2021 ANNUAL REPORT

Bringing energy to life responsibly

EGBIN POWER PLC

Annual Report and Financial Statements

For the year ended 31 December, 2021

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CORPORATE INFORMATION

Directors	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

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 AJ 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

Ejiro Gray

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of **Egbin Power Plc** (the "**Company**") will be held at the **Boardroom, Egbin Power Plant, Ikorodu, Lagos State** on **Wednesday, 25th January 2023** at **1.00 p.m.** to transact the following businesses:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December 2021 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 9th day of January 2023

BY ORDER OF THE BOARD

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. Alex Okoh and Mr. Tope Shonubi. 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

Introduction

Dear Priceless Shareholders, distinguished members of the Board, distinguished guests, ladies & gentlemen. It is with great pleasure that I welcome you all, on behalf of the Board of Directors of Egbin Power Plc, to the 7th Annual General Meeting of our Company wherein we will present the Annual Report for the year ended 31st December 2021 for your consideration.

The past two (2) years have presented businesses in Nigeria and around the world with unprecedented challenges. These challenges are the result of the lingering impact of the COVID-19 pandemic, a worsening economic crisis, escalating socio-political tensions, several global and regional socio-economic and political factors, and the Russian-Ukraine War amongst others. Even though many businesses had to re-evaluate their strategies to integrate resilience into their work processes during this period, we were able to demonstrate our Company's strength, resilience, and capacity to adapt and improve by rising to these numerous challenges.

The year 2021 was one of objective self-evaluation and strategic adjustments as we built on our performance for 2020, particularly as we gradually recovered from the impact of the COVID-19 pandemic. We held true to our promise to reduce the rate of illiteracy in our host communities through scholarship interventions in basic education for indigent and exceptional students. We also made a concerted effort to engage qualified local vendors as much as possible. This resulted in a 19.4% increase in our local supplier base, with local suppliers receiving 80% of our N7.4 billion procurement budget.

At Egbin, we constantly seek ways to improve our output while preserving and sustaining the environment, safeguarding, and maximizing the potential of our people, as well as enhancing our profitability. In 2021, we switched from using basic Maintenance Connection software to the more robust IBM Maximo and Employee Assistance Program (EAP) systems to manage our procurement procedures. In addition, we continued to use light-emitting diode (LED) bulbs while monitoring our energy consumption. Future goals include requiring an Energy Star label for all electrical equipment purchased for the built environment.

The following events impacted our performance in the 2021 financial year:

OPERATING ENVIRONMENT

According to the data released by the Nigerian Bureau of Statistics (NBS), Nigeria's Gross Domestic Product (GDP) grew by 3.4% in the year 2021 compared to a contraction of 1.92% in the year 2020. In real terms, it grew by 3.98% (year on year) in the fourth quarter of 2021 thereby showing sustained growth for the fifth consecutive quarter since the recession witnessed in 2020. This was the fastest GDP growth rate recorded in Nigeria in the past eight (8) years, though the macroeconomic environment faced several challenges, coupled with the crippling effect the Covid-19 pandemic had on businesses and economies globally, forcing nations around the world to close their borders.

Nigeria was faced with several challenges during the year 2021, such as inflation which stood at about 16.95%, increasing by 3.71% from 13.2% in the year 2020. This headline index, which was affected by exchange rate volatility and disruptions in the supply chain, was above the Central Bank of Nigeria's 6-9% target and above the 11.95% benchmark set by the Federal Government in the 2021 budget. . Insecurity was also one of the major challenges faced as statistics showed that there were about 10,366 media-reported killings in 2021 which is about 32% increase from the previous year with kidnapping and banditry spreading to various parts and communities across the country.

Nigeria Electricity Supply Industry (NESI) has also been plagued with challenges across its subsector. In the transmission and distribution subsectors, there remain collection and metering issues, non-cost reflective tariffs, infrastructure deficiency, customer apathy, mistrust and abysmal consequence management etc. This has made it difficult to sustain a commercially healthy market as well as evacuate the available generation capacity through the grid. The Nigeria Bulk Electricity Trading (NBET) Plc has not been able to meet all its obligations to the Power Generation Companies (GENCOs) as contained in the Power Purchase Agreements (PPA) with a total of about N1.644trillion being owed to the GENCOs cumulatively since 2015 and counting.

The Nigeria Electricity Regulatory Commission (NERC), based on data obtained in 2021, reported that power distributed in the year averaged at 4,094.09MW. Relatedly, the average unutilized power generation capacity increased to 3008.18MW in 2021 from 1030.80MW in 2013 indicating an increase of 291% in the past eight (8) years. This has denied the nation of substantial power which could have been utilized to boost economic activities. While poor transmission and distribution infrastructure was largely blamed for limiting generation, gas supply remained a big hurdle for gas-powered plants. However, it is worthy of note that efforts are ongoing to improve the state of the transmission and distribution network with several projects like the Electricity Road Map agreement with German-based Siemens with the aim of modernizing and improving the country's national grid size. While these projects are laudable and will bring significant improvements to the grid, the lead time to deliver some of them is medium to long-term nature. We are also hoping that relative investment will also be witnessed in the gas production and distribution infrastructure.

OPERATING RESULTS

The Company's 2021 Financial Year (FY) performance demonstrated strength and resilience despite the slow response of world economies recovering from Covid-19; the challenging business environment; and unfavorable macro-economic indicators such as foreign exchange and inflation. The situation was further aggravated by a huge dollar demand and a decline in forex inflow from foreign capital, remittances, and non-oil exports.

The business reported a 29% increase in revenue from N120 Billion in 2020 to N154 Billion at the end of FY 2021. Gross Margin improved from 7% to 15% while Profit before tax increased by 7% from N10.2 Billion to N10.9 Billion Year on Year Business Performance was attributed to growth in generated MW by 17% from 547 in 2020 to 642 in 2021.

It is worthy to note that during the year under review, the Company had a net trade and other receivables balance of N111 Billion as disclosed in note 15 to the Financial Statements. A significant portion of these receivables is owed by Government agencies: Market Operator and Nigerian Bulk Electricity Trading Plc (NBET). This value continues to erode with inflation and FX devaluations.

BOARD MATTERS

There were no changes to the composition of the Board during the period under review. At this AGM, Mr. Alex Okoh and I - Mr. Temitope Shonubi 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 structures and management systems help us monitor and maintain an ethical, effective corporate culture with the goals of providing value for stakeholders and enabling sustainable growth. Our governance strategies, policies, processes, and procedures are implemented across our entire value chain. We continually strive to ensure that we comply with the relevant laws and regulations relating to our business activities and operations.

The Board continues in its efforts to maintain a transparent and ethical system and hence continues to deploy global standards and control mechanisms to eliminate business risks and unethical practices across the organization.

