ANNUAL REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

www.geregupowerplc.com

GEREGU POWER PLC

Contents

Company registration number: RC 672639

Directors

Olufemi Otedola, CON (Nigerian)	Chairman
Akin Akinfemiwa (Nigerian)	Executive Director
Julius B. Omodayo-Owotuga (Nigerian)	Executive Director
Christopher Adeyemi (Nigerian)	Non-Executive Director
Ms. Olawunmi Otedola (Nigerian)	Non-Executive Director
Mr. Doron Grupper (Isreali)	Independent non-Executive Director
Mr. Anil Dua (Indian)	Independent non-Executive Director
Mr. John Robert Lee (British)	Independent non-Executive Director
Mr. Paul Gbededo (Nigerian)	Independent non-Executive Director *(Appointed 28 September 2022)*
Engr. Joseph Makoju (Nigerian)	Independent non-Executive Director *(Deceased 11 April 2022)*

Independent auditor

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

Corporate office

13, Walter carrington crescent
Victoria Island
Lagos.

Company secretary

Akinleye Olagbende

Principal bankers

Fidelity Bank Plc
First Bank of Nigeria Limited

Directors' Resport

In compliance with the Company and Allied Matters Act, the directors have pleasure in submitting to members their report together with the audited financial statements of Geregu Power Plc ("the Company" or "GPP") for the year ended 31 December 2022.

Principal activities

The Company is principally engaged in the business of electric power generation and sale of electric power through the National Grid of the Transmission Company of Nigeria (TCN) to the Nigerian Bulk Electricity Trading Plc (NBET).

Commencement of Business

The Company commenced commercial operations in March 2007.

Legal Form

The Company is a Public Limited Liability Company incorporated as a Public Limited Liability Company on 10 November 2006 in accordance with the provisions of the Companies and Allied Matters Act with interest in power generation. On 05 October 2022 it was listed on the main board of the Nigerian Exchange Limited.

Board of Directors

The directors who held office during the year and to the date of this report are set out on page 3.

Results and dividends

The Company's results for the year ended 31 December 2022 are set out on page 28. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	31-Dec-22	31-Dec-21
	₦'000	₦'000
Revenue	47,619,370	70,956,864
Profit before income tax	15,168,471	29,512,423
Income tax expense	(4,997,017)	(8,962,012)
Profit for the year	10,171,454	20,550,411
Other comprehensive loss for the year	(6,820)	(2,703)
Total comprehensive income for the year	10,164,634	20,547,708

The directors are recommending the payment of N8 per share dividend to the shareholders on 30 January 2023.

Business Review and Future Developments.

The Company carried out power generation activities in accordance with its Memorandum and Articles of Association.

Contraventions.

The Company did not contravene any regulations during the year under review.

Directors' shareholding

The Directors of the Company, who held office during the year under review together with their direct and indirect interests in the issued share capital of the Company as recorded in the register of Directors' shareholding and as advised by the Registrars of the Company Meristem Registrars and Probate Services Limited are as follows:

	Number of shareholding at 31 December 2022		
	Direct	Indirect	Total
Olufemi Otedola, CON	1,245	2,388,921,063	2,388,922,308
Ms. Olawunmi Otedola	1,245	1,245	2,490
Akin Akinfemiwa	1,245	-	1,245
Total	3,735	2,388,922,308	2,388,926,043

No changes were made in the above holdings as at the date of this report and none of the Directors have notified the Company in accordance with the provisions of the Companies and Allied Matters Act of any disclosable interests in contracts in which the Company was involved as at 31 December 2022.

Shareholders

Major Shareholders

According to the register of members, the following shareholders of the Company hold more than 5% of the Issued Ordinary share capital of the company as at 31 December 2022.

Shareholders	Shareholding (units)	%
Amperion Power Distribution Limited	2,388,921,063	95.56

Shareholding Analysis

Share range	Number of shareholders	% of shareholders	Number of holdings	% of shareholdings
1 - 1000	469	59.217	118,412	0.005
1001 - 5000	138	17.424	355,871	0.014
5001 - 10000	51	6.439	405,907	0.016
10001 - 50000	75	9.470	1,863,209	0.075
50001 - 100000	9	1.136	673,711	0.027
100001 - 500000	30	3.788	9,853,050	0.394
500001 - 1000000	8	1.010	6,211,735	0.249
1000001 - 5000000	5	0.631	8,101,700	0.324
5000001 - 10000000	4	0.505	37,189,100	1.488
10000001 - ABOVE	3	0.379	2,435,227,305	97.409
	792	100	2,500,000,000	100

Free Float

The free Float of the Company as at 31 December 2022 was 111,073,957 representing 4.44%.

Share dealing Policy

We confirm that to the best of our knowledge that there has been compliance with the Company's share dealing policy during the period.

Board changes

Engr. Joseph Makoju an Independent Non-Executive Directors ("INED"), died on 11 April 2022. He was replaced by Mr. Paul Gbededo on 28 September 2022.

Property, plant and equipment

Information relating to changes in property, plant and equipment during the year is provided in note 12 to the financial statements.

Employment of Disabled Persons

The Company in recognition of its obligation to employ disabled persons, maintains a policy of considering application for employment made by disabled persons with due regard to their abilities and aptitude. All employees are given equal opportunities to develop themselves. As at 31 December 2022 no disabled person was employed in the Company.

Employees Involvement and Training

The Company is committed to keeping its employees fully informed, as much as possible on its performance and progress and seeking their views whenever practicable on matters which practically affect them as employees. Management's professional and technical expertise is the company's major assets and investment in their further development continues. The Company's expanding skill-base has been extended by a range of training programmes for its employees and opportunities for career development within the Company have thus been enhanced.

Health Safety & Welfare

Employees are made aware of the health and safety regulations in force within the Plant and office premises. The Company provides to all employees transportation, housing, lunch and medical allowance.

Research & Development

The Company in its determination to maintain its status as one of the best Power generation companies in the Power industry continues to encourage research and development aimed at consistently improving the Company's position.

Donations

The Company made contributions to charitable and non- political organisation amounting to N15,000,000 (2021 : nil). The donation was made to Kogi State Government in form of relief materials to cushion the effect of the flood incident within the state.

Sustainability

Geregu Power Plc is committed to complying with all applicable legislation, regulations and codes of practice. We integrate sustainability considerations into all our business decisions and ensure that our stakeholders are aware of our Sustainability Policy.

Conflict of Interests

The Company maintains a Register of Directors' interest in accordance with the requirements of the Companies and Allied Matters Act. The Company also applies a conflict-of-interest policy developed in accordance with international best practices corporate governance codes, as well as the Investment and Securities Act.

Retirement Policy

The Company operates a group life policy and a contributory pension scheme for its employees in Nigeria, in line with the provisions of the Pension Reform Act. The scheme is funded through employees' and employers' contributions as prescribed by the Act. The Company also has a defined plan asset (gratuity scheme).

Auditors

PricewaterCoopers have expressed their willingness to continue in office as Auditors of the Company in accordance with the Companies and Allied Matters Act. A resolution will be proposed at the Annual General Meeting to authorize the Directors to fix their remuneration.

Akinleye Olagbende
Company Secretary
FRC/2013/NBA/00000003160

Dated: 30 January 2023

Corporate Governance Report

OUR HISTORY

1.1 Reporting Entity

Geregu Power Plant is a Siemens SGT5-2000E 3*145Mw open cycle power plant initially owned by the defunct Power Holding Company of Nigeria on behalf of Federal Government of Nigeria, It was commissioned by the Former President of Nigeria, Chief Olusegun Obasanjo in February 2008 but began commercial operations with GT13 in March 2007,

During the privatization exercise under President Goodluck Jonathan, it was privatized and 51% shareholding was handed over on 01 November 2013 to Amperion Power Distribution Company Limited. In 2019, Amperion launched a bid for 29% out of the remaining 49% shareholding and became successful with a total shareholding of 80% in the business, with the FGN retaining a 20% shareholding.

"On 10 November 2021, the FGN divested the remaining 20% shareholding to Amperion thereby making Amperion Power Distribution Company Limited the 100% owner of Geregu Power Plc. With this development, FGN has ceased to be a shareholder of Geregu Power Plc.
The Company was listed on the main board of the Nigerian Exchange Group on 05 October, 2022."

THE BOARD

The Board established this Corporate Governance Framework to define the corporate governance practices of the Company for the enhancement of stakeholder value and the achievement of the Company's vision, strategic objectives and business goals.

THE COMPANY'S CORPORATE GOVERNANCE FRAMEWORK:

These financial statements are presented in Naira, which is the Company`s functional currency. Except as indicated in these financial statements, financial information presented in Naira has been rounded to the nearest thousand.

2.3 Standards, interpretations and amendments adopted by the Company

This Framework is made in line with the Nigerian Code of Corporate Governance, Securities and Exchange Commission Corporate Governance Guidelines and global best practice on Corporate Governance.

"Our Corporate Governance Framework defines the relationship between the board of directors, management, and other stakeholders of the Company. It seeks to ensure accountability of the board of directors and management of the Company to other stakeholders who do not have oversight obligations or management powers and take these sets of individuals as their due representatives.
This Corporate Governance Framework is based on the following six (6) key principles of governance, which are:"

I. Discipline

Corporate discipline is a commitment by executive management to adhere to universally recognized and accepted norms.

ii. Independence

Independence is the extent to which mechanisms have been put in place to minimise or avoid potential conflicts of interest that may exist. These mechanisms range from the composition of the Board, appointments on committees of the Board, and the auditors. The decisions made, and internal processes established, must be objective and not allow for undue influences.

iii. Accountability

Individuals within the Company who make decisions and take actions on specific issues must be accountable for their decisions and actions.

iv. Transparency

Transparency is the ease with which external shareholders can make meaningful analysis of the Company's business actions, its economic fundamentals and the non-financial aspects essential to the business.

v. Responsibility

Responsibility refers to processes that allow for responsive action and avenues to penalise mismanagement. The Board is accountable to the shareholders and will act responsively to stakeholders.

vi. Social Responsibility

The Company must be aware of, and respond to, social issues proactively, placing a high priority on ethical standards. As a good corporate citizen, the Company will be seen increasingly as one that is non-discriminatory, non-exploitative, and responsible regarding environmental and human rights matters.

OVERVIEW OF THE COMPANY'S CORPORATE GOVERNANCE FRAMEWORK

The Company's Corporate Governance Framework is intended to be the primary source of reference and guidance on all aspects of corporate governance within the Company. It incorporates board and committee Charters which provides guidelines on how the business will be conducted by the board and executive management.

The Charters set out the roles, responsibilities, powers, composition, and duties of the Board and Board Committees. Other important details, including explanatory notes and guidelines and supporting templates and forms that will assist in embedding sound corporate governance, are contained in the appendices.

The members of the board and the executive management are expected to clearly understand the key principles of the framework and implement them.

Responsibility for Updating this Corporate Governance Framework:

The continual update of this corporate governance framework is the primary responsibility of the board. The evolving nature of governance practices and the dynamic character of the industry necessitate regular review of this Corporate Governance Framework to remain relevant, efficient and effective for the desired purpose. Therefore, the Board and Executive Management shall monitor the legal and regulatory environment and any developments in the industry that could have an impact on corporate governance.

PROFILE OF THE BOARD OF DIRECTORS

Femi Otedola, CON
Chairman

Mr. Femi Otedola joined the board of GPP as Chairman of the Board of Directors in November 2013. Prior to this, he was the Chairman of the Board of Directors of Forte Oil Plc (now Ardova Plc) from May 2007 to June 2019. His vision transformed Forte Oil Plc into one of the highest performing companies on NGX.

The Company grew in leaps and bounds to become a model of the possibilities inherent in Nigeria, winning numerous accolades in recognition of the successful business turnaround, prompt financial reporting, strong corporate governance and investment of choice within the Oil and Gas Industry and NGX.

In 2019, with a firm belief in the power reforms of the Federal Government and overall vision "to be the leading provider of integrated power in the region", he made a very strategic decision to sell his majority stake in Forte Oil Plc and invest in developing the power industry in Nigeria through the acquisition of a majority stake in GPP, via an investment vehicle called Amperion Power Distribution Company Limited.

He has held several board memberships including President of the Nigerian Chamber of Shipping and as past Chairman of Transcorp Hilton Hotel, Abuja. He was appointed Member of the Governing Council of the Nigerian Investment Promotion Council in January 2004 and in December of the same year, he was appointed a Member of the Committee saddled with the task of fostering business relationship between the Nigerian and the South African Private sectors.

He was a member of the National Economic Management Team from September 2011 to May, 2015 and the Honorary International Investors Council under the leadership of Baroness Lydna Chalker.

