Sahara Group Limited

Sahara Group Limited has common ownership with Egbin Power Plc. Sahara Group Limited provides professional and administrative support services to the Company. See below transactions during the period.

	2022	2021
	₦'000	₦'000
Opening balance	5,553,264	6,695,917
Accrued during the year	474,600	-
Total payments	-	(1,142,653)
Total amount due as at end of the period	**6,027,864**	**5,553,264**

20.7 KEPCO Energy Resources Nigeria Limited

KEPCO Energy Resources Nigeria Limited is the parent company of Egbin Power Plc, with 70% shareholdings. There were no transactions with this company during the course of the year.

	2022	2021
	₦'000	₦'000
Opening balance	-	102,231
Accrued during the year	-	-
Total payments	-	(102,231)
Total amount due as at end of the period	**-**	**-**

20.8 First Independent Power Limited

First Independent Power Limited has common ownership with Egbin Power Plc. Amount receivable/payable is in respect of reimburable expenses incurred on behalf of FIPL/Egbin Power Plc. See below transactions during the period.

	2022	2021
	₦'000	₦'000
Opening balance	1,250	-
Accrued during the year	(3,395)	1,250
Total payments	(1,250)	-
Total amount due as at end of the period	**(3,395)**	**1,250**

20.9 Sahara Power Limited

This affiliated company provides administrative support services to the Company. There was no transactions with this affiliate during the year.

	2022	2021
	₦'000	₦'000
Opening balance	8,607	8,607
Total amount due as at end of the period	**8,607**	**8,607**

21 Provision for decommissioning obligation

	2022	2021
	₦'000	₦'000
At 1 January	12,078,712	7,912,343
Change in estimate (other comprehensive income)	(3,354,355)	3,607,758
Accretion cost for the year	1,558,154	558,611
At 31 December	**10,282,511**	**12,078,712**

Decommissioning provision represents the present value of estimated future decommissioning costs relating to the generation assets, which are expected to be incurred up to year 2035, based on its operating life. This provision has been created based on the management's best estimates as at the reporting date. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. The fair value of this liability is r ecorded on a discounted basis, and accreted overtime for the change in present value. The estimate for the decommissioning liability was calculated based on the plant capacity for the year, expected scrap value of the steel components, factoring the Federal Government of Nigeria (FGN) 15-year tenor bond at the rate of 13.82% (2021: 12.9%) per annum. The assumptions and judgements made in regard to this estimate are subject to annual assessment by management and adjustments, if any, are made to the carrying amount. Management recognises that actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the generation assets cease to produce on economically viable basis.

22 Financial instruments

22.1 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

22.2 Categories of financial instruments

The following table summarizes the Company s financial instruments:

22.2. Financial assets measured at amortized cost	**2022**	**2021**
	₦'000	**₦'000**
Trade and other receivables	150,548,855	144,494,434
Cash and cash equivalents	14,246,219	35,287,132
	164,795,074	**179,781,566**

23 Share capital	**2022**	**2021**
	₦000	**₦'000**
Authorised		
100,000,000 ordinary shares of N1 each	**100,000**	**100,000**
Issued		
25,000,000 ordinary shares of N1 each	**25,000**	**25,000**
Shareholders- Units	**Unit**	**Unit**
KEPCO Energy Resources Limited	17,500,000	17,500,000
Bureau of Public Enterprises	6,000,000	6,000,000
Ministry of Finance Incorporated	1,500,000	1,500,000
	25,000,000	**25,000,000**
Shareholders- %interest	**%**	**%**
KEPCO Energy Resources Limited	70	70
Bureau of Public Enterprises	24	24
Ministry of Finance Incorporated	6	6
	100	**100**

		2022	2021
24	**Earningsper share**	**₦'000**	**₦'000**
	Earnings for the purpose of basic profit per share is based on net profit attributable to equity holders of the Company.	**(21,608,468)**	**11,391,225**
	Number of shares	**Number**	**Number**
	Number of ranking ordinary shares for the purpose of basic earnings per share.	**25,000,000**	**25,000,000**
	Earnings per share - Basic & Diluted (Naira)	**(864.34)**	**455.65**

		2022	2021
25	**Other reserves**	**₦'000**	**₦'000**
	Balance as at 1 January	**192,824,060**	**191,010,485**
	Changes in Decommissioning Estimate	3,354,355	(3,607,758)
	Revaluation Surplus		5,421,333
	Balance as at 31 December	**196,178,415**	**192,824,060**