MANAGEMENT & STAFF

At Egbin Plc, we place a high premium on the health and safety of our employees as they carry out the business activities and operations of the Company. We have been pragmatic in our approach to ensure the health and safety of our people. We have taken deliberate steps to deploy resources to help our communities overcome hardships during these turbulent times. Over the last two years, we focused on supporting our communities and the government in the fight against COVID-19. We continued regular testing and aftercare for our staff while encouraging all staff to get vaccinated. We remain committed to keeping our staff and communities safe by being fully compliant with health and safety measures in all our operations. As part of our COVID-19 protocols, Management continued to maintain for the second year, an isolation center in the Estate Health Care Facility with basic ICU equipment and medication. We also carried out periodic testing of the staff and residents of the estate for the COVID-19 Virus. In the coming year, we will continue to take proactive measures to ensure that members of staff and residents of the estate are protected against the COVID-19 virus. We have stopped deducting the 13th month contribution from staff salary and the Company contributes the amount in full. We continue to upgrade the estate and build new homes for our staff annually.

We also have in place the workmen's compensation insurance policy, to adequately secure and protect our employees in addition to a robust Health Management Organisation (HMO) scheme which covers staff and their immediate family members at the Company's expense. Our health and wellness policy prescribes quarterly health education and medical check-ups for every member of staff. We have also gone intrinsic and created the "Egbin Lifestyle" mode which includes promoting recreational activities and fostering a sense of family outside work through initiatives such as Karaoke night, Protection Of My Personal Space (POMPS), sporting and cooking competitions as well as "green life" - with the provision of electric scooters and bicycles for ease of transportation within the facility. With the Egbin Lifestyle, we have made infrastructural upgrades to the recreational centre including swimming pool refurbishment, the establishment of the Minimart complex and added modern equipment to our gym. We are also supportive of mental health issues and stress-related issues.

We also continue to operate and implement a robust Emergency Preparedness and Response Procedure (EPRP) to ensure that potential emergencies are identified, and appropriate response actions are outlined so that in an emergency situation, employees, contractors, and visitors are promptly evacuated to a safe location.

We are fully committed to building the next generation of excellent Engineers and staff through our various Management Training Programmes.

PERSONAL & CORPORATE SOCIAL RESPONSIBILITY (PCSR)

As part of our PCSR activities for 2021, we continued to support underprivileged communities through our annual Scholarship scheme aimed at high-potential pupils within our host communities. We also provided basic amenities and infrastructure improvement aimed at giving back to our host communities and ensuring that we continue to make a meaningful positive impact in our immediate environment.

In 2021, we invested approximately N201 Million in CSR support to our host communities, and charitable institutions and organizations.

It is also worthy to note that we continued our palliative measures to support the local community through the provision of medical equipment, Oxygen Tanks, food, safety gear, and apparatus; also sensitizing them on the best ways to protect against COVID-19.

FUTURE OUTLOOK

The IMF has projected a 4.4% growth in the global economy for 2022, but this is against the backdrop of to supply chain disruptions, a buildup in energy and commodity prices and higher inflationary pressures. It is however doubtful if the projected growth can be achieved in view of the war between Russia and Ukraine, with the resultant shortage of energy, materials and the negative effect on the OEMs.

The expected volatility and uncertainty in the business environment notwithstanding, the Board and Management remain confident about the future of the Company and are committed to its success and sustainability. We have taken significant steps in ensuring that we continue to innovate, grow, and create cutting-edge digital solutions and services that will be relevant today and fit for the future of our business. In the year 2022, we will continue to pursue our resilient strategy whilst building on our strengths and foundations to overcome the challenges the year will present.

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 customers and the nation at large.

We are totally committed to the environment and sustainability principles and action. We must remain a responsible citizen of the world. 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. I would further like to reassure our esteemed Shareholders and stakeholders that we will continue to strengthen our business strategic foundations to persist in meeting both our financial and operational targets.

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.

Tope Shonubi
CHAIRMAN

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2021.

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:

	2021	2020
	N'000	N'000
Revenue	153,822,254	119,695,559
Profit before taxation	10,897,284	10,200,174
Taxation	493,941	687,141
Profit for the year	11,391,225	10,887,315

Dividend

No dividend was paid or proposed during the year (2020: 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:

	2021		2020	
Names	**No of shares**	**%**	**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**

	2021	2020
Authorised	**N'000**	**N'000**
100,000,000 ordinary shares of N1 each (2020: 100,000,000 ordinary shares of N1 each)	**100,000**	**100,000**
Issued		
25,000,000 ordinary shares of N1 each (2020: 25,000,000 ordinary shares of N1 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 N135 million to charitable institutions and organizations during the year (2020: N402 million).

Events after the reporting date

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 2021 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.

COVID-19

The novel Coronavirus, (COVID-19) pandemic outbreak in Nigeria has caused the Company to assess the impact of the virus and various guidelines and restriction imposed to contain the effect it may have on the business, as such, the management of Egbin Power Plc has concluded that the operations of the company will not cease or be significantly impacted. Furthermore, the company has in place appropriate health and safety measures to mitigate the risk of employees' exposure to the virus.

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

....

Company Secretary
Lanre Durojaiye

STATEMENT OF DIRECTORS' 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 2021, 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 2021 were approved by Directors on

20 February, 2022

Temitope Shonubi
Chairman
FRC/2018/IODN/00000018969

Ade Odunsi
Director
FRC/2013/ICAN/00000005046

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL REPORT

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 2021.

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

20 February, 2023

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

20 February, 2023

REPORT OF THE AUDIT COMMITTEE

To the members of Egbin Power Plc

In compliance with section 404 (1) of the Companies and Allied Matters Act (CAMA), Cap C20 Laws of the Federal Republic of Nigeria 2020 , we the members of the Audit, Risk & Governance Committee of Egbin Power Plc, have reviewed the Audited Financial Statement for the year ended 31st December 2021 and hereby declare as follows:

1. We have reviewed the scope and planning of the audit for the year ended 31st December 2021, and we confirm that they were adequate;

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 functions operated effectively through robust internal control and audit framework;

4. We reviewed the External Auditor's findings as stated in the management letter and are satisfied that Management is taking appropriate steps to address the issues and comments noted in the Report.

The External Auditors confirmed that they received Management's full co-operation and that their scope of work was not restricted in any way.

Dated: 20 February, 2023

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

MEMBERS OF THE COMMITTEE

Mr. Kola Adesina	- Chairman
Mr. Alex Okoh	- Member
Mr. Adedeji Odunsi	- Member
Prof Attahir Yusuf	- Member

pwc

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 2021, 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 financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- 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

Key audit matter	How our audit addressed the key audit matter
Provision for Decommissioning Liability (N12.1 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 2021, the company's statement of financial position included provision for decommissioning obligation of N12.1 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 • year of asset retirement 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.	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. • Obtaining audit evidence in relation to the inflation rate and discount rate underlying the calculation. • Developing a point estimate using amounts supported by sufficient appropriate audit evidence and comparing it to management's estimate. • Checking that the provision for decommissioning liability estimate has been disclosed and presented in the financial statements in line with IAS 1.