Mr. Otedola was further recognized for his immense contributions to the growth of the Nigerian economy with the conferment of the prestigious National Honour of "Commander of the Order of the Niger - CON" in May 2010."

A philanthropist with deep involvement in educational causes at all levels via the Sir Michael Otedola Scholarship Awards Foundation, he has continued to demonstrate his passion for his community, Epe, Lagos State and Nigeria in general, committing huge financial resources to the sponsorship of promising but financially disadvantaged students.

Akin Akinfemiwa
Chief Executive Officer

Mr. Akin Akinfemiwa is the Chief Executive Officer of GPP and is responsible for the overall strategic leadership, direction and expansion for the business. He coordinates the formulation, review and implementation of the organisation's strategy, goals and objectives. Akin serves as a Director on the Board of Amperion Power Distribution Limited, and GPP.

Mr. Akinfemiwa is a seasoned and experienced international petroleum products trader and energy professional with focus on power generation, oil and oil products futures, swaps and derivatives trading responsibilities with a career spanning over twenty-two (22) years locally and internationally. He was previously Group CEO of Forte Oil Plc, a leading public listed downstream Oil & Gas company in Nigeria with over four hundred and fifty (450) retail outlets spread across Nigeria for eight (8) years where he led the company's transformation plans and successful turnaround of a moribund company to a vibrant profit-making entity.

He has also served as Chairman, Forte Upstream Services and Chairman, MOMAN (Major Oil Marketers Association of Nigeria) and Director, African Petroleum Ghana, Director of Trading and Business Development at Fineshade Energy United Kingdom as well as Senior Derivatives and Products Trader at Oando Plc, where he used his influence in developing strategic trading and supply relationships for Oando Plc in the West African Sub Region. Prior to this, Akin had worked with FSB International Bank plc as a Business Process Analyst and a sub-team leader on the Company's Business Transformation project in 2001.

Mr. Akinfemiwa is an alumnus of the Said Business School, University of Oxford and at various times attended various management programs at the Harvard Business School, Boston and the Wharton Business School, University of Pennsylvania. He also holds a B.Sc. (Honours) degree in Mechanical Engineering from the University of Ibadan and a Master of Business Administration (Information Technology) from the University of Lincolnshire and Humberside, United Kingdom.

Julius B. Owotuga, FCA, CFA
Deputy Chief Executive

Mr. Julius B. (JB) Omodayo-Owotuga is the Deputy Chief Executive Officer of Geregu Power Plc. He is a CFA Charter Holder and a KPMG trained Chartered Accountant. He is responsible for Finance, Risk Management & Internal Control, Treasury Operations, General Administration, Procurement and Information Technology functions in the organisation.

He was the Group Executive Director, Finance & Risk Management at Forte Oil Plc between 2011 and 2019. Before he joined Forte Oil Plc, he was at Africa Finance Corporation (AFC) where he had responsibilities for the Corporation's Assets and Liabilities Management function. He was also the Finance Manager of the corporation between 2007 and 2009.

JB joined the AFC from Standard Chartered Bank Nigeria (SCBN) Limited where he was a Finance Manager. Before SCBN, he was at KPMG Professional Services where he led assurance engagements within the Nigerian financial services industry. Prior to KPMG, Mr. Omodayo-Owotuga worked in the Foreign Operations Group of MBC International Bank (now First Bank of Nigeria Limited).

He is a fellow of the Institute of Chartered Accountants of Nigeria, a Chartered Management Accountant and a fellow of the Chartered Institute of Taxation of Nigeria. "

JB is an alumnus of Oxford University's Said Business School, United Kingdom, IE Business School, Spain and the University of Lagos, Nigeria.

He holds a B.Sc. in Accounting and a Masters in Business Administration (with distinction)."

Christopher Adeyemi
Non Executive Director

Mr. Adeyemi attended Obafemi Awolowo University, Ile Ife where he obtained his LL.B (Hons) degree in 1989. He became a Barrister and Solicitor of the Supreme Court of Nigeria in 1991. Mr. Adeyemi began his legal career as Head of Green Form Advice and Assistance Team in The Legal Aid Board of England and Wales. During his stint at the Legal Aid Board, he was responsible for setting up the Green Form Advice and Assistance phone extensions team and also the Immigration Project Team. After leaving the public sector, Mr. Adeyemi, in partnership with others, set up Agape Consulting, a Legal Practice and Management Consultancy which assists in setting up and advising over 100 Law firms in the United Kingdom.

Christopher Adeyemi is currently the Head of the Corporate and Media Law Department of the International Law and Management Firm. He has advised multinational companies on setting up businesses in the African and European markets. Mr. Adeyemi has most recently advised the Nollywood Industry on how to make international profits. Mr. Adeyemi was a Non-Executive Director of Forte Oil Plc from 2009 -2019, and is a Director of Amperion Power Distribution Company Limited.

He is a member of the Nigerian Bar Association, member of the Black Solicitors Network (UK), and member of Immigration Law Practitioners Association (UK).

Paul Miyonmide Gbededo
Independent Non Executive Director

A master corporate strategist, hardworking, honest and an urbane gentleman, Paul Gbededo, a Fellow of the Polymer Institute of Nigeria and an Associate of the Chartered Institute of Arbitrators was the Group Managing Director / Chief Executive Officer of Flour Mills of Nigeria Plc (FMN) from April 2013 to December 2020. He now serves as the non-executive Vice Chairman on the Board of FMN.

Paul was educated at the Polytechnic of North London (now London Metropolitan University, UK) where he obtained Graduateship of Plastic and Rubber Institute and Associateship of National College of Rubber Technology in 1980, and holds a Master of Science Degree in Polymer Technology (1981) of Loughborough University, UK.

An alumnus of Lagos Business School - Advanced Management Programme 3, Paul also attended an Executive Programme at Harvard Business School. Paul's over 35 years career with FMN Group started at Nigerian Bag Manufacturing Company Plc in 1982. There, he acquired extensive experience serving in various managerial positions and rising to General Manager, Production and became the first Nigerian Production Director in 1996.

In July 2012, Paul was elevated to the position of Managing Director, Agro-Allied business with responsibility to implement FMN Group's Backward Integration Policies, Programs and Initiatives. Paul has a keen focus on organization results, committed to excellence, agile with passion for organizational growth. His primary focus has been on people, business development and business transformation, incentivizing a culture of ethos and pathos.

John Robert Lee
Independent Non Executive Director

Has worked in the Financial Services Industry for around 40 years with the last 25 years having particular focus in Nigeria including extensive travel to the region. Has primarily worked for global international banks HSBC & Standard Chartered both out of London.

Recent roles included Corporate & Institutional Banking and International Private Banking with Senior Management positions held. Has therefore gained experience of Corporate Finance, Treasury, Corporate Banking and Private Banking giving him a unique and varied background. John is an Associate of The London Institute of Banking & Finance and a Chartered Fellow of the Chartered Institute for Securities & Investment London.

Anil Dua
Independent Non Executive Director

Mr. Dua is a co-founder and partner of Gateway Partners, where he also serves as a member of its investment committee leading deal origination and execution across Africa. Prior to establishing Gateway Partners, he was the Chief Executive Officer of Standard Chartered Bank (West Africa), a role he occupied between 2010 and 2015.

Mr. Dua is an astute professional who has held several board membership not limited to Standard Chartered Bank Ghana, Nigeria, Cameroon & Cote D'Ivoire, Forte Oil Plc, Matador Investment Management Limited, Dangote GSP Offshore FZE and Seychelles International Mercantile Banking Corp. Currently, Mr. Dua sits on the board of African Export-Import Bank, Network International Plc and Heirs Holdings Oil & Gas Limited.

Olawunmi Christine Otedola
Non Executive Director

Ms. Otedola is a renowned professional and founder of The Utopia Group, an NGO targeted at alleviating the lives of the Nigerian children. Prior to establishing The Utopia Group, Ms. Otedola worked with several leading corporates, domestic and international, including Zenon Petroleum and Gas Limited and Scottish Church Heritage Research. Ms Otedola is an alumnus of the University of St. Andrews where she obtained a M.A in Psychology in 2009.

Mr Doron Grupper

Independent Non Executive Director

Mr. Grupper is a vast professional with experience across engineering and management. He is currently a consultant to Energix Renewable Energies Limited, a renewable energy company with a focus on wind turbine and solar energy. Over the years, Mr. Grupper has served on the Board of several companies not limited to VID Desalination Company Ltd., Mekorot Water Company Ltd., Ellern Energy Infrastructures Ltd., Ellern Gmul Power Stations Ltd., ETG – Water Infrastructures and Management Ltd., Williger Ltd., among others.

Mr. Grupper obtained a BSc degree in Economics and Administration as well as a MSc degree in Economics and Administration from Hebrew University, Jerusalem in 1976 and 1980 respectively.

Mr Akinleye Olagbende

Company Secretary

Mr. Akinleye Olagbende is currently the Company Secretary and General Counsel at GPP. Prior to this role he was the General Counsel and Company Secretary at Forte Oil Plc from 2012 to 2019.

He is a graduate of the University of Sussex in Brighton 2000, and subsequently graduated from the Nigerian law school in 2004. Responsible for the overall legal, compliance and secretarial functions, Mr. Olagbende has over sixteen (16) years of experience in Corporate, Commercial and Company law and practice.

Mr. Olagbende started his career working as a litigation lawyer in the firm of Olatunde Adejuyigbe and Co. and then moved to the United Kingdom where he worked in the compliance functions for Goldman Sachs Asset Managements and PIMCO Europe.

PURPOSE AND RESPONSIBILITIES OF THE BOARD

The principal responsibilities of the Board shall be to consider, approve and oversee the implementation of strategies and objectives for the Company. This includes the following:

- Strategy and planning
- Finance and Investment management
- Executive and Human capital management
- Risk management
- Internal control
- Board management and remuneration
- Corporate governance
- Other duties as permitted under the CAMA and Geregu Power Plc (GPP) Memorandum and Articles of Association.

BOARD SIZE, APPOINTMENT, COMPOSITION AND DIVERSITY

The Board recognizes and embraces the benefits of having a diverse board and sees increasing diversity at board level as an essential element in maintaining a competitive advantage. A truly diverse board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the board requires to be effective.

Membership of the Board shall not be less than five (5) Directors.

The Governance and Remuneration Committee of the Board shall assist in identifying appropriate skills and competencies required to fulfill its goals and responsibilities to shareholders and other key stakeholders.

The Board of the Company shall comprise of Executive, Independent Non-Executive and Non-Executive members. With the following Composition:

- Executive Directors
- Independent Non-Executive Directors
- Non-Executive Directors

BOARD SIZE, APPOINTMENT, COMPOSITION AND DIVERSITY

The positions of the Chairman of the board and Chief Executive Officer shall be separate and held by different individuals.

RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

Below are some of the responsibilities of each director;

- To comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as directors. Broadly, these include:
- Acting in good faith and in the best interest of the company;
- Acting with care and diligence and for proper purposes;
- Avoiding conflict of interest; and
- Refraining from making improper use of information gained through the position of director and from taking undue advantage of the position of director.
- Other duties as permitted under the CAMA and GPP’s Memorandum and Articles of Association.

DELEGATION TO MANAGEMENT

The process for re-election of a director shall be in accordance with Section 285 of the Companies and Allied Matters Act, 2020 (CAMA), which provides that all the directors shall at the first Annual General Meeting retire from office and at subsequent AGMs, one third of them, or if their number is not three or a multiple of three, the number nearest to one-third shall retire.

Directors up for retirement by rotation shall be those who have been longest in office since the date of their last election. As between persons who became directors on the same day, those to retire shall unless they otherwise agreed, be determined by a lot.

BOARD PERFORMANCE APPRAISAL

A Board appraisal is usually undertaken annually, covering the Board and its Committee's structure, composition, responsibilities, processes, and relationships in the Board performance. This assessment shall be made in relation to individual directors' performance and the Board's performance.

This review would be carried out by an external independent consultant, supervised by the Company Secretary and the report would be presented at the Annual General Meeting (AGM).

BOARD PERFORMANCE APPRAISAL

The process for the removal of a Director is in accordance with the provisions of Section 288 of CAMA.

THE COMPANY SECRETARY/ GENERAL COUNSEL

All Directors have direct access to the Company Secretary/General Counsel, who shall be accountable to the Board, through the Chairman, on all Corporate Governance and secretarial matters. The Company Secretary provides directors with guidance on their responsibilities, ethics and good governance. He is responsible to the Board for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

He shall play an active role in the directors training and strategic administrative planning.

The appointment and removal of the Company Secretary/Legal Adviser shall be governed by the provisions of the CAMA.