	2022	2021
Analysis of other reserves:	**₦'000**	**₦'000**
Nigerian Electricity Liability Management Company (NELMCO)	(49,100,000)	(49,100,000)
Government funding	19,719,437	19,719,437
Deferred Tax on Revaluation Surplus	(94,666,146)	(94,666,146)
Revaluation Surplus	320,975,155	320,975,155
Accumulated Changes in Decommissioning Estimate	(750,031)	(4,104,386)
Closing balance	**196,178,415**	**192,824,060**

26 **Information regarding Directors and employees**

		2022	2021
26.1	**Directors**	**₦'000**	**₦'000**
	Directors' emoluments comprise:		
	Fees	33,489	29,920
	Expenses	60,404	39,527
		93,893	**69,447**

The number of Directors including the Chairman whose emoluments were within the bands stated below were:

	Number	Number
Up to NGN 4,000,000	4	4
NGN 4,000,001 to N 5,000,000	2	2
	6	6

The Directors have no interests in contracts executed by the Company during the year ended 31 December 2022.

26.2 Employees

Total number of employees as at year-end:	2022 Number	2021 Number
Management	40	39
Senior	236	203
Junior	164	203
	440	**445**

Aggregate staff costs:	**2022 ₦'000**	**2021 ₦'000**
Salaries and wages (Note 6 & 8)	2,549,409	2,417,543
Other staff welfare (Note 6& 8)	531,929	1,265,181
	3,081,338	**3,682,724**

The number of paid employees with gross emoluments within the bands stated below were:

	Number	**Number**
Below N1,000,000	14	15
N1,000,000 - N2,000,000	77	77
N2,000,001 - N5,000,000	155	141
N5,000,001 - N10,000,000	148	171
Above N10,000,000	46	41
	440	**445**

27 Contingent liabilities

There is a pending litigation and claims amounting to N520 billion as at 31 December 2022 : (2021: N520 billion). The suit was instituted against the Company by members of the host community over the land on which the Company's power station is located. However, the Directors on the representation and advise of the legal advisers are of the view and confident that the Company will suffer no material losses as the suit is likely to be decided in their favour.

28 Financial commitments

There were no capital commitments contracted by the Company or approved by the Board which had not been provided for as at the reporting date (2021: Nil)

29 Subsequent events

A gas transportation agreement was executed between Egbin Power Plc and the Nigerian Gas Company Limited (NGC), now Nigerian Gas Infrastructure Company (NGIC) on the 23rd of February 2013 for a ten (10) year tenure. The extension of this contract is currently under review. However, the obligations of the contract is still being performed by both parties as at the date of the financial statements. There is no impact of this on the financial statements as at 31 December 2022.

On the 14th of June 2023, the Central Bank of Nigeria (CBN) announced the unification of all segments of the Nigerian forex market, which led to the collapse of all windows into the Investors & Exporters (I&E) window. The move was to improve liquidity and stability in the market and attract foreign investors into the Nigerian economy. There is no impact of this on the financial statements as at 31 December 2022.

On 19th May 2023, the shareholders of Egbin Power Plc and KEPCO Energy Resource Nigeria Limited (KERNL) had a court ordered meeting where an Internal Scheme of Arrangement was approved by both parties. Under the terms of the scheme of Arrangement, all the assets and liabilities of the two entities will be consolidated, with Egbin emerging as the surviving entity, and KERNL being dissolved without being wound up. The final court sanction is tentatively scheduled for 31st of October 2023.

During the same meeting, the board also approved the issuance of previously unissued shares as bonus shares to existing shareholders in proportion of their shareholding.
There were no other significant events after the reporting date that could have a material effect on the state of affairs of the Company as at 31 December 2022, or on the profit for the year which have not been adequately provided for or disclosed in these financial statements.

30 Comparative figures

Where necessary, certain prior year comparatives have been adjusted to properly reflect current year presentation format.

31 Material Contracts

Gas Sales and Aggregation Agreement

The Company entered into a Gas Sales and Aggregation Agreement for the purchase of gas on 27th May 2011. The parties to the contract are: Egbin Power Plc (referred to as the buyer), Chevron Nigeria Limited (the seller) and Gas Aggregation Company Nigeria Limited (the aggregator). Under the terms of the agreement, the Seller is the operator of the supply area, and has gas available for the purpose of meeting its obligations to the buyer who wishes to buy and take delivery of gas from the seller for use as fuel at it's power plant. The Aggregator is empowered by the national domestic gas supply and pricing regulations 2008 to coordinate wholesale gas supply from gas producers to eligible purchasers with Nigeria.