Impairment of Trade and Other receivables (N33.4 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), Nigerian Communications Commission (NCC).

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

The estimation performed by management required 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 N144.4 billion (with the resulting impairment loss of N33.4 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:

- Checking whether the method selected by management to calculate the impairment provision for accounts receivable is appropriate.
- Obtaining audit evidence in relation to the inflation rate, historical loss rate and settlement pattern underlying the calculation.
- Involving the services of our accounting specialists in testing the reasonableness of management's assumptions, historical loss rates and forward-looking information.
- Comparing impairment amount calculated to amount recognised by management.
- Checking the reasonableness of IFRS 9 disclosures in the financial statements.

Intercompany payable relating to Operations and Maintenance Contract (N30.6 billion)

The accounting policies and disclosures are set out in notes 3e and 20.4 respectively to the financial statements.

As described in note 31 to the financial statements, some portions of trade and other payables were erroneously classified as provision and included in non-current liability. This has been corrected in the current year financial statements with a restatement of the prior year ended 31 December 2020 and the opening balance sheet as at 1 January 2020 in line with IAS 8 – Accounting policies, changes in accounting estimates and errors.

The correction has no impact on the statement of profit or loss and other comprehensive income.

The intercompany payable relating to operations and maintenance contract was considered a key audit matter in our audit because of the magnitude of the amount and the significant auditor attention required.

Audit procedures performed to test intercompany payable include:

- Tracing payable amounts to invoices.
- Tracing payments to the bank statements.
- Obtaining confirmation response from the related party and reviewing related parties' transactions.

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 reports, 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.
- 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.

pwc

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 and returns adequate for our audit have been received from branches not visited by us;

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

22 February 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2021 N'000	31 December 2020 N'000
Revenue	5	153,822,254	119,695,559
Cost of sales	6	(130,683,238)	(111,613,895)
Gross profit		**23,139,016**	**8,081,664**
Impairment loss reversal	7.4	461,893	9,285,449
Administrative expenses	8	(4,372,913)	(4,061,252)
Operating profit		**19,227,996**	**13,305,861**
Finance income	7.1	1,019,571	319,314
Finance cost	7.2	(601,387)	(1,014,508)
Other losses	7.3	(8,748,896)	(2,410,493)
Profit before taxation		**10,897,284**	**10,200,174**
Taxation	11	493,941	687,141
Profit for the year		**11,391,225**	**10,887,315**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Change in Decommisioning estimate/ Deferred Tax	11.2, 21	(3,607,758)	1,108,191
Revaluation surplus	12, 13	5,421,333	-
Total comprehensive income for the year		**13,204,800**	**11,995,506**
Earnings per share - Basic & Diluted (Naira)	24	**455.65**	**435.49**

The explanatory notes on pages 18 to 48 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2021 N'000	Restated 31 December 2020 N'000	Restated 01 January 2020 N'000
ASSETS				
Non-current assets				
Property, plant and equipment	12,12a	259,485,493	266,535,709	278,392,172
Intangible assets	13	53,300	1,767	450
Total non-current assets		259,538,793	266,537,476	278,392,622
Current assets				
Inventories	14	13,975	19,943	17,978
Trade and other receivables	15	111,088,229	129,560,970	89,775,478
Other assets	16	3,883,993	1,267,775	736,433
Restricted cash	17	3,208,146	4,405,742	4,227,320
Cash and cash equivalents	18	35,287,132	17,464,888	2,450,472
Total current assets		153,481,475	152,719,318	97,207,681
TOTAL ASSETS		**413,020,268**	**419,256,794**	**375,600,303**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	23	25,000	25,000	25,000
Retained earnings		22,810,468	11,419,243	531,928
Other reserves	25	192,824,060	191,010,485	189,902,294
Total equity		**215,659,528**	**202,454,728**	**190,459,222**
Non-current liabilities				
Deferred tax liabilities	11.2	71,532,005	74,295,643	75,079,301
Provision for decommissioning obligation	21	12,078,712	7,912,343	8,165,123
Total non-current liabilities		83,610,717	82,207,986	83,244,424
Current liabilities				
Trade and other payables	19	111,558,292	133,949,995	100,999,138
Current tax liabilities	11.1	2,191,732	644,085	897,519
Total current liabilities		113,750,024	134,594,080	101,896,657
TOTAL LIABILITIES		**197,360,741**	**216,802,066**	**185,141,081**
TOTAL EQUITY AND LIABILITIES		**413,020,268**	**419,256,794**	**375,600,303**

The financial statements on pages 14 to 52 were approved by the Board of Directors of the Company on 20th February, 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 N'000	Retained Earnings N'000	Other Reserves N'000	Total Equity N'000
Balance at 1 January 2020		**25,000**	**531,928**	**189,902,294**	**190,459,222**
Changes in Decommissioning estimate				1,222,797	1,222,797
Deferred tax				(114,606)	(114,606)
		-	**-**	**1,108,191**	**1,108,191**
Profit for the year		-	10,887,315		10,887,315
Balance at 31 December 2020		**25,000**	**11,419,243**	**191,010,485**	**202,454,728**
Revaluation surplus		-		5,421,333	5,421,333
Changes in Decommissioning estimate		-	-	(3,607,758)	(3,607,758)
		-	**-**	**1,813,575**	**1,813,575**
Profit for the year		-	11,391,225	-	11,391,225
Balance at 31 December 2021	23-25	**25,000**	**22,810,468**	**192,824,060**	**215,659,528**

The explanatory notes on pages 14 to 52 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Cash flows from operating activities	Notes	31 December 2021 N'000	31 December 2020 N'000
Profit before tax		10,897,284	10,200,174
Adjustments for:			
Depreciation on generation assets	6	12,238,126	12,004,955
Depreciation on non generation assets	8	804,569	770,380
Impairment reversal -Receivables	7.4	(448,307)	(9,209,513)
Impairment reversal - Cash & bank	7.4	(13,586)	(75,936)
Bad debt written off	8	-	304
Accretion expense	7.2	558,611	970,017
Interest on fixed deposit	7.1	(1,019,571)	(319,314)
		12,119,843	**4,140,893**
Movements in working capital			
Decrease/(Increase) in trade and other receivables	15	18,921,048	(30,576,283)
Increase in other assets	16	(2,616,218)	(531,342)
Decrease/(Increase) in inventories	14	5,968	(1,966)
(Decrease)/Increase in trade and other payables	19	(22,391,702)	32,950,857
Total adjustments and movements		**6,038,938**	**5,982,159**
Income taxes paid	11.1	(722,050)	(464,557)
Net cash generated from operating activities		**16,214,172**	**15,717,775**
Cash flows from investing activities			
Purchase of fixed assets	12b	(622,681)	(920,189)
Interest received on fixed deposits	7.1	1,019,571	319,314
Decrease/(Increase) in restricted cash	17	1,197,596	(178,422)
Net cash generated from/(used in) investing activities		**1,594,486**	**(779,297)**
Cash flows from financing activities		-	-
Net cash generated from financing activities		**-**	**-**
Net increase in cash and cash equivalents		17,808,659	14,938,478
Gross cash and cash equivalents at beginning of the year		17,478,473	2,539,995
Gross cash and cash equivalents at end of the year		**35,287,132**	**17,478,473**
Impairment of cash	18	-	(13,586)
Net cash and cash equivalents at end of the year		**35,287,132**	**17,464,888**

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 generate electricity.