Board's General Powers

The Board makes final approval of all matters delegated to Board Committees and the CEO. These powers shall be subject to CAMA and the Memorandum and Articles of Association of the Company.

COMMITTEES OF THE BOARD

In 2022 financial year, the following Board Committees were constituted to enable the Board with the execution of its oversight functions and in compliance with the regulations guiding the Company, the Board of Directors established Committees of the Board as required but which at the minimum are:

- Board Governance & Remuneration Committee;
- Board Risk Committee
- Statutory Audit Committee.

Each of the Committees will be governed by a Charter approved by the Board of Directors that delineate the structure, membership, obligations, expected skills of the Members, removal/resignation, proceedings, approval limits and scope of duties.

THE BOARD GOVERNANCE & REMUNERATION COMMITTEE

The purpose of the Committee is to advise the Board on its oversight responsibilities in relation to recruitment, compensation and benefits, promotions and disciplinary issues affecting senior officers of the company on Manager grade and above.

The Committee also considers the nomination of new directors to the Board, succession planning for key positions on the Board and management, training of directors, recommending director's remuneration and overseeing board performance and evaluation. The purpose of the Committee also includes the development and maintenance of appropriate corporate governance framework for the Company, and ensuring compliance with extant Codes of corporate governance.

The functions of the Committee are divided categorized under 3 broad headings, namely:

- Remuneration
- Governance
- Evaluation and appraisal

The tenure and membership of the Committee shall be determined by the board.

Remuneration and Governance Committee Attendance

Directors	27-Sep	19-Dec
Chris Adeyemi	****	****
Mr. Doron Grupper	****	****
Ms. Olawunmi Otedola	****	N/A
Mr. John Robert Lee	****	****
Mr Paul Gbedebo	NYA	****

******	Attended
N/A	Absent
NYA	Not yet appointed

BOARD RISK MANAGEMENT COMMITTEE.

The purpose of the Committee is to consider the Company's long-term strategy, risks and opportunities relating to the strategy, assist in the identification, evaluation and mitigation of strategic, operational, and external environment risks and monitor the strategy and risk management framework and associated practices of the Company.

In performing its oversight role, the Committee shall work with the Management to review the quality and processes employed. The following are some of the responsibilities of the committee;

- Consider the viability of all major strategic initiatives and investments.
- Monitor changes and trends in the business environment.
- Review the adequacy and effectiveness of risk management and controls.
- Evaluate and Assess the Company's risk management framework, including Management's process for the identification, prevention and reporting of significant risks.
- Develop the Company's Corporate Social Responsibility policy.
- The membership and tenure of the Committee shall be determined by the Board. The Company Secretary shall serve as the secretary to the committee.

The Board shall review and re-assess the Charter at least once every four years as it may be necessary and make recommendations to the Board on required changes.

Risk Management Committee Attendance

Directors	26-Sep	19-Dec
Mr. Doron Grupper	****	****
Mr Akin Akinfemiwa	****	****
Mr Julius B. Omodayo-Owotuga	****	****

******	Attended
N/A	Absent
NYA	Not yet appointed

STATUTORY AUDIT COMMITTEE

The Statutory Audit Committee is established in compliance with the Companies and Allied Matters Act 2020. The authority of the Committee is derived from the Board of Directors of the Company.

The Audit Committee shall assist the Board in its oversight responsibility of ensuring the integrity of the Company's financial statements, compliance with legal and regulatory requirements, the external auditors' qualifications and independence, and the performance of the internal audit function and external auditor who are ultimately accountable to the Audit Committee and the Board.

The Committee shall be responsible for the following:
●Establish an internal audit function and ensure there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls in the Company. The Committee shall also ensure the development of a comprehensive internal control framework for the Company; obtain assurance and report annually in the financial report, on the operating effectiveness of the Company's internal control framework.
●At least on an annual basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent internal control review of the Company.
●Discuss the annual audited financial statements and half yearly unaudited statements with management and external auditors.
●Review and ensure that adequate whistle-blowing procedures are in place. A summary of issues reported are highlighted to the Chairman of the Committee.
●Discuss policies and strategies with respect to risk assessment and management.
●Preserve auditor independence, by setting clear hiring policies for employees or former employees of independent auditors.
●Meet separately and periodically with management, internal auditors and external auditors.
●Review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors, there is no conflict of interest.

Composition of the Committee

●The Audit Committee shall consist of five (5) members. Three (3) representatives of the Shareholders and two (2) Directors to represent the Board.
●All members of the Committee shall be financially literate and have reasonable knowledge of the industry as well as business risks and control issues facing the Company. At least one member of the Committee must have current knowledge of accounting and financial management in addition to a recognized accounting qualification.
●The Committee shall be chaired by a shareholder appointed at the AGM.
●The Company Secretary shall be the Secretary of the Committee.

The Company Secretary serves as the secretary to all Board Committees.

Statutory Audit Committee Attendance

Directors	27-Sep	12-Oct	19-Dec
Mr. Anil Dua	****	****	****
Mr. John Robert Lee	****	****	****
Mr. Taj- Giwa Osagie	****	****	****

BOARD MEETING ATTENDANCE

To effectively perform its oversight function and monitor management's performance, the Board shall meet at least once every quarter; however, extraordinary meetings may be convened as required.

Every Director shall be required to attend at least two-thirds of all meetings of the Board. Such attendance record shall be among the criteria for the re-nomination of a Director by the Board except where there are cogent reasons which the Board must notify the Shareholders at the Annual General Meeting.

Every Director shall prepare adequately, attend and participate in the Board meetings and Board Committee meetings. Ad-hoc meetings may also be held as required.
All meetings of the Board shall be held at such time and venue as the Board deems appropriate.
Below is a table showing Director's attendance at the Board meetings held during the year:

Director	6-Apr	28-Sep	12-Oct	20-Dec
Olufemi Otedola, CON	****	****	****	N/A
Akin Akinfemiwa	****	****	****	****
Julius B. Omodayo-Owotuga	****	****	****	****
Chris Adeyemi	****	****	****	****
Mr. Doron Grupper	****	****	****	****
Mr. Anil Dua	****	****	****	****
Ms. Olawunmi Otedola	****	****	****	****
Engr. Joseph Makoju	****	N/A	N/A	N/A
Mr. John Robert Lee	****	****	****	****
Mr. Paul Gbededo	NYA	****	****	****

******	Attended
N/A	Absent
NYA	Not yet appointed

ELECTRONIC MEETINGS.

Meetings of Members may be held virtually. Participation in a meeting held virtually shall constitute presence of the person at the meeting.

DIRECTORS STANDING FOR ELECTION

The following directors will retire at this Annual General Meeting, and being eligible, offer themselves for re-election:

Mr Christopher Adeyemi

POLICIES OF GPP ('The Company")

The following policies are instrumental in conducting the affairs of the Company;

- Whistle Blowing Policy
- Conflict of Interest Policy
- Directors Remuneration Policy

WHISTLE BLOWING POLICY

Geregu Power Plc. recognizes that the decision to report a concern can be a difficult one to make mostly out of fear of victimization. However, the company is unequivocally committed and undertakes to protect all whistle-

Directors shall continually reaffirm their support for and commitment to the Company's whistle-blower protection mechanism which comprises of the duty of staff to report suspected misconduct to a designated person and the duty on the Company to protect a whistle-blower from reprisals or retaliation.

CONFLICT OF INTEREST POLICY

The Conflict of Interest and Related Party Transaction Policy was developed to provide a guideline for managing potential conflict of interest situation on the Board.

The aim of the policy is to assist the Board in understanding, reviewing, approving and ratifying related person transactions, to ensure that all related party transactions are conducted at arm's length and do not present a conflict of interest for the related party, considering the size of the transaction, the overall financial position of the third party, and the direct or indirect nature of the related party's interest in the transaction.

The company has developed a procedure to deal with conflict of interest:

● Declaration of interest- at the beginning of a financial year or on appointment as a director of the company, each director discloses actual or perceived conflicts of interests, which the company secretary takes note and keeps record of. The record is updated regularly and referenced when business transactions are considered. If there's a change or update in a director's interest, they are expected to promptly notify the Company Secretary.

● Reporting conflict of interest- Directors must openly disclose all potential, real or perceived conflict of interest as soon as the issue arises. The disclosure should be made to the Board or any of the Board Committees that may be involved in the approval process. Where the said disclosure is in relation to a particular item on the agenda, the Company Secretary ensures documentation of said disclosures by recording same in the minutes of a meeting, while also updating the conflict of interest register with periodic disclosures.

● Review and approval- The Board shall review the material facts of all related party transactions that require its approval and either approve, disapprove or ratify such transactions. Any director who has an interest in the related transaction being discussed excuses himself or herself from any reporting, discussions and vote on the related party transaction and, if necessary, from the Board meeting, or applicable part thereof. The Board will not approve or ratify a related-party transaction unless convinced that the transaction is in the best interest of the Company and its shareholders.

●Family Directorships- No two members of the same extended family shall occupy the position of Chairman and that of Managing Director or Executive Director of the Company at the same time. To safeguard the independence of the Board, not more than two members of the same family shall sit on the Board at the same time.

● Independent Director Conflict of Interests- an Independent Director shall be free of any relationship with the Company or its management that may lead to potential conflicts of interest and thus impair, or appear to impair, the Director's ability to make independent judgments. Specifically, independent directors among other things, are not allowed to provide material, legal/consulting services to the company or its affiliates, borrow funds from the company or its affiliates, have close family ties with any of the Company's advisers, Directors or Senior Employees, amongst others.

● Insider Trading- No Director or a close family of the Company who is aware of material non-public information relating to GPP may directly or through family members or other person, buy or sell securities of GPP or engage in any other action to take advantage of that information, pass that information on to others outside the Company, including close family and friends except authorized persons within the Company. Directors and their related companies may not undertake transactions involving the sale or purchases of GPP's securities during closed periods (prohibited trading periods). Directors shall be notified of closed periods via written communication by the Company secretariat.

● Prohibitions on trading activities generally occur quarterly, interim, and annual disclosures of financial statements and whenever the officials of the company may deem appropriate. Announcement of quarterly financial results have a potential to have a material effect on the price of the company's securities in the stock market, therefore, to avoid the appearance of trading on the basis of material non-public information, Directors of GPP with potentially material non-public information shall not trade in GPP's securities during the period beginning two weeks prior to the anticipated date of public disclosure or filing of the financial result of each quarter, whichever is earlier, and ending two business days following the release of GPP's earnings for the period.

●Breach of Policy- If a Director fails to make the necessary disclosures about conflicts of interest, the Director may be in breach of the Company's code of conduct and be liable to disciplinary action.

●Refusal to take any action directed by the Company to resolve a conflict of interest may also be in breach of the Company's conflicts of interest policy.

●Disclosure – All conflicts of interest transactions shall be disclosed in the Company's Annual Report, regulatory returns and any other required media in accordance with and in the manner required by the relevant laws, rules and regulations necessitating the disclosure.

●The disclosures shall contain name of the director, details of the transaction and the Director's interest in the transaction with the Company, and the value of the amount involved in the transaction and of the related person's interest in the transaction.

●For related party transactions, disclosures shall be made separately for the Company, its affiliates, associates, joint ventures in which the entity is partner and key management personnel of the Company.

●Review of policy- the policy is subject to review and update every two (2) years or as may be deemed necessary by the Board.

DIRECTORS' REMUNERATION POLICY

Policy is designed to establish a framework for remuneration that is consistent with the Company's scale and scope of operations, meets the recruitment needs of the business and is aligned with leading corporate governance practices particularly the Financial Reporting Council of Nigeria (FRCN)'s Code of Corporate Governance.

Remuneration structure;

●The Remuneration and Governance Committee shall recommend the remuneration packages of Executive Directors in all its forms. Executive Directors shall play no part in decisions on their own remuneration.

●The remuneration of the Chief Executive Officer and other DeputyChief Executive shall consist of both fixed and variable remuneration components.

●Executive Directors' will not be paid sitting allowances for attendance at Board and Board Committees

Non-Executive Directors Remuneration

● Non-executive Director's fees will be set at a level that is in the minimum, at par with market developments and reflects the qualifications and contribution required in view of the extent of the Director's responsibilities and liabilities.

● The remuneration of the Non-Executive Directors shall consist of a fixed fee, sitting allowances and reimbursable expenses.

● Non-Executive Directors will be paid a Director's fee. Sitting allowances will be paid for each Board and Board committee meeting attended by the Non-Executive Director.

● Non-Executive Directors will be reimbursed expenses necessarily and reasonably incurred in the course of their role as Board members, where not provided directly by the Company. Reimbursable expenses include travel expenses, transport expenses, hotel expenses and meals.