The Agreement was executed on the 27th May 2011 and shall terminate upon the earlier event to occur of: (a) the tenth (10th) anniversary of the Start Date; or (b) when 529,250,000 (five hundred and twenty-nine million, two hundred and fifty thousand) MMBtu of Gas (Contract Quantity) has been made available for delivery by the Seller, (c) any other termination event in accordance with Article 25 of the contract. However, a Side Letter was executed in 2018, which modified the start date of the GSAA to be October 31st 2018, extending the valididity till 30th October 2028.

The gas will be transported to the power plant under the Gas Transportation Agreement (GTA) signed on 23 February 2013 with the Nigerian Gas Company Limited.

Gas Transportation Agreement
The Company entered into a Gas Transportation Agreement with Nigerian Gas Company Limited (NGC), now Nigerian Gas Infrastructure Company (NGIC) on the 23rd of February 2013. The tenure of the gas transportation agreement is ten (10) years from the commencement date. The tenure is extensible subject to notice by any of the parties and negotiation on terms for the extended tenure. Under the agreement, Nigeria Gas Company Limited (the transporter) transports Gas on behalf of Egbin Power Plc (referred to as the shipper) on the terms and conditions set out in the agreement.

In order to guarantee payment for the transportation service, the Company has an obligation to maintain a standby letter of credit (LC) equivalent to the total amount payable for Ninety (90) days transport service. See note 17 to these financial statements for further information about amounts maintained as letters of credit with respect to gas supply and transportation. The extension of this contract is currently under review, and the obligations of the contract is still being performed by both parties as at the date of the financial statements.

Bulk Power Purchase Agreement
The Company entered into a 20-year Power Purchase Agreement (PPA) with the Nigerian Bulk Electricity Trading Plc (NBET) on 21 February 2013 to sell electric power (dependable capacity and gross energy output) generated from its power plant at an agreed-upon pricing model and contract capacity. Under this agreement, the Company is the seller and NBET is the buyer.

This agreement underlies the Company's revenue stream as it contains the terms upon which the Company's main customer (NBET) purchases the gross energy output generated from the Company's power plant.

NBET is wholly owned by the Federal Government of Nigeria (FGN) and was established as part of the Nigerian power sector reforms. NBET's obligation to pay the Company is also supported by the Federal Government through the Central Bank of Nigeria (CBN) power sector reform intervention fund.

Under the terms of the agreement, the Company shall deliver to the buyer(NBET) and the buyer shall accept and pay for all dispatched gross energy output and capacity.

The Parties are by the contract bound by the Market Rules and provisions of the Grid Code where applicable.

Operation and Maintenance Contract
On 1 January 2019, the Company entered a contract with KEPCO Energy Resource Limited (KERL) for the provision of operations and maintenance services in line with the Company's five year maintenance plan. KERL is registered under the laws of the British Virgin Islands.

The contract is for a period of five years. See Notes 6.1 and 20.5 to these financial statements for details of transactions with KERL in respect of this contract as at 31 December 2022.

VALUE ADDED STATEMENT

	2022 ₦'000	%	2021 ₦'000	%
Revenue	106,426,203	(2,968)	153,822,254	489
Bought in materials and services				
- Imported	(31,404,731)	876	(35,380,630)	(112)
- Local	(78,607,155)	2,192	(86,962,510)	(276)
Value added	**(3,585,683)**	**100**	**31,479,114**	**100**
Distributed as follows:				
To pay employees				
Staff cost	3,081,338	(86)	3,682,724	12
To pay Government				
Taxation	681,979	(19)	-	-
To pay providers of finance				
Interest expense	45,984	(0)	42,776	-
Maintenance of assets and future expansion				
Depreciation	9,165,555	(256)	13,040,139	41
Accretion expense	1,558,154	(43)	558,611	2
Deferred taxation	3,489,776	(97)	2,763,638	9
(Loss)/Profit for the year	(21,608,468)	603	11,391,225	36
Value (eroded)/added	**(3,585,683)**	**100**	**31,479,114**	**100**

Value added represents the additional wealth which the Company was able to create through its own efforts and those of its employees. This statement shows the allocation of that wealth among employees, providers of capital, government, and the proportion retained for the future creation of more wealth.