1.3 Financial period

These financial statements cover the financial year from 1 January 2021 to 31 December 2021, with comparative figures for the financial year ended 31 December 2020.

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 2021, 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.

1.6.1 Impact of COVID 19 and management plan to mitigate the risk

Notwithstanding the reduced restriction globally, the management of Egbin Power Plc has assessed the impact of the Covid-19 pandemic to ensure there is no significant impact on the organization on its operations, and has summarized them as follows;

1. Planned Maintenance & Technical Services Advisory
- There is an expected impact on this activity largely due to work/production, travel, and logistics restrictions around the world. These restrictions have presently been reduced globally, with minimal effect on human expertise required and the lead time for the supply of the ordered spares and equipment. Planned maintenance have been on-going within the plant with all covid protocols observed.

2. Electricity Generation & Gas Availability
- At the moment generation is not constrained and we do not foresee an immediate or future constraint as a result of the Covid-19 pandemic. We do not foresee any constraint in this regard, as all the party to power generation have continue to delivered despite the pandemic.
- We have had adequate gas nominations so far this year with our gas suppliers (Chevron & NPDC), and relatively stable gas deliveries by the gas transportation company. There is no anticipated gas constraint on account of Covid-19.

3. Business Continuity and Sustainability
- We have deployed a number of safety and security protocols to significantly reduce the possibility of the Covid-19 virus penetrating our facility. Movement in/out of the facility is moderately restricted to third parties. However, in the event of such an occurrence we have a business continuity plan for our operations and maintenance that will guarantee limited disruptions to our capacity to generate provided all gas availability and evacuation infrastructures remain available with limited equipment breakdown.

4. Manpower Management
- A large percentage of the employees stay within the facility provided by the organization, as such, we run a hitch free operation daily, with a good level of social distancing observed. Also, the few employees resident outside the organization's premises have embraced technology to work remotely when required, with easy access to the organization's domain.

5. Material sourcing and Procurement Process
- The organization maintains a good inventory re-order level, as such, major materials needed to keep the plant running are available in store, however, our procurement team have ensured that all items needed to keep the plant running are supplied from time to time.

6. Financial transactions
- Financial activities of the organization have not been impacted, as transactions are processed swiftly, leveraging on online payment platforms. Payments to major suppliers have been going smoothly .We do not envisage any material impact of Covid-19 on the financial operations of the company in the short-run.
- We do not envisage any disruption to revenue collection in the long-run as a result of the pandemic.

7. Training
- High value is place on the employees of the organization, as such, various online learning/training platforms have been created for employees to keep them equipped during this pandemic period.

8. Recruitment

- There was suspension of recruitment plan during the year 2020, the business imperative was to optimize the current workforce by expediting uptake of technology to improve work output and operational efficiency. However, with the ease of lockdowns, and the need for replacement of specialized and key strategic roles. Status quo was maintained on the Headcount. There was a marginal change because of retirements and resignations. However, recruitment plan have slightly resumed to fill some necessary space.

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 2021

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

Amendments to IFRS 16: Covid-19 Related Rent Concessions beyond 30 June 2021

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if there were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions. The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to 30 June 2022.

This amendment has no impact on the financial statements of the Company.

Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Effective date is 1 January 2021)

In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide the following reliefs:

- When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement.
- The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

This amendment has no impact on the financial statements of the Company.

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 2021 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.

(i) Reference to the Conceptual Framework – Amendments to IFRS 3. Effective date is 1 January 2022
(ii) Onerous Contracts – Cost of Fulfilling a Contract. Amendments to IAS 37. Effective date is 1 January 2022
(iii) Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 Effective date is 1 January 2022
(iv) Annual Improvements to IFRS Standards 2018 – 2020. Effective date is 1 January 2022
(v) Classification of Liabilities as Current or Non – Current – Amendments to IAS 1. Effective date is 1 January 2023 (deferred from 1 January 2022)
(vi) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statements 2. Effective date is 1 January 2023
(vii) Disclosure of Accounting Estimates – Amendments to IAS 8. Effective date is 1 January 2023
(viii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12. Effective date is 1 January 2023
(ix) 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).
(x) 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 2021.

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 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 (NCC) 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		
Asset Class	**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)

De-recognition

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 2021 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) 15-year tenor bond at the rate of 12.9% (2020: 7.06%) 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 at 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% of the assessable profit in line with Tertiary Education Trust fund Act CAP 2011.Minimum tax according to the Finance Act 2020 is 0.25% of gross turnover less frank 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 2021, 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.

Sensitivity of Expected credit loss

Placement model assumptions		
Loss Given Default *-Moody's Average*	**2021**	**2020**
Term loans		
Recovery rate	72%	73%
LGD	28%	27%
Probability of Default		
Ratings		
B2- Annually	3.19%	3.19%
B2- Monthly	0.27%	0.27%
B3- Annually	6.72%	6.72%
B3- Monthly	0.56%	0.56%
Forward looking information		
As at January 2021		
Inflation rate	15.63%	16.47%
GDP growth rate	1.92%	1.50%
For casted default rate%	0.37%	0.37%
Scalar/Adjustments factor	0.02	0.02

The impairment loss reversal recognised in the period is impacted by changes in inflation rates and GDP growth rate, as described above. And also due to the change in approach, previously the expected credit loss and market operators was calculated using the general approach. But in the current year the simplified approach was used.

The table below shows information on the sensitivity of the carrying amounts of the Company's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Company's financial assets.