Review of Policy:

The Statutory Audit Committee reviews this policy at least once every four years or as may be required to ensure that it remains relevant and appropriate. All changes and approvals are signed by the Chairman of the Statutory Audit Committee and countersigned by the Chairman of the Board of Directors following deliberations and approval by the full Board.

Insider Trading

The directors of the Company and senior employees who are in possession of price sensitive information are prohibited from dealing with the shares of the Company in accordance with the provisions of the Investments & Securities Act 2007 and the Listing Rules of the Nigerian Stock Exchange.

As required by law, the shares held by directors are disclosed in the annual report. Our Company has securities trading policy applicable and circulated to directors, insiders, external advisers and all employees that may at any time possess any inside or material information about our Company.

The securities trading policy is also available on the website of the Company. Our Company has adopted a code of conduct regarding securities transaction by the directors on terms no less exacting than the required standard set out in the Listing Rules of the Nigerian Stock Exchange. The Company has made specific enquiry of all directors whether they have complied with the required standard set out in the listing rules and the Company's code of conduct regarding securities transactions by directors and the Company is not aware of any non-compliance.

External Auditors

The Company's external auditors are Messrs. PricewaterhouseCoopers

GENERAL MANDATE

General Mandate Circular Information in respect of General Mandate In accordance with the Rules on Transactions with Related Parties issued by the Nigerian Stock Exchange (NGX), the Company is seeking the renewal of the general mandate from shareholders as per the Agenda for the Annual General Meeting slated for 27 March 2023.

The aggregate value of all transactions entered into with related companies during the financial year as stated on pages 66 of this Annual Report and Accounts is more than 5% of the latest net tangible assets or the issued share capital of the Company.

In order to ensure smooth operations, the Company will continue to procure goods and services and engage in other transactions that are necessary for its operations from related companies in the next financial year and hereby seeks a general mandate from shareholders for the related company transactions of trading nature and those necessary for the day-to-day operations, that are more than 5% of the latest net tangible assets or the issued share capital of the Company. Relevant items for the consideration of the shareholders are stated below:

The class of interested persons with which the Company transacted with during the financial year are Amperion Power Distribution Company Limited, its subsidiaries and associated companies; The transactions with the related companies are transactions of trading nature and those necessary for the day-to-day operations; The method and procedure for determining transaction prices are based on the transfer pricing policy;

The audit committee of the Company confirms that the transfer pricing method and procedure for determining the transaction prices are adequate; The Company shall obtain a fresh mandate from shareholders if the method and procedure become inappropriate; and The interested person shall abstain, and has undertaken to ensure that its associates shall abstain, from voting on the resolution approving the transactions.

Akinleye Olagbende
Company Secretary
FRC/2013/NBA/00000003160

Dated: 30 January 2023

Statements of Directors' Responsibilities

In accordance with the provisions of the Companies and Allied Matters Act, the directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company at the end of the year and its profit or loss.

The responsibilities include ensuring that:

i. The Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act and Financial Reporting Council of Nigeria Act.

ii Appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;

iii The Company prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and

iv It is appropriate for the financial statements to be prepared on a going concern basis.

The directors accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the International Financial Reporting Standards, in compliance with Financial Reporting Council of Nigeria Act and the requirements of the Companies and Allied Matters Act

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit and cash flows for the year.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:

Otedola

Femi Otedola, CON
Chairman
FRC/2013/IODN/00000002426

Dated: 30 January 2023

Akin Akinfemiwa
Chief Executive Officer
FRC/2013/IODN/00000001994

Dated: 30 January 2023

Statements of Corporate Responsibility

In line with the provision of S.405 of Companies and Allied Matters Act, we have reviewed the audited financial statements of the Company for the year ended 31 December 2022 and based on our knowledge confirm as follows:

1) 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.

2) The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results.

3) The Company's internal controls has been designed to ensure that all material information included relating to the Company and its subsidiaries is received and provided to the Auditors in the course of the Audit.

4) The Company's internal controls were evaluated within ninety days of the financial reporting date and are effective as of 31 December 2022.

5) That we have disclosed to the Company's Auditor's and the Board of Directors the following: information:
a) There are no significant deficiencies in the design or operation of the Company's internal control which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of the Audit.
b) There is no fraud involving management or other employ needs which could have any significant role in the Company's internal control.

6) There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

Akin Akinfemiwa
Chief Executive Officer
FRC/2013/IODN/00000001994

Dated: 30 January 2023

Ganiyu L. Adisa
Chief Financial Officer
FRC/2013/ICAN/00000003078

Dated: 30 January 2023

Audit Committee's Report

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act, the members of the Audit Committee of Geregu Power Plc hereby report as follows:

1) We have exercised our statutory function under Section 404 (7) of the Companies and Allied Matters Act, and we acknowledge the cooperation of management and staff in the conduct of their responsibilities.

2) We confirm that the accounting and reporting policies of the company are in accordance with the legal requirements and ethical practices and that the scope of planning of the External Audit programme are extensive enough to provide a satisfactory evaluation of the internal control systems.

3) We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from Management in the course of their statutory audit and we are satisfied with Management's response to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Company's system of accounting and internal control.

Mr. Anil Dua
Chairman, Audit Committee

Dated: 30 January 2023

pwc

Independent auditor's report

To the Members of Geregu Power Plc

Report on the audit of the financial statements

Our opinion

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

What we have audited

Geregu Power Plc's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- 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.

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables (NGN7.5 billion) *Refer to notes 2.4, 3.1.1 and 15 of the financial statements* The company bills its sole customer monthly based on energy and capacity charges. The risk of impairment to trade receivables relates to both capacity and energy charges as the customer does not pay as and when due. We focused on this area due to the materiality of the trade receivable of ₦46.1 billion and the resulting impairment of ₦7.5 billion, and because it requires significant judgement both for timing of recognition of impairment and estimation of the amount of such impairment. The expected credit loss (ECL) model requires significant judgement in measuring ECL especially incorporating forward looking information (such as forecast inflation and Gross Domestic Product (GDP)) in building the economic scenarios used in the ECL model. The company utilised the 'simplified approach' model for the trade receivable. Under the simplified approach, the provision combines the historical loss rate with forward looking assumptions which takes management's view of the future of the customer into account.	Our procedures included the following: • We obtained an understanding of the company's process for estimating the expected credit loss (ECL); • We tested the calculation of the historical loss rate across the aging buckets; • We challenged management regarding the forward-looking assumptions (forecast inflation and Gross Domestic Product) and compared those assumptions against publicly available information; • We tested the appropriateness of the discounted cash flows; • We compared the impairment calculated by management against the amount already recognised in the books; and • We checked the IFRS 9 disclosures for reasonableness.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility, Audit Committee's Report, Statement of Value Added and Five-Year Financial Summary, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books 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 and loss and other comprehensive income are in agreement with the books of account and returns.

Akinyemi Akingbade
For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

30 January 2023

Engagement Partner: Akinyemi Akingbade
FRC/2013/ICAN/00000004012

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2022

	Notes	31-Dec-22	31-Dec-21
		₦'000	₦'000
Assets			
Non-current assets			
Property, plant and equipment	12	37,994,728	39,975,328
Intangible assets	13	4,714	11,229
Defined benefit plan	18	-	1,658
Total non-current assets		37,999,442	39,988,215
Current assets			
Inventories	14	506,175	440,802
Trade and other receivables	15	76,944,928	69,809,782
Other current assets	16	6,948,108	627,651
Cash and cash equivalents	17	51,631,751	3,954,864
Total current assets		136,030,962	74,833,099
Total assets		174,030,404	114,821,314
Equity			
Share capital	19	1,250,000	5,000
Retained earnings	19.3	47,866,530	59,940,076
Actuarial reserves	19.4	(13,261)	(6,441)
Total equity		49,103,269	59,938,635
Liabilities			
Non-current liabilities			
Deferred tax liabilities	10	8,390,953	10,347,259
Defined benefit plan	18	11,702	-
Borrowings	21	27,990,799	5,666,666
Bond Payable	22	40,085,000	-
Total non-current liabilities		76,478,454	16,013,925
Current liabilities			
Trade and other payables	20	33,313,381	30,417,393
Current tax payable	10	7,646,589	4,837,206
Borrowings	21	5,004,539	3,614,154
Bond Payable	22	2,484,172	-
Total current liabilities		48,448,681	38,868,753
Total liabilities		124,927,135	54,882,678
Total equity and liabilities		174,030,404	114,821,313

The accompanying notes on pages 32 to 67 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 30 January 2023 and signed on its behalf by:

Akin Akinfemiwa
Chief Executive Officer
FRC/2013/IODN/000000001994

JB Owotuga
Julius B. Omodayo-Owotuga
Deputy Chief Executive
FRC/2013/ICAN/00000001995

Ganiyu L. Adisa
Chief Financial Officer
FRC/2013/ICAN/00000003078

Otedola
Femi Otedola,CON
Chairman
FRC/2013/IODN/00000002426

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Notes	31-Dec-22 ₦'000	31-Dec-21 ₦'000
Revenue	5	**47,619,370**	70,956,864
Cost of sales	6	**(24,478,476)**	(37,614,052)
Gross profit		**23,140,894**	33,342,812
Other income	7	**157,253**	1,650,899
Impairment loss on financial assets	8.2	**(3,727,473)**	(743,373)
Administrative expenses	8	**(4,750,360)**	(4,726,903)
Operating profit		**14,820,314**	29,523,435
Finance income	9	**7,673,734**	948,064
Finance cost	9	**(7,325,577)**	(959,076)
Net finance income/(cost)		**348,157**	(11,012)
Profit before income tax		**15,168,471**	29,512,423
Income tax expense	10	**(4,997,017)**	(8,962,012)
Profit for the year		**10,171,454**	20,550,411
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent period:			
Re-measurement of defined benefit plans	18	**(6,820)**	(2,703)
Other comprehensive loss for the year		**(6,820)**	(2,703)
Total comprehensive income for the year		**10,164,634**	20,547,708
Earnings per share			
Basic and diluted earnings per share in (N)	11	**4.07**	8.22

The accompanying notes on pages 32 to 67 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Share capital	Retained earnings	Actuarial reserves	Total equity
	₦'000	₦'000	₦'000	₦'000
At 1 January 2021	5,000	76,971,760	(3,738)	76,973,022
Profit for the year	-	20,550,411	-	20,550,411
Other comprehensive loss for the year	-	-	(2,703)	(2,703)
Total comprehensive income for the year	-	20,550,411	(2,703)	20,547,708
Transaction with owners:				
Dividend paid	-	(37,582,095)	-	(37,582,095)
At 31 December 2021	5,000	59,940,076	(6,441)	59,938,635
At 1 January 2022	**5,000**	**59,940,076**	**(6,441)**	**59,938,635**
Profit for the year	**-**	**10,171,454**	**-**	**10,171,454**
Other comprehensive loss for the year	**-**	**-**	**(6,820)**	**(6,820)**
Total comprehensive income for the year	**-**	**10,171,454**	**(6,820)**	**10,164,634**
Transaction with owners:				
Issue of shares	**1,245,000**	**(1,245,000)**		**-**
Dividend paid	**-**	**(21,000,000)**	**-**	**(21,000,000)**
At 31 December 2022	**1,250,000**	**47,866,530**	**(13,261)**	**49,103,269**

The accompanying notes on pages 32 to 67 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Notes	31-Dec-22	31-Dec-21
		₦'000	₦'000
Cash generated from operating activities			
Cash generated from operations	**23**	**11,967,069**	26,959,550
Income taxes paid	**10**	**(4,143,940)**	(511,225)
Gratuity Payment during the year	**18**	**(6,381)**	-
Net cash generated from operating activities		**7,816,748**	**26,448,325**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	**23**	**12,600**	11,918
Purchase of property, plant and equipment	**12**	**(588,178)**	(599,353)
Re-investment of interest on defined benefit asset	**18**	**(9,209)**	(4,094)
Funding of defined benefit asset	**18**	**(51,405)**	(32,044)
Net cash used in investing activities		**(636,192)**	(623,573)
Cash flows from financing activities			
Interest received	**9**	**2,380,964**	948,064
Dividend paid	**19.3**	**(21,000,000)**	(37,582,095)
Repayment of borrowings	**21**	**(17,126,887)**	(1,667,243)
Proceeds from borrowings	**21**	**36,000,000**	10,000,000
Proceeds from bond	**22**	**40,085,000**	-
Net cash generated from/(used in) financing activities		**40,339,077**	(28,301,275)
Net (decrease)/increase in cash and cash equivalents			
Analysis of changes in cash and cash equivalents:			
Cash and cash equivalents at 1 January		**3,954,864**	4,782,767
Increase/(decrease) in cash and cash equivalents		**47,519,634**	(2,476,522)
Effects of exchange rate changes on cash and cash equivalent		**157,253**	1,648,619
Cash and cash equivalents at 31 December		**51,631,751**	3,954,864

The accompanying notes on pages 32 to 67 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

This is the financial statement of Geregu Power Plc ('the Company"). Geregu Power Plc was incorporated in Nigeria on 10 November 2006 under the Companies and Allied Matters Act as a public liability company, and is domiciled in Nigeria. The address of its registered office is

13, Walter carrington crescent
Victoria Island
Lagos

The Company is principally engaged in the business of electric power generation and sale of electric power through the National Grid of the Transmission Company of Nigeria (TCN) to the Nigerian Bulk Electricity Trading Plc (NBET).