5-YEAR FINANCIAL SUMMARY

Statement of financial position	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000
Assets employed					
Property, plant and equipment	251,470,218	259,485,493	266,535,709	289,502,105	300,297,714
Intangible assets	176,507	53,300	1,767	5,460	12,155
Other assets	-	-	-	-	619
Net current assets	24,083,430	39,731,451	18,125,238	27,812,524	(12,535,542)
Deferred tax	(68,042,229)	(71,532,005)	(74,295,643)	(80,730,471)	(77,235,431)
Other long-term liabilities	(10,282,511)	(12,078,712)	(7,912,343)	(49,494,013)	(5,167,727)
Net assets	197,405,415	215,659,527	202,454,728	187,095,605	205,371,788
Capital and reserves					
Share capital	25,000	25,000	25,000	25,000	25,000
Retained earnings	1,202,000	22,810,468	11,419,243	(5,154,475)	13,839,676
Other reserves	196,178,415	192,824,060	191,010,485	192,225,080	191,507,112
Total equity	**197,405,415**	**215,659,528**	**202,454,728**	**187,095,605**	**205,371,788**

Statement of profit or loss and othecomprehensive income					
Revenue	106,426,203	153,822,254	119,695,559	91,713,176	76,746,317
Profit/(loss) before taxation	(24,416,265)	10,897,284	10,200,174	3,658,647	(9,533,664)
Taxation	2,807,797	493,941	687,141	(881,382)	1,773,165
Profit for the year	(21,608,468)	11,391,225	10,887,315	2,777,265	(7,760,499)
Other comprehensive income	3,354,355	1,813,575	1,108,191	717,968	-
Total comprehensive income for the year	**(18,254,113)**	**13,204,800**	**11,995,506**	**3,495,233**	**(7,760,499)**
(Loss)/earnings per share - Basic & Diluted (Naira)	**(864.34)**	**455.65**	**435.49**	**111.09**	**(310.42)**
Net assets per share	**7,896**	**8,626**	**8,098**	**7,484**	**8,215**

Notes

Earnings per share is based on the earnings/(loss) for the year and it is computed on the basis of the weighted number of ordinary shares in issue as at the end of the respective statement of financial position date.

Net assets per share is based on the net assets and the weighted number of ordinary shares in issue as at the end of the respective statement of financial position date.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (USD)

	2022 US$'000	2021 US$'000
Revenue	250,692	383,529
Cost of sales	(235,155)	(325,836)
Gross profit	**15,537**	**57,693**
Impairment (loss)/reversal	(10,468)	1,152
Administrative expenses	(11,287)	(10,903)
Operating profit	**(6,218)**	**47,942**
Finance income	3,999	2,542
Finance cost	(3,779)	(1,499)
Other income	661	600
Net foreign exchange loss	(52,177)	(22,413)
(Loss)/profit before taxation	**(57,514)**	**27,169**
Taxation	6,614	1,232
Profit for the year	**(50,900)**	**28,401**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Changes in decommissioning estimate	7,901	(8,995)
Revaluation surplus	-	13,517
Items that may be reclassified subsequently to profit or loss:		
Translation difference	(39,574)	(14,830)
Total comprehensive income for the year	**(82,574)**	**18,093**
(Loss)/earnings per share - Basic & Diluted (Naira/ US$)	(2.04)	1.14

STATEMENT OF FINANCIAL POSITION (USD)

	2022 US$'000	2021 US$'000
ASSETS		
Non-current assets		
Property, plant and equipment	561,655	629,863
Intangible assets	394	129
Total non-current assets	**562,049**	**629,992**
Current assets		
Inventories	2,393	34
Trade and other receivables	251,678	269,619
Other assets	5,162	9,427
Restricted cash	8,569	7,786
Cash and cash equivalents	31,815	85,644
Total current assets	**299,617**	**372,510**
TOTAL ASSET	**861,666**	**1,002,502**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	111	111
Retained earnings	116,625	167,525
Other reserves	1,029,657	1,021,756
Cumulative translation adjustment	(705,473)	(665,899)
Total equity	**440,920**	**523,493**
Non-current liabilities		
Deferred tax liabilities	151,950	173,612
Provision for decommmissioning obligation	22,963	29,316
Total non-current liabilities	**174,913**	**202,928**
Current liabilities		
Trade and other payables	243,764	270,759
Currenttax liabilities	2,069	5,319
Total current liabilities	**245,833**	**276,080**
TOTAL LIABILITIES	**420,746**	**479,008**
TOTAL EQUITY AND LIABILITIES	**861,666**	**1,002,502**