Change in assumptions	**2021**	**2020**
Impact in profit or loss		
	N'000	**N'000**
Increase in 10%	508,082	10,213,994
Decrease in 10%	415,703	8,356,904

Cash and cash equivalents

The Company held cash and cash equivalents of ₦35.29 billion (excluding cash in hand) as at year end (2020: ₦17.47 billion) which represents its maximum credit exposure on these assets.
The cash and cash equivalents (with the exception of ₦12.97 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)	12,967	12,027
A	-	48,509
B-	35,274,165	17,417,938
Impairment loss on cash	-	(13,586)
Total cash and cash equivalents	**35,287,132**	**17,464,888**

(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	
	2021	2020
Trade and other payable	N'000	N'000
Carrying amount	111,558,292	133,981,430
2 months or less	240,421	31,435
2-12 months	111,317,871	133,949,995
Total	111,558,292	133,981,430

(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

Financial assets:		
Cash and cash equivalents	1,978,884,888	37,943,826
Financial liabilities:		
Trade and other payables	69,499,469	41,551,362
Payable to related companies	30,592,262,653	36,356,374,787
	30,661,762,122	36,397,926,149
Net foreign currency denominated balances	(28,682,877,236)	(36,359,982,323)

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 2020, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

Impact on profit or loss

20% change in exchange rates	(5,736,575,447)	(7,271,996,465)

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	**2021**	**2020**
Inflation rate	7%	1.40%
Discount rate	12.9%	7.06%
Exchange rate as at 31 Dec	412.02	380.47
Salvage value of scrap metal (N000)	2,060,100	1,902,350

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	**2021**	**2020**
	N'000	**N'000**
Inflation rate -Increase by 10%	(3,968,534)	1,219,010
Discount rate - Increase by 10%	(4,365,387)	1,345,077
Exchange rate as at 31 Dec 2021 - Increase by 10%	(4,365,387)	1,345,077
Salvage value of scrap metal (NGN) - Increase by 10%	(4,365,387)	1,345,077
Inflation rate -Decrease by 10%	(3,246,982)	997,372
Discount rate - Decrease by 10%	(2,922,284)	1,100,517
Exchange rate as at 31 Dec 2021 - Decrease by 10%	(2,922,284)	1,100,517
Salvage value of scrap metal (NGN) - Decrease by 10%	(2,922,284)	1,100,517

5 Revenue

This represents revenue generated from electricity sales at a point in time

	2021 N'000	2020 N'000
Sale of electricity (Note 5.1)	153,819,221	119,676,489
Other electricity bills (Note 5.2)	3,033	19,070
	153,822,254	**119,695,559**

5.1 The revenue recorded 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. The revenue also includes Bilateral sales to Ikeja Electric.

5.2 Other electricity bills represents billings to third parties for usage of portion of energy imported by the Company from the National Grid.

6 Cost of sales

	2021 N'000	2020 N'000
Operations & maintenance and implementation service fees (Note 6.1)	35,380,630	33,738,156
Gas consumed	71,782,554	57,070,189
Depreciation on generation assets (Note 12c)	12,238,126	12,004,955
Salaries and benefits	1,758,109	1,657,415
Regulatory charges (Note 6.2)	1,496,781	1,175,118
Other staff welfare	900,635	167,191
Other plant maintenance cost	7,126,403	5,800,871
	130,683,238	**111,613,895**

6.1 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.

	2021 N'000	2020 N'000
Operations & maintenance cost	46,270,406	32,838,668
Exchange difference	(10,889,776)	899,488
	35,380,630	**33,738,156**

6.2 Amount 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

7.1 Finance income

	2021 N'000	2020 N'000
Interest on short term deposits	1,019,571	319,314
	1,019,571	**319,314**

7.2 Finance cost	2021 N'000	2020 N'000
Accretion expense (Note 21)	558,611	970,017
Letters of credit charges	42,776	44,491
	601,387	**1,014,508**

7.3 Other gains/(losses)		
School income - Powerfield*	234,480	180,563
Gain on disposal of fixed assets	1,400	-
Net foreign exchange loss	(8,989,371)	(2,604,771)
Other income	4,595	13,715
	(8,748,896)	**(2,410,493)**

*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 2021, there were no receivables' due from the school and payables due to the school. A sum of NGN 20 million was donated to the school to support the running of the school during the period.

7.4 Impairment losses/(reversals)	2021 N'000	2020 N'000
Impairment loss reversal	(461,893)	(9,285,449)

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

Breakdown of impairment:

Receivables (Note 15.1)	448,307	9,209,513
Cash and cash equivalents	13,586	75,936
	461,893	9,285,449

8 Administrative expenses

	2021 N'000	2020 N'000
Bad debts written off	-	304
Depreciation on non-generation assets (Note 12c)	802,013	769,806
Amortization on intangible assets (Note 13)	2,556	574
Salaries and benefits	659,434	653,410
Repairs and maintenance	1,468,362	1,156,888
Motor running expenses	376,631	323,119
Safety & security	157,019	157,932
Other staff welfare	364,546	278,804
Other professional fees (Note 9.2)	47,332	18,567
Community expenses/CSR	750	402,614
Travelling and transportation	94,049	36,107
Bank charges	59,013	33,244
Office & IT consumables	65,193	55,814
Audit fees (Note 9.1)	46,763	35,000
Directors fees and expenses	69,447	33,813
Entertainment and advertisement	58,992	55,432
Insurance	11,857	14,458
Regulatory expenses	28,351	8,401
Other expenses	60,605	26,965
	4,372,913	**4,061,252**

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

9 Professional fees

9.1 Audit fees	**46,763**	**35,000**

9.2 Other professional fees

- Consultancy fees	23,557	15,880
- Legal services	23,775	2,687
	47,332	**18,567**

10 Profit before tax

	2021 N'000	2020 N'000
This is stated after charging:		
Auditor's remuneration	46,763	35,000
Depreciation	13,040,139	12,774,761
Other gains/(losses)	(8,748,896)	(2,410,493)

11 Income tax expense

Per profit or loss	2021 N'000	2020 N'000
Income tax	1,931,860	350,540
Education tax	250,272	293,323
Police levy	545	510
Total income tax expense	2,182,677	644,373
Prior year tax under/(over) provision	87,020	(433,250)
Deferred tax (Note 11.2)	(2,763,638)	(898,264)
	(493,941)	**(687,141)**

11.1 Current tax liabilities

	2021 N'000	2020 N'000
Current tax		
At 1 January	644,085	897,519
Prior year tax under/(over) provision	87,020	(433,250)
Total income tax expense	2,182,677	644,373
Payments during the year	(722,050)	(464,557)
At 31 December	**2,191,732**	**644,085**

11.2 Deferred tax liabilities

Deferred tax	2021 N'000	2020 N'000
At 1 January 2021	74,295,643	75,079,301
Recognised in statement of profit or loss	(2,763,638)	(898,264)
Recognised in other comprehensive income	-	114,606
At 31 December 2021	**71,532,005**	**74,295,643**

11.3 Reconciliation of effective tax rate

	2021 N'000	2020 N'000
Profit before tax from continuing operations	**10,897,284**	**10,200,174**
Income tax expense calculated at 30% of PBT	3,269,185	3,060,052
Adjustment for permanent differences		
Corporate social responsibility	2,138	(24)
Prior year gas estimate adjustment under pioneer	233,257	233,257
Investment Allowance	8,933	3,050
Provision for doubtful debts	(2,924,203)	(2,785,635)
Prior year tax (under)/overprovision	(87,020)	433,250
Adjustment for other taxes		
Tertiary Education Tax	(250,272)	(293,323)
Deferred tertiary education	241,922	36,514
-	**493,941**	**687,141**