The Board has established an Insider Trading Policy designed to prohibit dealing in Geregu Power Plc. shares or securities on the basis of potentially price sensitive information that is not yet in the public domain. This is in line with the Rules of the(NGX, the Investment and Securities Act (ISA) and the SEC Rules and Regulations). Having enquired, we can confirm that all Directors complied with the Insider Trading Policy during the year under review.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise

2.2 Basis of preparation

The financial statements for the year ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB)) and in compliance with Financial Reporting Council of Nigeria Act. Additional information required by national regulations are included where appropriate.

The financial statements comprises of the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept except for financial assets and liabilities initially recoginsed at fair value net of transaction cost incurred, and subsequently recognised at amortised cost. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Naira.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

2.2.1 Going concern

The financial statements have been prepared on a going concern basis. The directors have no doubt that the Company would remain in existence after 12 months from the date of this financial statements.

2.2.2 Changes in accounting policies and disclosures

i) New Standards, amendments, interpretations adopted by the Company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022. The Company had to change its accounting policies and did not require retrospective adjustments.

Reference to the Conceptual Framework (Amendments to IFRS 3): In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework.
The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16): In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities: As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37): In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract

NOTES TO THE FINANCIAL STATEMENTS

ii) New Standards, amendments, interpretations issued but not yet effective.

IFRS 17 Insurance Contracts: In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current: In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Definition of Accounting Estimates - Amendments to IAS 8: In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

NOTES TO THE FINANCIAL STATEMENTS

Definition of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2: In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12: On 7 May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, an amendment to IAS 12 that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in this amendment is an exemption from the initial recognition exemption provided in paragraph 15(b) and 24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

The Company is yet to assess the impact of these amendments on its financial statements.

2.3 Foreign currency translation

a) *Functional and presentation currency*
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency and presentation currency of the Company is the Nigerian Naira (N).

b) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

2.4 Financial instruments

2.4.1 Financial assets

a) *Initial recognition and measurement*
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through profit or loss (PL) and fair value through other comprehensive income (OCI) .

NOTES TO THE FINANCIAL STATEMENTS

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

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

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

b) *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified as follows:

• Financial assets at amortised cost (debt instruments)

• Financial assets at fair value through OCI (FVOCI) with recycling of cumulative gains and losses (debt instruments)

• Financial assets at fair value through profit or loss (FVPL: assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL (debt instruments)

Financial assets at amortised cost (debt instruments)

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

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial asset at amortised cost includes trade receivables, intercompany receivables and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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 and intercompany receivables 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 72 months before 31 December 2022 and corresponding historical credit losses experienced within this period. The historical loss rate are adjusted to reflect current and forward looking information on macroeconomic factors such as, inflation and GDP affecting the ability of the customers to settle the receivables. The loss rate has been further adjusted to reflect time value of money.

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 three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

NOTES TO THE FINANCIAL STATEMENTS

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and charged to profit or loss.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• when there is a breach of financial covenants by the debtor; or
• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 6 years past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets'gross carrying amount at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the statement of financial position.

Cash at bank is considered a highly liquid form of current asset, and when reported on a business' statement of financial position, it is combined with cash in hand for accounting purposes. The maturity period is not up to 24 hours and as such little to no impairment loss under ECL is expected.

2.4.2 Financial liabilities

a) *Initial recognition and measurement*
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b) *Subsequent measurement*
The measurement of financial liabilities depends on their classification, as described below:

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

NOTES TO THE FINANCIAL STATEMENTS

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

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

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

2.5 Revenue from contracts with customers

Revenue arises mainly from the sale of electric power. The Company has mainly two sources of revenue which is energy and capacity charge from the sale of electric power.

Revenue recognition
Revenue from the sale of energy and capacity charges are recognized over time.

The transaction price for a contract excludes any amounts collected on behalf of third parties. Customers obtain control of services when the services are delivered to the national grid and have been accepted and revenue is recognised over time.

Revenue from energy sold and capacity charge are measured on monthly basis using the regulated rates in the Multi year Tariff Order II, 2012-2017 (MYTO II) and the minor rate reviews of the Nigerian Electricity Regulatory Commission (NERC), net of energy and capacity import and the grid Transmission Loss Factor (TLF) of 8.05% of energy sent out.

Energy generated in addition to the associated available capacity are sent out through Transmission Company of Nigeria (TCN) represented by the Operator of the Nigerian Electricity Market (ONEM) also known as the Market Operator (MO). The Market Operator in turn will issue monthly settlement statements for energy and capacity delivered. The final settlement statements issued by MO are used to invoice the bulk purchaser, the Nigerian Bulk Electricity Trading Plc (NBET).

NOTES TO THE FINANCIAL STATEMENTS

Energy generated are measured on hourly basis hence, could not be stored. They are therefore sent out through the National Grid to the Discos and then to the final consumers. The final consumers pay the Discos, then Discos remit to the Market Funds, now managed by NBET, where all the market participants are subsequently paid by NBET depending on fund availability.

NBET has reviewed the Thermal Gencos wholesale tariff based on USD2.98/Mscft effective August 1, 2021 (USD3.30/Mscft as at 31 July 2021). The base tariff used were as follows: Energy N10,082/Mwh and Capacity Charge N5,101/Mwh subject to indexation on the basis of changes in the CBN Exchange Rate adjusted monthly as provided in the Bulk Power Purchase Agreement Effective April 1, 2016.

Significant financing component

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

Contract assets

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

Trade receivables

A receivable represents the Company’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2.4 financial instruments – initial recognition and subsequent measurement.

Contract liabilities

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a trade receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

2.6 Cost of sales

Cost of sales relate to costs incurred from the sale of energy and capacity charges

Costs are allocated to cost of sales based on management's understanding of its business and direct cost/expenses incurred to generate the company's revenue.

NOTES TO THE FINANCIAL STATEMENTS

2.7 Wages, salaries and annual leave

Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company. The Company operates an accumulating leave policy; this can be encashed when the employee is leaving employment. The Company measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of each reporting period.
The Company operates both defined contribution plans and defined benefit plans (gratuity scheme).

2.8 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.
In the statement of cash flows, cash and cash equivalents includes cash in hand, deposit held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

The cash flows from investing and financing activities are determined by using the direct method.

2.9 Cash and cash equivalents

Cash and cash equivalents as shown in the statement of financial position comprise cash in hand or bank, deposit held at call with banks and time deposits which are readily convertible to cash with a maturity of three months or less.

2.10 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for the intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in the profit or loss on a straight-line basis (except for gas turbines; which Unit of Production Method i.e Equivalent Operating Hours - EOH are used over the estimated useful lives of each part of an item of property, plant and equipment except which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

	Useful life
Leasehold Land	Over lease term
Buildings	25 years
Plants and equipment	20 years
Office equipment	5 years
Furniture and fittings	4 years
Computer equipment	3 years
Motor vehicles	5 years
Gas turbines	160,000 Equivalent Operating Hours (EOH) per turbine
Gas turbines - major overhaul amortized costs	41,000 Equivalent Operating Hours (EOH) per turbine

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the estimated selling price in the ordinary course of business less costs to sell and value in use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and taken into account in determining operating profit. These gains or losses are recognised within "other income or loss" in profit or loss.

2.11 Impairment of non-financial assets

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

2.12 Current and deferred taxation

a) Current tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in arriving at profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTES TO THE FINANCIAL STATEMENTS

The current income tax charge is calculated on the basis of the applicable tax laws enacted or substantively enacted at the reporting date in the country, Nigeria, where the Company generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred tax
Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

2.13 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.
The cost of finished goods and work in progress is determined using the first-in first-out (FIFO) method and comprises of raw materials excluding borrowing costs.

Allowance is made for excessive, obsolete and slow moving items. Write-downs to net realizable value and inventory losses are expensed in the period in which the write-downs or losses occur.

2.14 Borrowings

Borrowings are recognized initially at fair value, as the proceeds received, net of any transaction cost incurred. Borrowings are subsequently recorded at amortized cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

2.16 Share capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Employee benefits

a) Defined contribution pension scheme

In line with the Pension Reform Act 2014, the Company operates a defined pension contribution scheme for all its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company and its employees each contribute 10% and 8% respectively of the employee's annual salary (i.e. basic, housing, transport, utility, entertainment and lunch) to an approved Pension Fund Administrator. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to the profit and loss account.

b) Defined benefit plan

The Copany operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The Company also provides certain additional post-employment benefits to employees. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method and calculated annually by independent actuaries. The liability or asset recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bonds.

Remeasurements gains and losses, arising from changes in financial and demographic assumptions and experience adjustments, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

• The date of the plan amendment or curtailment; and
• The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit obligation and the fair value of the plan assets.

The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in general and administrative expenses:

• Service costs comprises current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
• Net interest cost

NOTES TO THE FINANCIAL STATEMENTS

2.18 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.19 Borrowing costs

General and specific borrowing cost directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those asset, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.20 Intangible assets

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

i. it is technically feasible to complete the software so that it will be available for use
ii. management intends to complete the software and use or sell it
iii. there is an ability to use or sell the software
iv. it can be demonstrated how the software will generate probable future economic benefits
v. adequate technical, financial and other resources to complete the development and to use or sell the software are available, and the expenditure attributable to the software during its development can be reliably measured.

The estimated useful life of software is 4 years.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the finance department under policies approved by the board of Directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

3.1.1 *Credit risk*

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to their customer, including outstanding receivables.

Maximum exposure to credit risk

The Company's maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned above. The Company does not hold any collateral as security.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec-22	31-Dec-21
	₦'000	₦'000
Cash and cash equivalents (note 17)	51,631,751	3,954,864
Trade and other receivables (note 15)	76,944,928	69,809,782
	128,576,679	73,764,645

Credit quality

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or by historical information about counterparty default rates. An analysis of the credit quality of financial assets are

Further analysed into:

31-Dec-22	Performing	Past due and impaired
	₦'000	₦'000
Cash and cash equivalents (note 17)	51,631,751	-

31-Dec-21	Performing	Past due and impaired
	₦'000	₦'000
Cash and cash equivalents (note 17)	3,954,864	-

Cash and bank balances	31-Dec-22	31-Dec-21
	₦'000	₦'000
A+	16,965,947	7,802
A	23,922,779	-
AA	3,173	5,542
AA-	5,521	18,274
BBB	10,484,331	3,923,246
BBB+	250,000	-
	51,631,751	3,954,864

This is based on Fitch ratings national long-term rating. National Credit Ratings are an assessment of credit quality relative to the rating of the lowest credit risk in a country. This lowest risk will normally, although not always, be assigned to all financial commitments issued or guaranteed by the sovereign state.The depository currently has the capacity to meet its financial commitment on the obligation.

Impaired trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are fully provided for if past due for more than one year and are not subject to enforcement activity.

The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

Set out below is the information about the credit risk exposure on trade receivables using a provision matrix:

NOTES TO THE FINANCIAL STATEMENTS

	Estimated total gross carrying amount at default	Expected credit loss rate	Expected credit loss
	₦'000	%	₦'000
31-Dec-22			
0-4 months	7,429,129	5%	343,060
5-8 months	4,704,111	13%	595,314
9-12 months	7,998,432	12%	981,546
13 - 16 months	5,426,689	12%	648,245
17 -20 months	3,232,180	12%	379,039
21 -24 months	912,207	11%	103,594
25-28 months	16,851	11%	1,815
29-32 months	4,780,444	11%	516,854
33-36 months	-	0%	-
37 -40 months	-	0%	-
41 -44 months	-	0%	-
45 -48 months	-	0%	-
49 -52 months	2,729,439	16%	435,545
53 -56 months	1,930,392	16%	316,445
57 -60 months	2,773,510	46%	1,277,024
51 -64months	2,765,860	46%	1,260,037
65 -72months	1,408,083	45%	634,078
	46,107,329		7,492,596

	31-Dec-22	31-Dec-21
	₦'000	₦'000
	3,933,831	3,190,458
	3,558,765	743,373
	7,492,596	3,933,831
Gross carrying amount reconciliation		
Gross carrying amount at the beginning	44,417,582	54,715,541
Additions during the year	1,689,747	(10,297,959)
Gross carrying amount at the end	46,107,329	44,417,582

Impaired intercompany receivables

The Company applies the IFRS 9 general model to measuring expected credit losses which uses a three-stage approach for he intercompany receivables from Amperion Power Distribution Company Limited and Geregu Sukuk Plc.