STATEMENT OF CHANGE IN EQUITY (USD)

	Share Capital US$'000	Retained Earnings US$'000	Other Reserves US$'000	Cumulative translation adjustment US$'000	Total Equity US$'000
Balance at 1 January 2021	**111**	**139,124**	**1,017,234**	**(651,069)**	**505,400**
Profit for the year	-	28,401	-	-	28,401
Revaluation surplus	-	-	13,517	-	13,517
Changes in decommissioning estimate	-	-	(8,995)	-	(8,995)
Deferred tax	-	-	-		-
Translation difference	-	-	-	(14,830)	(14,830)
Balance at 31 December 2021	**111**	**167,526**	**1,021,756**	**(665,899)**	**523,494**
Profit for the year	-	(50,900)			(50,900)
Changes in decommissioning estimate	-	-	7,901		7,901
Translation difference	-	-		(39,574)	(39,574)
Balance at 31 December 2022	**111**	**116,626**	**1,029,657**	**(705,473)**	**440,920**

STATEMENT OF CASH FLOWS (USD)

	2022 US$'000	2021 US$'000
Cash flows from operating activities		
Profit/(loss) before tax	(54,526)	26,448
Adjustments for:		
Depreciation on generation assets	17,848	29,703
Depreciation on non generation assets	5,241	(1,088)
Impairment loss allowance(Receivable)	9,924	(33)
Accretion expense	3,480	1,356
Interest on fixed deposit	(3,791)	(2,475)
	32,702	**29,416**
Movements in working capital		
Increase in trade and other receivables	(13,521)	45,923
(Increase)/Decrease in other assets	3,511	(6,350)
Decrease/(Increase) in inventories	(2,362)	14
Increase/(Decrease) in trade and other payables	(5,367)	(54,346)
Total adjustments and movements	**14,964**	**14,657**
Income taxes paid	(4,348)	(1,752)
Net cash generated from operating activities	**(43,910)**	**39,353**
Cash flows from investing activities	**(555)**	**3,870**
Purchase of fixed assets	(2,942)	(1,511)
Interest received on fixed deposits	3,791	2,475
(Increase)/Decrease in restricted cash	(1,404)	2,907
Net cash (used in)/generated from investing activities	-	-
	-	**-**
Cash flows from financing activities	**(44,466)**	**43,223**
Net cash generated from financing activities		
Net increase in cash and cash equivalents	(9,364)	(1,239)
Effects of exchange rate changes on cash and cash equivalents	85,644	43,660
Gross and cash equivalents at beginning of the year	**31,814**	**85,644**
Gross cash and cash equivalents at end of the year		
Impairment of cash	-	-
Net cash and cash equivalents at end of the year	**31,814**	**85,644**

Proxy Form

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Shareholder

Before completing this form, please read the explanatory notes

I /We being a member of the Company appoint the Chairman of the meeting OR (see note 3)

as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meetings of the Company for the year ended 31st December 2020 to be held on Wednesday 13th August 2021 at the Company's Headquarters, Egbin Power Complex, Egbin, Lagos and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is [properly] put before the meeting.

RESOLUTIONS	For	Against
ORDINARY BUSINESS		
1. To receive the Audited Financial Statements for the year ended 31st December 2020 and the Reports of the Directors and Auditors thereon		
2. To re-elect Directors.		
3. To authorize the Directors to fix the Remuneration of the Auditors		
4. To elect members of the Audit Committee.		
Please indicate with an " X" in the appropriate column, how you wish your votes to be cast on the resolutions set out above.		

Name	
Signature	
Date	

Notes to the proxy form

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.

2. This proxy form should NOT be completed and sent to the registered office of the Company if the member would be attending the Meeting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

4. To direct your proxy on how to vote on the resolutions mark the appropriate box with an "X". If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

5. To appoint a proxy using this form, the form must be:
   - Completed and signed;
   - Sent or delivered to the Company at the headquarters, Egbin Power Complex, Egbin, Lagos; and

6. Received by the Company no later than 6 pm on the Wednesday 11th August 2021

7. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

8. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

9. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.