11.4 Analysis of deferred tax liability

	Property, plant and equipment N'000	Other provisions N'000	Total N'000
At 1 January 2020;			
Deferred tax asset	**(6,464,013)**	**-**	**(6,464,013)**
Deferred tax liability	**84,113,688**	**(3,354,032)**	**80,759,656**
At 31 December 2020	**77,649,675**	**(3,354,032)**	**74,295,643**
Credited to the income statement	(2,763,638)	-	(2,763,638)
At 31 December 2021	**74,886,037**	**(3,354,032)**	**71,532,005**

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
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost or valuation										
At 1 January 2020	567,141,514	64,710,345	3,159,414	256,329	277,823	354,697	6,735,000	15,471,341	484,963	658,591,426
Additions	9,672	549,857	-	92,001	79,445	55,238	-	9,659	123,911	919,783
Transfers	-	-	-	-	-	-	-		(1,484)	(1,484)
At 31 December 2020	**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**
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**
Accumulated depreciation										
At 1 January 2020	332,048,101	43,347,101	818,070	84,629	177,994	100,468	-	3,622,892	-	380,199,255
Charge for the year	10,540,572	1,314,866	165,908	37,468	42,461	78,979	-	594,510	-	12,774,764
Adjustment										
At 31 December 2020	**342,588,673**	**44,661,967**	**983,978**	**122,097**	**220,455**	**179,447**	**-**	**4,217,402**	**-**	**392,974,017**
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**	**267,902**	**265,881**	**-**	**4,814,510**	**-**	**405,996,355**
Carrying amount										
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**
At 31 December 2020	**224,562,513**	**20,598,235**	**2,175,436**	**226,232**	**136,813**	**230,489**	**6,735,000**	**11,263,598**	**607,390**	**266,535,709**

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.

	2021 N'000	2020 N'000
Movement in revaluation reserves		
Revaluation reserve as at 1st January	315,553,822	315,553,822
Revaluation surplus*	5,421,333	-
Revaluation reserve as at 31st December	**320,975,155**	**315,553,822**

*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

	2021 N'000	2020 N'000
Property, Plant and Equipment		
Additions	1,599,863	919,783
Transfers from WIP	(485,732)	-
Total additions	**1,114,131**	**919,783**

12c Classification of depreciation

	2021 N'000	2020 N'000
Total depreciation	**13,040,139**	**12,774,764**
Generation assets (Note 6)	12,238,126	12,004,958
Non-generation assets (Note 6)	802,013	769,806
Total depreciation	**13,040,139**	**12,774,764**

13 Intangible assets

	2021 N'000 Software	2020 N'000 Software
Cost		
At 1 January	31,056	29,165
Additions	22,172	1,891
Revaluation	31,917	-
At 31 December	**85,145**	**31,056**
Accumulated amortisation and impairment		
At 1 January	29,289	28,715
Charge for the year	2,556	574
At 31 December	**31,845**	**29,289**
Carrying amount		
At 31 December	**53,300**	**1,767**

13a Additions to Intangible assets

	2021 N'000	2020 N'000
Additions	22,172	1,890
Transfers (from WIP)	-	-
Total addition	**22,172**	**1,890**

14 Inventories

	2021 N'000	2020 N'000
Premium motor spirit	-	5,276
Automotive gas oil	13,975	14,667
	13,975	**19,943**

15 Trade and other receivables

	2021 N'000	2020 N'000
Trade receivables	123,445,676	140,349,058
Amounts due from related parties (Note 20.1)	20,277,426	22,453,372
Other receivables*	751,332	593,052
Unpaid share capital	20,000	20,000
	144,494,434	**163,415,482**
Expected credit loss (Note 15.1)	(33,406,205)	(33,854,512)
Net trade and other receivables	**111,088,229**	**129,560,970**

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

15.1 Movement in expected credit loss allowance

	2021 N'000	2020 N'000
	33,854,512	43,064,025
Impairment loss reversal	(448,307)	(9,209,513)
Balance as at 31 December	**33,406,205**	**33,854,512**

16 Other assets

	2021 N'000	2020 N'000
Advances	3,633,056	1,042,667
Prepayments	250,937	225,108
	3,883,993	**1,267,775**

17 Restricted cash

Cash cover for bank guarantees*	**3,208,146**	**4,405,742**

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

18 Cash and cash equivalents

	2021 N'000	2020 N'000
Investment in fixed deposit (Note 18.1)	28,830,776	10,564,006
Cash in bank	6,443,389	6,902,440
Cash at hand	12,967	12,028
Expected credit loss on cash and cash equivalents	-	(13,586)
	35,287,132	**17,464,888**

18.1

Investment in fixed deposit represents 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	**31 December 2021 N'000**	**Restated 31 December 2020 N'000**	**Restated 01 January 2020 N'000**
Amounts due to related parties (Note 20.4)	36,208,689	43,163,130	20,788,757
Trade creditors	66,593,518	83,295,653	71,787,727
Accruals and other creditors	8,756,085	7,491,212	8,422,654
	111,558,292	**133,949,995**	**100,999,138**

20 Related party transactions

20.1 Amounts due from related companies	**2021 N'000**	**2020 N'000**
Ikeja Electric (Note 20.2)	20,267,613	22,435,744
Sahara Energy Resources Limited (Note 20.3)	9,813	17,628
	20,277,426	**22,453,372**

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.

	2021 N'000	**2020 N'000**
Opening balance	22,435,744	17,150,459
Accrued during the year	-	16,114,522
Total payments	(2,168,131)	(10,829,237)
Total amount due as at end of the period	**20,267,613**	**22,435,744**

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.

	2021 N'000	**2020 N'000**
Opening balance	17,628	14,155
Accrued during the year	1,888,773	80,699
Total payments	(1,949,893)	(77,226)
Net amount due from/(to) as at end of the period	**(43,492)**	**17,628**

20.4 Amounts due to related companies	31 December 2021 N'000	Restated 31 December 2020 N'000	Restated 01 January 2020 N'000
Kepco Energy Resource Ltd. BVI (Note 20.5)	30,592,263	36,356,375	14,272,393
Sahara Group Limited (Note 20.6)	5,553,264	6,695,917	6,405,526
KEPCO Energy Resources Nigeria Ltd. (Note 20.7)	-	102,231	102,231
First Independent Power Ltd (Note 20.8)	1,250	-	-
Sahara Energy Resources Limited (Note 20.3)	53,304	-	-
Sahara Power Limited (Note 20.9)	8,607	8,607	8,607
	36,208,688	**43,163,130**	**20,788,757**

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 2021 in respect of this transaction is USD 74.08m, while the impact of exchange rate revaluation is N10.9bn.

	2021 N'000	2020 N'000
Opening balance	36,356,375	14,272,393
Accrued during the year	35,380,630	31,210,566
Total payments	(41,144,743)	(9,126,585)
Total amount due as at end of the period	**30,592,261**	**36,356,374**

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.

	2021 N'000	2020 N'000
Opening balance	6,695,917	6,405,525
Accrued during the year	-	290,392
Total payments	(1,142,653)	-
Total amount due as at end of the period	**5,553,264**	**6,695,917**

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.