The reconciliation of the loss allowance for other intercompany receivables as at 31 December 2022 to the opening loss allowance on 1 January 2022 is as follows:

	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000
Movement in impairment allowance 31 December 2022				
Balance at the beginning of the year	-	-	-	-
Charge for the year	168,708	-	-	168,708
Balance at the end of the year	168,708	-	-	168,708

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec-22	31-Dec-21
	₦'000	₦'000
Gross carrying amount reconciliation		
Gross carrying amount at the beginning	29,326,031	21,079,885
Additions during the year	9,172,872	8,246,146
Gross carrying amount at the end	38,498,903	29,326,031

The parameters used to determine impairment for Intercompany receivables (and purchase consideration from Amperion Power Distribution Company Limited and Geregu Sukuk Plc) are shown below. For all receivables presented in the table, the respective 12-month Probability of Default (PD) equates to the Lifetime PD for stage 1 as the maximum contractual period over which the Company is exposed to credit risk arising from the receivables is less than 12 months.

Probability of default	The 12-month PD and lifetime PD for stage1 is 1.7%.
Loss given default	The 12-month LGD and lifetime LGD were determined using average recovery rate for Moody's senior unsecured corporate bonds for emerging economies which was 55%.
Exposure at default	The EAD is the maximum exposure of the receivable to credit risk.
Probability weightings	25%, 43% and 32% were used for best case, boom and periods of downturn respectively.
Macroeconomic indicators	The historical inflation rate and GDP growth rate were assessed however, the impact of the macroeconomic variables was deemed immaterial by the Company.

Sensitivity analysis

Below is the result of the sensitivity analysis on the assumptions taken on different assets in The Company's books.

Asset		31-Dec-22 ₦'000
Trade receivables	10% increase in the exposure at default (EAD)	16,871
	10% decrease in the exposure at default (EAD)	(16,871)
	10% increase in the forward looking information	2,285
	10% decrease in the forward looking information	(2,285)
Intercompany receivables	10% increase in the exposure at default (EAD)	749,260
	10% decrease in the exposure at default (EAD)	(749,260)
	10% increase in the forward looking information	127,771
	10% decrease in the forward looking information	(127,771)

3.1.2 *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Company uses short term cash flow projections to monitor funding requirements for activities and to ensure there is sufficient cash to meet operational needs.

The table below details the Company's remaining contractual maturity for its non-derivative financial liabilities and assets with agreed maturity periods drawn based on the undiscounted cash flows of the financial liabilities and assets, based on the earliest date on which the Company can be required to pay or receive payments.

NOTES TO THE FINANCIAL STATEMENTS

	Due within one year	Within 1-2 years	Within 2-3 years	Greater than 3 years	Within 2-3 Total
31-Dec-22					
Borrowings	5,336,886	15,827,124	21,652,270	-	42,816,280
Bond Payable	2,930,049	8,702,607	13,533,092	42,540,540	67,706,287
Trade and other payables	33,313,381	-	-	-	33,313,381
	33,313,381	-	-	-	33,313,381
31-Dec-21					
Borrowings	3,959,888	2,918,259	4,959,674	-	11,837,820
Trade and other payables	30,417,393	-	-	-	30,417,393
	34,377,281	2,918,259	4,959,674	-	42,255,214

The amounts disclosed in the tables above are the contractual undiscounted cash flows of the liabilities.

3.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The Company's interest rate risk arises from long-term borrowings. The borrowings are issued at a fixed rate and do not expose the company to fair value interest rate risk.

No credit limits were exceeded during the reporting year, and management does not expect any losses from non-performance by these counterparties.

(ii) Foreign exchange 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. 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.

Foreign currency denominated balances

	31-Dec-22 ₦’000	31-Dec-21 ₦’000
Cash and bank balances (US dollars)	172,035	6,599
Cash and bank balances (Euro)	533	-
	172,568	6,599

Sensitivity analysis for foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

The sensitivity of the Company's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at 20% as shown below:

NOTES TO THE FINANCIAL STATEMENTS

Impact on profit or loss	31-Dec-22	31-Dec-21
	₦'000	**₦'000**
US dollars		
20% increase in exchange rates	(34,407)	(1,320)
20% decrease in exchange rates	34,407	1,320
Euro		
20% increase in exchange rates	(107)	-
20% decrease in exchange rates	107	-

(iii) Price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company has minimal exposure to price risk as price for energy and capacity charge is regulated by Nigerian Electricity Regulatory Commission (NERC).

3.2 Capital management

3.2.1 Risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position.

	31-Dec-22	31-Dec-21
	₦'000	**₦'000**
Total borrowings and bond payable	75,564,510	9,280,820
Less: Cash and cash equivalents (note 17)	(51,631,751)	(3,954,864)
Net debt	23,932,759	5,325,957
Total equity	49,103,269	59,938,635
Gearing ratio	154%	15%

NOTES TO THE FINANCIAL STATEMENTS

3.2.2 Dividends

	31-Dec-22 ₦'000	31-Dec-21 ₦'000
i Ordinary shares		
Final dividend for the year ended 31 December 2021 of 2,100 naira per fully paid share (2019 : 7,516)	21,000,000	37,582,095
Total dividends paid	21,000,000	37,582,095
ii Dividends not recognised at the end of the reporting		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 8 naira per fully paid ordinary share. The aggregate amount of the proposed dividend expected to be paid in 2023 (2022) out of retained earnings at 31 December 2022 (31 December 2021), but not recognised as a liability at year end.	20,000,000	21,000,000

3.2.3 Financial instruments by category

The Company's financial instruments are categorised as follows:

	31-Dec-22		31-Dec-21	
	Financial assets Amortised cost ₦'000	Financial liabilities Amortised cost ₦'000	Financial assets Amortised cost ₦'000	Financial liabilities Amortised cost ₦'000
Financial assets				
Cash and cash equivalents	51,631,751	-	3,954,864	-
Trade and other receivables	84,606,232	-	73,743,613	-
Financial liabilities				
Trade and other payables	-	(33,313,381)	-	(30,417,393)
Borrowings	-	(32,995,338)	-	(9,280,820)
Bond Payable	-	(42,569,172)	-	-
Net debt	136,237,983	(108,877,891)	77,698,477	(39,698,214)

3.3 Fair value estimation

As at 31 December 2022 and 31 December 2021 the Company had no financial instrument in fair value.

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec-22		31-Dec-21	
	Financial assets Fair value	Financial liabilities Fair value	Financial assets Fair value	Financial liabilities Fair value
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Cash and cash equivalents	51,631,751	-	3,954,864	-
Trade and other receivables	84,606,232	-	73,743,613	-
Financial liabilities				
Trade and other payables	-	(33,313,381)	-	(30,417,393)
Borrowings	-	(32,995,338)	-	(9,280,820)
Bond Payable	-	(42,569,172)	-	-
Net debt	136,237,983	(108,877,891)	77,698,477	(39,698,214)

3.4 Offsetting financial assets and financial liabilities

The Company offsets intercompany trade receivables and payables as there is a legally enforceable right for the offset. There are no offsetting arrangements for other financial asset and liabilities and they are settled and disclosed on a gross basis.

4 Critical accounting estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in notes to the accounts, together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

a) *Impairment of financial assets*
The loss allowance for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions used are disclosed in Note 3.

b) *Useful lives of property, plant and equipment*
The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of property, plant and equipment will have an impact on the carrying value.

c) *Income and deferred tax*
The Company is subject to income taxes within Nigeria, which does not require much judgement in terms of provision for income taxes but a certain level of judgement is required for recognition of the deferred tax assets. Management is required to assess the ability of the Company to generate future taxable economic earnings that will utilise the deferred tax assets. Assumptions over the generation of future taxable profits depends on management's estimates of future cash flows. This estimate of future taxable income are based on forecast cash flows from operations.

d) *Defined benefit asset (gratuity scheme)*
The actuarial techniques used to assess the value of the defined benefit plans involve financial assumptions (discount rate, rate of return on assets, medical costs trend rate) and demographic assumptions (salary increase rate, employee turnover rate, etc.) The Company uses the assistance of an external independent actuary in the assessment of these assumptions. For more details refer to note 18.

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec-22	31-Dec-21
	₦'000	₦'000
5 Revenue		
Energy sold	**30,252,241**	45,696,221
Capacity charge	**17,367,129**	25,260,643
	47,619,370	70,956,864

5.1 As a result of a nationwide force majeure (FM) declared by Shell Petroleum Development Company Limited on the Trans-Forcados pipeline and its consequent effects on the Forcados oil terminal, gas supplies to the plant by Its primary gas supplier ceased from 17th of July 2022. The maintenance works on the pipelines were however completed at the end of November 2022 and gas supplies and normal operations have since then resumed.

	31-Dec-22	31-Dec-21
6 Cost of sales		
Gas supply and transportation	**22,224,910**	33,187,780
Plant depreciation	**2,253,566**	4,426,272
	24,478,476	37,614,052
Gross profit	**23,140,894**	33,342,812
7 Other income		
Foreign exchange gain realised	**157,253**	1,648,619
Income from disposal of gas condensates	**-**	2,280
	157,253	1,650,899
8 Administrative expenses		
Repair and maintenance of plant and machinery *	**212,321**	217,621
Energy import and regulatory charges	**24,008**	12,986
Personnel cost (Note 8.1)	**2,138,068**	1,327,687
Depreciation expenses	**302,612**	185,036
Amortization expenses	**6,515**	6,515
Plant and machinery insurance	**332,205**	303,715
Postages, printing and stationery	**9,102**	2,468
Rent and rates	**55,448**	170,834
Other repairs and maintenance expenses	**60,993**	36,044
Telephone and internet expenses	**83,829**	95,197
Legal and listing expenses	**180,254**	85,150
Public relations, promotions and advertisement	**100,329**	43,697
Transport, travel costs and entertainment	**438,619**	281,047
Cleaning, safety and security expenses	**224,109**	133,833
Audit fees	**35,000**	7,500
Board meeting expenses	**27,525**	8,271
Professional and consultancy fees	**418,996**	306,933
Other insurance expenses	**40,250**	20,263
Bank charges	**55,110**	71,648
Directors' fees and allowances	**5,067**	1,087,954
Loss on disposal of assets	**-**	733
Inventory write-down	**-**	321,771
	4,750,360	4,726,903

*Included in the repair and maintenance of plant and machinery are spare parts, tools and consumables issued from the stores.

PwC rendered no non-audit service to the Company during the year.