	2021 N'000	2020 N'000
Opening balance	102,231	102,231
Accrued during the year	-	-
Total payments	(102,231)	-
Total amount due as at end of the period	**-**	**102,231**

20.8 First Independent Power Limited

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

	2021 N'000	2020 N'000
Opening balance	-	-
Accrued during the year	1,250	-
Total payments	-	-
Total amount due as at end of the period	**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.

	2021 N'000	2020 N'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

	2021 N'000	2020 N'000
At 1 January	7,912,343	8,165,123
Change in estimate (other comprehensive income)	3,607,758	(1,222,797)
Accretion cost for the year	558,611	970,017
At 31 December	**12,078,712**	**7,912,343**

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 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 recorded on a discounted basis, and accreted overtime for the change in present value. The estimate for the decommissioning liability was calculated based 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 12.9% (2020: 7.06%) 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:

22.2.1 Financial assets measured at amortized cost	2021 N'000	2020 N'000
Trade and other receivables	144,494,434	163,415,482
Cash and cash equivalents	35,287,132	17,464,888
	179,781,566	**180,880,370**

23 Share capital

	2021 N'000	2020 N'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**

24 Earnings per share

	2021 N'000	2020 N'000
Earnings for the purpose of basic profit per share is based on net profit attributable to equity holders of the Company.	11,391,225	10,887,315

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)	455.65	435.49

25 Other reserves

	2021 N'000	2020 N'000
Balance as at 1 January	**191,010,485**	**189,902,294**
Changes in Decommissioning Estimate/Deferred Tax	(3,607,758)	1,108,191
Revaluation Surplus	5,421,333	-
Balance as at 31 December	**192,824,060**	**191,010,485**

Analysis of other reserves:	2021 N'000	2020 N'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	315,553,822
Accumulated Changes in Decommissioning Estimate	(4,104,386)	(496,628)
Closing balance	**192,824,060**	**191,010,485**

26 Information regarding Directors and employees

26.1 Directors

	2021 N'000	2020 N'000
Directors' emoluments comprise:		
Fees	29,920	29,250
Expenses	39,527	4,516
	69,447	**33,766**

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 2021.

26.2 Employees

Total number of employees as at year-end:	2021 Number	2020 Number
Management	39	45
Senior	203	236
Junior	203	188
	445	**469**

Aggregate staff costs:	**2021 N'000**	**2020 N'000**
Salaries and wages (Note 6 & 8)	2,417,543	2,310,825
Other staff welfare (Note 6& 8)	1,265,181	445,995
	3,682,724	**2,756,820**

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

	Number	**Number**
Below N1,000,000	15	16
N1,000,000 - N2,000,000	77	97
N2,000,001 - N5,000,000	141	221
N5,000,001 - N10,000,000	171	103
Above N10,000,000	41	32
	445	**469**

27 Contingent liabilities

There is a pending litigation and claims amounting to N520 billion as at 31 December 2021 : (2020: 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 (2020: Nil)

29 Subsequent events

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 2021, or on the profit for the year which have not been adequately provided for or disclosed in these financial statements.

30 Comparative figures

Certain prior year comparatives have been adjusted to properly reflect current year

STATEMENT OF FINANCIAL POSITION

NEW:

31 Restatement of prior period balances

In preparing the financial statments for the prior years 2020 and 2019, some portions of trade and other payables were erroneously classified as provisions and included in non-current liability. This has been corrected in the current year financial statements, with a restatement of the prior year ended 31 December 2020 and the opening balance sheet as at 1st January 2020 in line with IAS 8 - Accounting policies, changes in accounting estimates and errors. The correction has no impact on the statement of profit or loss and other comprehensive income. The net impact on the statement of financial position is shown below:

		31 December 2020			01 January 2020		
	Note	Previous Balance	Adjustment	Restated	Previous Balance	Adjustment	Restated
		N'000	N'000	N'000	N'000	N'000	N'000
ASSETS							
Non-current assets							
Property, plant and equipment	12,12a	266,535,709		266,535,709	278,392,172		278,392,172
Intangible assets	13	1,767		1,767	450		450
Total non-current assets		266,537,476		266,537,476	278,392,622		278,392,622
Current assets							
Inventories	14	19,943		19,943	17,978		17,978
Trade and other receivables	15	129,560,970		129,560,970	89,775,478		89,775,478
Other assets	16	1,267,775		1,267,775	736,433		736,433
Restricted cash	17	4,405,742		4,405,742	4,227,320		4,227,320
Cash and cash equivalents	18	17,464,888		17,464,888	2,450,472		2,450,472
Total current assets		152,719,318		152,719,318	97,207,681		97,207,681
TOTAL ASSETS		**419,256,794**		**419,256,794**	**375,600,303**		**375,600,303**
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	23	25,000		25,000	25,000		25,000
Retained earnings		11,419,243		11,419,243	531,928		531,928
Other reserves	25	191,010,485		191,010,485	189,902,294		189,902,294
Total equity		**202,454,728**		**202,454,728**	**190,459,222**		**190,459,222**
Non-current liabilities							
Deferred tax liabilities	11.2	74,295,643		74,295,643	75,079,301		75,079,301
Provision for overhauls and maintenance	18	23,459,789	(23,459,789)	-	8,623,191	(8,623,191)	-
Provision for decommissioning obligation	21	7,912,343		7,912,343	8,165,123		8,165,123
Total non-current liabilities		105,667,775	(23,459,789)	82,207,986	91,867,615	(8,623,191)	83,244,424
Current liabilities							
Trade and other payables	19	110,490,206	23,459,789	133,949,995	92,375,947	8,623,191	100,999,138
Current tax liabilities	11.2	644,085		644,085	897,519		897,519
Total current liabilities		111,134,291	23,459,789	134,594,080	93,273,466	8,623,191	101,896,657
TOTAL LIABILITIES		**216,802,066**	**-**	**216,802,066**	**185,141,081**	**-**	**185,141,081**
TOTAL EQUITY AND LIABILITIES		**419,256,794**		**419,256,794**	**375,600,303**		**375,600,303**

32 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 2021. 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. The contract could be extended subject to negotiations by the parties involved.

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.

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 2021.

VALUE ADDED STATEMENT

	2021 N'000	%	2021 N'000	%
Revenue	153,822,254	488	119,695,559	454
Bought in materials and services				
- Imported	(35,380,630)	(112)	(33,738,156)	(128)
- Local	(86,962,510)	(276)	(59,579,492)	(226)
Value added	**31,479,114**	**100**	**26,377,911**	**100**
Distributed as follows:				
To pay employees				
Staff cost	3,682,724	12	2,756,820	10
To pay Government				
Taxation	-	-	788,297	3
To pay providers of finance				
Interest expense	42,776	0	44,491	-
Maintenance of assets and future expansion				
Depreciation	13,040,139	41	12,774,761	48
Accretion expense	558,611	2	970,017	4
Deferred taxation	2,763,638	9	(1,843,790)	(7)
Profit for the year	11,391,225	36	10,887,315	41
Value added	**31,479,114**	**100**	**26,377,911**	**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	2021 N'000	Restated 2020 N'000	Restated 2019 N'000	2018 N'000	2017 N'000
Assets employed					
Property, plant and equipment	259,485,493	266,535,709	289,502,105	300,297,714	307,805,528
Intangible assets	53,300	1,767	5,460	12,155	16,710
Other assets	-	-	-	619	39
Net current assets	39,731,452	18,125,238	27,812,524	(12,535,542)	(9,916,015)
Deferred tax	(71,532,005)	(74,295,643)	(80,730,471)	(77,235,431)	(80,137,029)
Other long-term liabilities	(12,078,712)	(7,912,343)	(49,494,013)	(5,167,727)	(4,636,946)
Net assets	**215,659,528**	**202,454,729**	**187,095,605**	**205,371,788**	**213,132,287**
Capital and reserves					
Share capital	25,000	25,000	25,000	25,000	25,000
Retained earnings	22,810,468	11,419,243	(5,154,475)	13,839,676	21,600,175
Other reserves	192,824,060	191,010,485	192,225,080	191,507,112	191,507,112
Total equity	**215,659,529**	**202,454,728**	**187,095,605**	**205,371,788**	**213,132,287**

Statement of profit or loss and other comprehensive income	2021	2020	2019	2018	2017
Revenue	153,822,254	119,695,559	91,713,176	76,746,317	78,242,055
Profit/(loss) before taxation	10,897,284	10,200,174	3,658,647	(9,533,664)	(19,850,784)
Taxation	493,941	687,141	(881,382)	1,773,165	11,608,879
Profit for the year	11,391,225	10,887,315	2,777,265	(7,760,499)	(8,241,905)
Other comprehensive income	1,813,575	1,108,191	717,968	-	83,319,187
Total comprehensive income for the year	**13,204,800**	**11,995,506**	**3,495,233**	**(7,760,499)**	**75,077,282**
Earnings/(loss) per share - Basic	**455.65**	**435.49**	**111.09**	**(310.42)**	**(715.67)**
Net assets per share	**8,626.38**	**8,098.19**	**7,483.82**	**8,214.87**	**18,506.86**

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)

	2021 US$'000	2020 US$'000
Revenue	383,529	310,719
Cost of sales	(325,836)	(285,789)
Gross profit	**57,693**	**24,930**
Impairment reversal	1,152	23,194
Administrative expenses	(10,903)	(10,391)
Operating profit	**47,942**	**37,733**
Finance income	2,542	829
Finance cost	(1,499)	(2,542)
Other losses	(21,814)	(6,228)
Profit before taxation	**27,169**	**29,792**
Taxation	1,232	1,716
Profit for the year	**28,401**	**31,508**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Changes in decommissioning estimate/ Deferred tax	(8,995)	2,768
Revaluation surplus	13,517	-
Items that may be reclassified subsequently to profit or loss		
Translation difference	(14,830)	(50,793)
Total comprehensive income for the year	**18,093**	**(16,516)**
Earnings per share - Basic & Diluted (Naira/ US$)	1.14	1.26

STATEMENT OF FINANCIAL POSITION (USD)

	31 December 2021 US$'000	31 December 2020 US$'000	01 January 2020 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	629,863	665,789	763,347
Intangible assets	129	4	1
Total non-current assets	**629,992**	**665,793**	**763,348**
Current assets			
Inventories	34	50	49
Trade and other receivables	269,619	323,635	246,162
Other assets	9,427	3,167	2,019
Restricted cash	7,786	11,005	11,591
Cash and cash equivalents	85,644	43,626	6,719
Total current assets	**372,510**	**381,483**	**266,540**
TOTAL ASSET	**1,002,502**	**1,047,276**	**1,029,888**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	61	111	111
Retained earnings	167,259	139,124	107,616
Other reserves	1,022,073	1,017,551	1,014,783
Cumulative translation adjustment	(665,899)	(651,069)	(600,276)
Total equity	**523,494**	**505,717**	**522,234**
Non-current liabilities			
Deferred tax liabilities	173,612	185,586	205,866
Provision for decommmissioning obligation	29,316	19,765	22,389
Total non-current liabilities	**202,928**	**205,351**	**228,255**
Current liabilities			
Trade and other payables	270,759	334,599	276,938
Current tax liabilities	5,319	1,609	2,461
Total current liabilities	**276,080**	**336,208**	**279,399**
TOTAL LIABILITIES	**479,008**	**541,559**	**507,654**
TOTAL EQUITY AND LIABILITIES	**1,002,502**	**1,047,276**	**1,029,888**

STATEMENT OF CHANGES 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 2020	**111**	**107,616**	**1,014,783**	**(600,276)**	**522,234**
Deferred tax on revaluation surplus	-	-	(317)	-	(317)
Profit for the year	-	31,508	-	-	31,508
Changes in decommissioning estimate	-	-	3,054	-	3,054
Deferred tax on revaluation surplus	-	-	(286)	-	(286)
Translation difference	-	-	-	(50,793)	(50,793)
Balance at 31 December 2020	**111**	**139,124**	**1,017,234**	**(651,069)**	**505,401**
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**

STATEMENT OF CASH FLOWS (USD)

	2021 US$'000	2020 US$'000
Cash flows from operating activities		
Profit/(loss) before tax	26,448	29,792
Adjustments for:		
Depreciation on generation assets	29,703	29,988
Depreciation on non generation assets	(1,088)	1,925
Impairment loss allowance(Receivable)	(33)	(23,194)
Impairment - Cash & Bank	-	(219)
Bad debt written off	1,356	1
Accretion expense	-	2,423
Interest on fixed deposit	(2,475)	(829)
	29,416	**10,095**
Movements in working capital		
Increase in trade and other receivables	45,923	(77,473)
(Increase)/Decrease in other assets	(6,350)	(1,148)
Decrease/(Increase) in inventories	14	(1)
Increase/(Decrease) in trade and other payables	(54,346)	57,661
Total adjustments and movements	**14,657**	**(10,866)**
Income taxes paid	(1,752)	(1,218)
Net cash generated from operating activities	**39,353**	**17,708**
Cash flows from investing activities		
Purchase of fixed assets	(1,511)	(2,397)
Interest received on fixed deposits	2,475	829
(Increase)/Decrease in restricted cash	2,907	586
Net cash (used in)/generated from investing activities	**3,870**	**(982)**
Cash flows from financing activities	-	-
Net cash generated from financing activities	**-**	**-**
Net increase in cash and cash equivalents	**43,223**	**16,726**
Effects of exchange rate changes on cash and cash equivalents	(1,239)	19,970
Gross and cash equivalents at beginning of the year	43,660	6,964
Gross cash and cash equivalents at end of the year	**85,644**	**43,660**
Impairment of cash	-	(34)
Net cash and cash equivalents at end of the year	**85,644**	**43,626**

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.