NOTES TO THE FINANCIAL STATEMENTS

		31-Dec-22	31-Dec-21
		₦'000	₦'000
8.1	**Personnel expenses**		
	Salaries, wages and allowances	**848,312**	591,333
	Medical expenses	**32,450**	31,427
	Contributions to pension fund scheme	**52,634**	36,354
	Defined benefit plan- current service cost (note 18)	**64,326**	32,715
	Performance Bonus, Training and recruitment expenses	**957,778**	495,331
	Contract manpower	**164,572**	114,479
	Other personnel expenses	**17,996**	26,048
		2,138,068	1,327,687
8.2	**Impairment loss on financial assets**		
	Impairment of trade receivables (note 15.1)	**3,558,765**	743,373
	Impairment of due from related party (note 15.2)	**168,708**	-
		3,727,473	743,373
9	**Finance income/(cost)**		
	Finance income		
	Interest income on bank deposits	**2,380,964**	948,064
	Interest income on related party receivables	**5,292,770**	**-**
		7,673,734	948,064
	Finance cost		
	Interest expense on borrowings (note 21)	**(4,841,405)**	(959,076)
	Interest expense on bond (note 22)	**(2,484,172)**	-
		(7,325,577)	(959,076)
	Net finance income/(cost)	**348,157**	(11,012)
10	**Company income and deferred tax**		
A	**Current income tax**		
	Income tax	**6,406,954**	3,953,444
	Education tax	**545,611**	880,415
	Police trust fund levy	**758**	1,476
	Current tax	**6,953,323**	4,835,335
	Deferred tax	**(1,956,306)**	4,126,677
	Total charge to profit or loss	**4,997,017**	8,962,012

B Reconciliation of effective tax to statutory tax

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	31-Dec-22	31-Dec-21
Profit before income tax	**15,168,471**	29,512,423
Tax calculated at statutory tax rate of 30%	**4,550,541**	8,853,727
Effect of non-deductible expenses	**2,721,135**	1,722,381
Effect of non-taxable income	**(724,344)**	(11,123)
Effect of balancing charge and capital allowance	**(140,378)**	(6,611,541)
Effect of education tax	**545,611**	880,415
Effect of police trust fund levy	**758**	1,476
Effect of deferred tax	**(1,956,306)**	4,126,677
	4,997,017	8,962,012

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec-22	31-Dec-21
	₦'000	₦'000
C Current income tax liability		
Liability at 1 January	**4,837,206**	513,097
Income tax for the year	**6,406,954**	3,953,444
Education tax	**545,611**	880,415
Police trust fund levy	**758**	1,476
Payment during the year	**(4,143,940)**	(511,225)
	7,646,589	4,837,206

D Deferred tax assets and liabilities

The analysis of deferred tax liabilities is as follows:

	31-Dec-22	31-Dec-21
To be recovered after more than 12 months	**(8,390,953)**	(10,347,259)

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss ("P/L), in equity and other comprehensive income are attributable to the following items:

Deferred income tax liabilities:

	At 1 January	Credit/ (charge) to P/L	At 31 December
	₦'000	**₦'000**	**₦'000**
31-Dec-22			
Property, plant and equipment	**(10,347,259)**	**1,956,306**	**(8,390,953)**
31-Dec-21			
Property, plant and equipment	(6,220,582)	(4,126,677)	(10,347,259)

11 Earnings per share

11.1 Basic and diluted earnings per share

Basic earnings per share EPS is calculated by dividing the profit attributable to equity holders of the

Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	31-Dec-22	31-Dec-21
	₦'000	**₦'000**
		***Restated**
Profit attributable to equity holders of the Company	**10,171,454**	20,550,411
Ordinary share at the beginning	**10,000**	10,000
Bonus issue 15 July 2022	**2,490,000**	2,490,000
Ordinary share at the end	**2,500,000**	2,500,000
Basic and diluted earnings per share in (Naira)	**4.07**	8.22

*Bonus issue was without consideration, it is treated as if it had occurred before 2021, the earliest period presented

NOTES TO THE FINANCIAL STATEMENTS

12 Property, plant and equipment

The movement in the property, plant and equipment during the year ended 31 December 2022 was as follows:

	Gas Turbine Plant	Leasehold land	Buildings	Trucks and vehicles	Furniture & Fittings	Office equipment	Computer equipment	Asset under construction	Total
	₦'000	₦'000	₦'000	₦'000	N'000	₦'000		₦'000	₦'000
Cost									
At 1 January 2021	62,078,819	122,787	1,233,192	325,761	17,295	56,841	87,030	-	63,921,725
Additions	-	-	19,302	274,644	2,427	181,772	121,208	-	599,353
Disposal	-	-	-	(30,135)	-	-		-	(30,135)
At 31 December 2021	62,078,819	122,787	1,252,494	570,270	19,722	238,613	208,238		64,490,943
At 1 January 2022	**62,078,819**	**122,787**	**1,252,494**	**570,270**	**19,722**	**238,613**	**208,238**		**64,490,943**
Additions	**-**	**-**	**49,100**	**357,549**	**844**	**33,926**	**12,928**	**133,831**	**588,178**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposal	**-**	**-**	**-**	**(31,500)**	**-**	**-**	**-**	-	**(31,500)**
At 31 December 2022	**62,078,819**	**122,787**	**1,301,594**	**896,319**	**20,566**	**272,539**	**221,166**	**133,831**	**65,047,621**
Depreciation									
At 1 January 2021	19,425,475	9,235	256,214	133,182	11,781	17,711	68,193	-	19,921,791
Depreciation for the year	4,426,272	1,324	49,392	85,536	2,310	20,383	26,091	-	4,611,308
Disposals	-	-	-	(17,484)	-	-		-	(17,484)
At 31 December 2021	**23,851,747**	**10,559**	**305,606**	**201,234**	**14,091**	**38,094**	**94,284**	**-**	**24,515,615**
At 1 January 2022	23,851,747	10,559	305,606	201,234	14,091	38,094	94,284	-	24,515,615
Depreciation for the year	2,253,566	1,324	50,836	124,927	2,767	52,286	70,472	-	2,556,178
Disposals	-	-	-	(18,900)	-	-		-	(18,900)
At 31 December 2022	**26,105,313**	**11,883**	**356,442**	**307,261**	**16,858**	**90,380**	**164,756**	**-**	**27,052,893**
Net book value at 1 January 2022	38,227,072	112,228	946,888	369,036	5,631	200,519	113,954		39,975,328
Net book value at 31 December 2022	**35,973,506**	**110,904**	**945,152**	**589,058**	**3,708**	**182,159**	**56,410**	**133,831**	**37,994,728**

12.1 Breakdown of depreciation

	31-Dec-22	31-Dec-21
	₦'000	₦'000
Depreciation charge relating to other PPE (note 8)	302,612	185,036
Depreciation charge relating to gas turbine(note 6)	2,253,566	4,426,272
	2,556,178	4,611,308

There was no lien on any of the Company`s property, plant and equipment as at 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec-22	31-Dec-21
	₦'000	₦'000
13 Intangible assets		
The movement on this account during the year was as follows:		
Cost		
At 1 January	**53,409**	53,409
Additions	**-**	-
At 31 December 2022	**53,409**	53,409
Amortisation		
At 1 January	**42,180**	35,665
Amortisation	**6,515**	6,515
At 31 December 2022	**48,695**	42,180
Net book value at 1 January	**11,229**	17,744
Net book value at 31 December 2022	**4,714**	11,229
14 Inventories		
Spares, tools and consumables*	**506,175**	440,802

*Inventories include spare parts, tools and consumables in stores.

14.1 Inventory is measured at the lower of cost and net realisable value (NRV). The amount charged to statement of profit or loss and other comprehensive income as write-down were nil during the year (31 December 2021: N321.7 million).

	31-Dec-22	31-Dec-21
15 Trade and other receivables		
Trade receivables	**46,107,329**	44,417,582
Impairment (note 15.1)	**(7,492,596)**	(3,933,831)
Net trade receivables	**38,614,733**	**40,483,751**
Due from related party (note 25)	**38,498,903**	29,326,031
Impairment (note 15.2)	**(168,708)**	-
	76,944,928	69,809,782
15.1 Movement in impairment of trade receivables		
At 1 January	**3,933,831**	3,190,458
Additional impairment	**3,558,765**	743,373
At end of year	**7,492,596**	3,933,831
15.2 Movement in impairment of due from related party		
At 1 January	**-**	-
Additional impairment	**168,708**	-
At end of year	**168,708**	-
Total impairment charge during the year	**3,727,473**	**743,373**

NOTES TO THE FINANCIAL STATEMENTS

		31-Dec-22	31-Dec-21
		₦'000	₦'000
16	**Other current assets**		
	Prepayments	**475,993**	236,379
	Advance payment*	**4,616,187**	-
	Interest receivable on related party receivables	**645,845**	39,534
	Receivable from directors	**2,000**	-
	Withholding tax receivable on interest income	**176,982**	15,016
	Prepaid staff expenses	**1,031,101**	336,722
		6,948,108	627,651

*This relates to advance payment made to Ansaldo Energia for the major overhaul of the gas turbine scheduled for 2023.

		31-Dec-22	31-Dec-21
17	**Cash and cash equivalents**		
	Cash at bank	**5,653,210**	954,864
	Restricted cash	**6,908,883**	-
	Short term deposit	**39,069,658**	3,000,000
		51,631,751	3,954,864

18 Defined benefit plan

The movement in the present value of the long term employee benefits was as follows:

	31-Dec-22	31-Dec-21
Gratuity liability at 1 January	**82,175**	42,663
Charged to profit or loss	**73,535**	36,809
Defined benefit plan actuarial loss	**6,820**	2,703
Gratuity Payment during the year	**(6,381)**	-
Gratuity liability at 31 December	**156,149**	82,175
Plan asset at 1 January	**(83,833)**	(47,695)
Additional funding during the year	**(51,405)**	(32,044)
Actual return on plan assets	**(9,209)**	(4,094)
Balance at 31 December under/(over) funded position	**11,702**	(1,658)
Expenses recognised in the statement of profit or loss		
Current service costs	**73,535**	36,809
Return on plan assets	**(9,209)**	(4,094)
	64,326	32,715

NOTES TO THE FINANCIAL STATEMENTS

	Present value of obligation ₦'000	Fair value of plan assets ₦'000	Total ₦'000
1-Jan-22	82,175	(83,833)	(1,658)
Current service costs	73,535	-	73,535
Return on plan assets	-	(9,209)	(9,209)
Total amount recognised in profit or loss	73,535	(9,209)	64,326
Remeasurements			
Loss on plan assets	6,820	-	6,820
Total amount recognised in other comprehensive income	6,820	-	6,820
Gratuity Payment during the year	(6,381)	-	(6,381)
Additional funding during the year	-	(51,405)	(51,405)
	(6,381)	(51,405)	(57,786)
31-Dec-22	156,149	(144,447)	11,702

	Quoted ₦'000	Not quoted ₦'000	Total ₦'000
31-Dec-22			
Money market	144,447	-	144,447
31-Dec-21			
Money market	83,833	-	83,833

The actuarial valuation report was signed in January 2023 and was carried out in line with IAS 19 requirements by Miller Kingsley (FRC/2012/NAS/00000002392) of KMC Actuarial Services, a Fellow of the Society of Actuaries, USA.

The funded plan assets with Mansard Investment Limited at 31 December 2022 was N144,447,000 (31 December 2021: N83,833,318.27).

Stated below are the key assumptions used:	31-Dec-22	31-Dec-21
Discount Rate/Average rate of return on assets	**14.62% p.a.**	7.23% p.a.
Average rate of salary increase	**8% p.a.**	12% p.a.
Inflation rate	**14% p.a.**	12% p.a.
Mortality of members	**A67/70 English Life tables**	A67/70 English Life tables

The weighted average liability duration of the Plan is 16.5 years. The average weighted duration of the longest Nigerian bond as at the valuation date, December 2022, is the 16.25% bond with a term to maturity (TTM) of 14.30 years and with a gross redemption yield of about 14.62% as at December 2022.

NOTES TO THE FINANCIAL STATEMENTS

Sensitivities

The scheme liabilities has been tested against investment return, withdrawal rates, mortality rates and the salary increase rate with the following results:

	31-Dec-22	31-Dec-21
Revised liability	**₦'000**	**₦'000**
-300 basis point change in investment return	**223,295**	88,670
+300 basis point change in investment return	**110,867**	70,461
20% higher withdrawals	**195,188**	87,879
20% less withdrawals	**156,150**	68,086
10% higher mortality	**123,359**	80,041
10% lower mortality	**156,150**	78,299
10% higher salary increase rate	**157,868**	97,379
10% lower salary increase rate	**129,605**	63,336
Percentage change from base results		
-300 basis point change in investment return	**43%**	12%
+300 basis point change in investment return	**-29**	-11%
20% higher withdrawals	**25**	11%
20% less withdrawals	**-21**	-14%
10% higher mortality	**1.1%**	1.1%
10% lower mortality	**-1.1%**	-1.1%
10% higher salary increase rate	**19%**	23%
10% lower salary increase rate	**-17%**	-20%

Methodology

The approach for conducting the sensitivity was a recalculation of the accrued benefit obligation on the scheme for each revised assumption. The percentage difference between the new result and the base result provides a measure of the sensitivity to the change.

Changes in sensitivity test basis

There are no changes in sensitivity to account for.

Maturity profile of active members

Future service	No of Members	Defined Benefit Obligation	Total Salary
		₦'000	**₦'000**
Less than 5 years	6	26,672	180,965
Up to 5 and less than 10 years	3	61,541	194,203
Up to 10 and less than 15 years	4	29,733	98,733
Up to 15 and less than 20 years	12	38,205	241,447
Greater than 20 years	-	-	-
	25	**156,151**	**715,348**

The estimated additional accrual for the year was N73,535,000 (31 December 2021: N36,809,000)

There are three categories of employees in Geregu Power Plc, first category are those on direct long term contract with the company, second category are direct hire on short term contract with the company, while third category are associates on secondment to Geregu from Boomtacgold Limited. Only the first category within 60 years of age are covered by this long term benefit.

NOTES TO THE FINANCIAL STATEMENTS

Risk exposure
The two key risk elements of gratuity financing are the longevity and the level of interest rates as described below;

Longevity Risk:
The accrued liability is calculated based on the best estimate of expected mortality experience by the Fund members, the mortality assumption should be on a best estimate basis with appropriate adjustments to the standard mortality table to incorporate future mortality improvements. An increase in the members' life expectancy will increase the liability and vice versa.

Interest Rate Risk:
The is the valuation interest rate (discount rate) used in determining the present value of the Fund's expected payments. In setting the valuation interest, IAS 19 requires a reference is made to the yield on Government Bonds (since there is no deep market for Nigeria corporate bonds) at the balance sheet date. Hence, a decrease in yield on the Government Bond will lead to a decrease in discount rate and in turn an increase in the Fund's liability, however this may be partly offset by the corresponding increase in the Bonds component of the portfolio backing the Fund.

		31-Dec-22	31-Dec-21
		₦'000	**₦'000**
19	**Ordinary share capital**		
19.1	**Authorised ordinary shares:**		
	At 1 January	**10,000**	10,000
	Increase of 2,480,000,000 in share capital of 50k each	**1,240,000**	-
		1,250,000	10,000
19.2	**Issued and fully paid ordinary shares of 50k each**		
	At 1 January	**5,000**	5,000
	Increase of 2,490,000,000 in issued share capital of 50k each	**1,245,000**	-
		1,250,000	5,000
19.3	**Retained earnings**		
	Balance at 1 January	**59,940,076**	76,971,760
	Profit for the year	**10,171,454**	20,550,411
	Dividend paid *	**(21,000,000)**	(37,582,095)
	Increase of 2,490,000,000 in issued share capital of 50k each**	**(1,245,000)**	**-**
		47,866,530	59,940,076

*Dividend of N2,100 per fully paid share was declared to shareholders as at 06 April 2022 on the profit for the year ended.
**This relates to the issue of bonus shares of 2,490,000,000 at 50k each to the shareholders during the year.

19.4	**Actuarial reserves**		
	Balance at 1 January	**(6,441)**	(3,738)
	Defined benefit plan actuarial loss	**(6,820)**	(2,703)
		(13,261)	(6,441)

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec-22	31-Dec-21
	₦'000	₦'000
20 Trade and other payables		
Gas accounts payable	**32,583,490**	28,841,145
Other payable	**729,891**	1,576,248
	33,313,381	**30,417,393**

21 Borrowings		
At 1 January	**9,280,820**	-
Addition	**36,000,000**	10,000,000
Interest accrued	**4,841,405**	948,064
Repayment	**(17,126,887)**	(1,667,243)
	32,995,338	9,280,820
Non-current	**27,990,799**	5,666,666
Current	**5,004,539**	3,614,154
	32,995,338	9,280,820

Term loans represent the N36billion facility types 1 to 3 from Fidelity Bank Plc to augment working capital, finance major overhaul as well as pay down the Amperion acquisition facilities from First Bank of Nigeria Limited. The reported amount is the principal plus the accrued interest less payments during the year. The collateral for the loan from Fidelity Bank are: all assets debenture of the Group Parent Company; Corporate Guarantee of Calvados Global Services Limited, Personal Guarantee of the Chairman and domiciliation of all the Company`s receivables account to Fidelity Bank while the facilities subsist.

	Currency	**Nominal interest rate**	**Year of maturity**		
Term loan - Present value	Naira	22%	2026	**32,995,338**	9,280,820

	31-Dec-22	31-Dec-21
	₦'000	₦'000
22 Bond Payable		
At 1 January	**-**	-
Addition	**40,085,000**	-
Interest	**2,484,172**	-
	42,569,172	**-**

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec-22	31-Dec-21
	₦'000	₦'000
Non-current	**40,085,000**	-
Current	**2,484,172**	-
	42,569,172	-

In July 2022, the company issued N40.085billion unsecured corporate bond for a 7-year tenor and at a coupon and effective interest rate of 14.5% and 14.7% respectively.

The net proceeds would be used to finance the acquisition of one of the power generation companies which is currently in the final stage of bidding processes by the Bureau of Public Enterprises (BPE).

23 Cash generated from operating activities

	31-Dec-22	31-Dec-21
Profit before income tax	**15,168,471**	29,512,423
Non-cash adjustment to reconcile profit before tax to net cash flows		
Foreign exchange gain	**(157,253)**	(1,648,619)
Depreciation of property, plant and equipment (note 12)	**2,556,178**	4,611,308
Loss on disposal property, plant and equipment (note 23.1)	**-**	733
Amortization of intangible assets (note 8)	**6,515**	6,515
Finance income (note 9)	**(7,673,734)**	(948,064)
Finance cost (note 9)	**7,325,577**	959,078
Impairment loss on financial assets (note 8.2)	**3,727,473**	743,373
Current service costs (note 18)	**73,535**	36,809
	21,026,762	33,273,554
Working capital adjustments:		
(Increase)/decrease in inventories	**(65,373)**	285,073
(Increase)/decrease in trade and other receivables	**(5,569,853)**	2,155,188
(Increase)/decrease in other current assets	**(6,320,457)**	188,614
(Decrease)/increase in trade and other payables	**2,895,990**	(8,942,879)
	11,967,069	26,959,550

23.1 In the statement of cash flows, proceeds from sale of property, plant and equipment comprises:

	31-Dec-22	31-Dec-21
Net book value (Note 12)	**12,600**	12,651
Loss on disposal property, plant and equipment	**-**	(733)
Proceeds from disposal of property, plant and equipment	**12,600**	11,918

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec-22	31-Dec-21
	₦'000	₦'000
24 Transactions with key management personnel		
24.1 Directors emoluments		
Directors' fees and allowances*	**5,067**	1,087,954
Chairman	**1,000**	1,000
Directors	**4,067**	1,667
	5,067	2,667

Executive Diretors are not entitle to and do not get paid diretors fees.
*Amount of N1.08 billion was paid to directors as performance bonus in 2021.

Directors earned fees in the following ranges:

N		N	Number	Number
250,000	-	**800,000**	**6**	2
801,000	-	**1,000,000**	**1**	1

24.2 Key management personnel and compensation

The Company has 130 employees as at 31 December 2022 (31 December 2021: 128 employees)

Chief Executive Officer	**Akin Akinfemiwa**	Akin Akinfemiwa
Deputy Chief Executive	**JB Omodayo-Owotuga**	JB Omodayo-Owotuga
Chief Technical Officer	**Ezeh Ferdinand**	Ezeh Ferdinand
Chief Financial Officer	**Ganiyu Lamidi Adisa**	Ganiyu Lamidi Adisa
General Counsel & Chief Compliance Officer	**Akinleye Olagbende**	Akinleye Olagbende
Head, Bussiness Assurance	**Iyimola Akinbola**	Iyimola Akinbola

Key management of the Company are the Six management staff stated above. Key management personnel remunerations include the following expenses:
Key management personnel compensation comprised:

	31-Dec-22	31-Dec-21
	₦'000	₦'000
Salaries and wages	**356,366**	250,271
Defined contribution	**19,898**	3,497
Defined benefit	**29,697**	18,679
	405,961	272,447

NOTES TO THE FINANCIAL STATEMENTS

Staff numbers and costs:

The average number of persons employed (excluding Directors) in the Company during the year were as follows:

	31-Dec-22	31-Dec-21
	Number	**Number**
Management	**12**	11
Senior staff	**47**	46
Junior staff	**71**	71
	130	128

24.3 The table below shows the number of employees of the Company (other than Directors) who earned over N1,000,000 during the year and which fell within the bands stated below:

₦		₦	31-Dec-22	31-Dec-21
1	-	1,000,000	**15**	**15**
1,000,001	-	2,000,000	**58**	**57**
2,000,001	-	4,000,000	**26**	**23**
4,000,001	-	8,000,000	**15**	**17**
8,000,001	-	and above	**16**	**16**
			130	128

25 Related party

	Nature of relationship	Nature of transaction	31-Dec-22 ₦'000	31-Dec-21 ₦'000
Amperion Power Distribution Company Ltd	Parent	Loan and dividend	9,145,736	8,246,146
Geregu Sukuk Plc	Common shareholder	Support	27,136	-
Zenon Petroleum & Gas Ltd	Common shareholder	Rent	40,000	165,000
			9,212,872	**8,411,146**

Related party balances

The transactions conducted with related parties resulted in the balances analyzed below:

Due from related party		
Amperion Power Distribution Company Ltd	**38,471,767**	29,326,031
Geregu Sukuk Plc	**27,136**	-
	38,498,903	29,326,031

NOTES TO THE FINANCIAL STATEMENTS

26 Asset Retirement Obligations

Asset Retirement Obligation (ARO) is a legal obligation that is associated with the retirement of a tangible, long-term asset. Geregu Power Plc does not have Asset Retirement Obligations (ARO) as at 31 December 2022 due to the following reasons:

i) It is in a location designated for a thermal power plant by the Federal Government of Nigeria.

ii) All ownership title documents, and operation licenses do not put any Asset Retirement Obligation (ARO) on the Company.

iii) There are no immediate or future intentions to retire the power asset from the current location as power assets can be kept for life subject to regular Major overhaul.

iv) Infrastructure for gas and power evacuation are in place and synchronized nationally hence it would be both unreasonable and uneconomical to retire from the location.

v) Annual Environmental Impact Assessment (EIA) is done and in line with our Environmental, Social and Governance (ESG) concerns, we ensure we have minimal impact on the environment.

27 Contingent liabilities and commitments

The next major overhaul is estimated to cost N20billion, 50% of the estimated costs will be financed from the cash generated from operations while the balance would be through debt. The sum of N6.9billion is still being used as cash collateral for the Letter of Credit established for the next gas turbines major overhaul after the 30% Letter of Credit down payment.

The Company is not subjected to claim and other liabilities from litigation and legal action arising from ordinary course of business as at 31 December 2022, (31 December 2021: Nil). Based on legal advice, the Directors are of the opinion that the Company has a good defence against these claims, and that no material loss is anticipated to arise therefrom.

28 Events after the financial position date

The directors are recommending the payment of N8 per share dividend to the shareholders on 30 January 2023.

STATEMENT OF VALUE ADDED

	31-Dec-22		31-Dec-21	
	₦'000	%	₦'000	%
Turnover	**47,619,370**		70,956,864	
Other income	**157,253**		1,650,899	
Finance income	**7,673,734**		948,064	
	55,450,357		73,555,827	
Brought in material and services - local	**(28,262,064)**		(37,145,335)	
Value added	**27,188,293**	**100**	36,410,493	100
Applied as follows:				
To pay employees:				
Salaries, welfare and staff retirement benefits	**2,138,068**	**9**	1,327,687	4
To pay Government:				
Taxation	**4,997,017**	**18**	8,962,012	25
Maintenance of assets:				
Depreciation expenses	**2,556,177**	**9**	4,611,307	13
Providers of capital:				
To pay interest on borrowings	**7,325,577**	**27**	959,076	3
To provide for the future:				
Profit for the year	**10,171,454**	**37**	20,550,411	55
Value added	**27,188,293**	**100**	36,410,493	100

*The value added statement is presented in the financial statements for the purpose of complying with the provisions of the Companies and Allied Matters Act.

FIVE-YEAR FINANCIAL SUMMARY

	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18
	₦'000	₦'000	₦'000	₦'000	₦'000
Funds employed					
Share capital	**1,250,000**	5,000	5,000	5,000	5,000
Retained earnings	**47,866,530**	59,940,076	76,971,760	62,846,403	76,623,776
Actuarial reserves	**(13,261)**	(6,441)	(3,738)	584	55
Shareholder's fund	**49,103,269**	59,938,635	76,973,022	62,851,987	76,628,831
Current liabilities	**48,448,681**	38,868,753	39,873,366	34,357,770	22,215,083
Non-current liabilities	**76,478,454**	16,013,925	6,220,582	209,460	388,926
	174,030,403	114,821,313	123,066,970	97,419,217	99,232,840
Assets employed					
Non-current assets	**37,999,442**	39,988,215	44,022,708	48,139,451	56,825,346
Current assets	**136,030,962**	74,833,099	79,044,262	49,279,766	42,407,494
	174,030,404	114,821,314	123,066,970	97,419,217	99,232,840

	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18
	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	**47,619,370**	70,956,864	53,676,666	42,164,038	35,005,971
Operating profit	**14,820,314**	29,523,435	19,103,807	15,139,434	8,182,423
Profit before income tax	**15,168,471**	29,512,423	20,648,737	15,553,820	9,410,414
Profit after tax	**10,171,454**	20,550,411	14,125,357	10,392,871	11,203,960
Basic earnings per share in (N)	**4.07**	8.22	1,412.54	1,039.29	1,120.40

*The five-year financial summary is presented in the financial statements for the purpose of complying with the provisions of the Companies and Allied Matters Act.