



FGN Power Company Limited

Annual Financial Statements for the year ended 31st December 2022

MANAGEMENT ACCOUNTS



FGN POWER COMPANY LTD

Unaudited Financial Statements for the Year ended 31st December 2022

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Introduction

The Presidential Power Initiative (PPI) was established following a meeting between President Muhammadu Buhari and German Chancellor Angela Merkel in August 2018. The PPI was launched to facilitate how the German Government could support Nigeria in addressing its power sector issues.

The PPI aims to rehabilitate and expand the nation's generation, transmission, and distribution network to meet future power needs. The project spans three phases with the ultimate objective of delivering 25Gigawatts of capacity to electricity consumers across Nigeria by 2025. The phases are summarized thus:

Phase 1: Essential and "quick-win" measures to increase end-to-end operational capacity to 7Gigawatts.

Phase 2: Expand Nigeria's Transmission & Distribution Grid to enable evacuation of up to 11Gigawatts of electricity to end consumers.

Phase 3 : Expand Nigeria's power grid to 25GW capacity by further expanding the nation's generation, transmission, and distribution infrastructure.

Company Information

Company Registration Number1700635

DIRECTORS

Kenny Anuwe

Dr. Dahiru Moyi

Engr Idowu Oyebanjo

Umar Waziri

Prof. Mamman Lawan

DESIGNATION

Managing Director/CEO

Chief Commercial Officer

Chief Technical Officer

Chief Financial Officer

Company Secretary/Legal Adviser

Independent Auditor

PricewaterhouseCoopers

Chartered Accountants

Landmark Towers, Plot 5B Water Corporation Road

Victoria Island

Lagos

Corporate office

FGN Power Company

Ground Floor, NDPHC BUILDING

Plot 1490, Samuel Ademulegun Avenue

Central Business District

FCT Abuja

Nigeria

Principal Bankers

Central Bank of Nigeria

Company Secretary

Prof. Mamman Lawan SAN

FGN Power Company

Ground Floor, NDPHC BUILDING

1490 Samuel Ademulegun Avenue

Central Business District, Abuja

Office Address

Plot 1460 Samuel Ademulegun Street,

NDPHC Building, Central Business District,

Abuja

Incorporation and address

The Company is incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company and is domiciled in Nigeria. The address of its registered office is Plot 1490, Samuel Ademulegun Avenue, Central Business District, Abuja.

Principal activities

The objects for which the Company is established are:

- a. To carry on the business of Power Project as a Special Purpose Vehicle (SPV) under the Presidential Power Initiative to modernize the electricity grid by upgrading the transmission and distribution infrastructure.
- b. To modernize and reposition the electricity grid in phases commencing with the pre-engineering phase:
 - I. Phase 1 will fix existing bottlenecks in the transmission and distribution systems to increase available electricity.
 - II. Phase 1 will also undertake detailed systems planning exercise to develop a blueprint to increase the electricity capacity as well as support the regulator in developing a pilot and transition program for improving smart metering.
 - III. Phase 2 will reinforce the transmission and distribution systems by expanding its capacity.
 - IV. Phase 3 will expand the capacity of the generation, transmission, and distribution systems. ETC.
- c. To secure the financing for the project and enter into the necessary contractual and financial agreements as well as drive implementation through a strategic project management office.
- d. To implement the project through a multi-stakeholder framework under the purview of the presidential power initiative including the bureau of public enterprises (BPE, for the distribution projects), and the Federal Ministry of Power (systems planning and Modelling workstreams)

Shareholding

Authorised Ordinary Share Capital of 10,000,000 units of N1 each.

As at 31 December 2022, the shares of the Company were held as follows:

Shareholders

1. Ministry of Finance Incorporated

Shareholding	Percentage Holding
(Units)	%
9,900,000	99%

2. Bureau of Public Enterprises

100,000	1%
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Directors' interests in contracts

None of the directors has notified the Company for the purpose of section 277 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

Employment and employees

The Company gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Health and safety

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. The Company provides coverage to all employees under a Health Management Organization (HMO) scheme.

Employee training and development

The Directors maintain regular communication and consultation with the employees on matters affecting employees and the Company. There is great emphasis on staff development and training through carefully planned training courses and seminars to update the special skills and job requirements of the staff throughout the Company.

Kenny Anuwe
MD/CEO



Kola Olabiyi
CFO



FGN POWER CO. LTD

Statement of Comprehensive Income Financial Year 2022: Ended 31/12/2022

	Notes	31 December 2022 (NGN)	31 December 2021 (NGN)
<u>EXPENSES BY NATURE</u>	3		
EMPLOYEE BENEFITS		713,454,829	479,046,562
TRANSPORT AND TRAVELING		107,345,042	9,518,577
UTILITIES - GENERAL		26,384,024	5,489,025
MATERIALS AND SUPPLIES - GENERAL		51,518,133	8,477,141
MAINTENANCE SERVICES - GENERAL		30,274,473	4,365,866
CONSULTING AND PROFESSIONAL SERVICES		1,679,424,199	60,610,729
NON INTEREST BANK CHARGES		370,645	41,601,396
FUEL AND LUBRICANTS		30,491,116	0
OTHER SERVICES		121,540,312	10,365,626
SERVICE CHARGE		52,355,881	4,800,000
MISCELLANEOUS EXPENSES		93,929,131	62,005,271
PROJECT MANAGEMENT OFFICE (PMO)		179,067,093	0
DEPRECIATION AND AMORTIZATION		216,634,648	45,209,166
TOTAL EXPENSES		3,302,789,525	731,489,360
OPERATING PROFIT		(3,302,789,525)	(731,489,360)
<u>OTHER INCOME</u>	4		
OTHER INCOME		3,717,065,910	1,005,862,334
TOTAL OTHER INCOME		3,717,065,910	1,005,862,334
PROFIT BEFORE TAXATION		414,276,385	274,372,974
PROFIT FOR THE PERIOD		414,276,385	274,372,974



FGN POWER CO. LTD

Statement of Financial Position Financial Year 2022: Ended 31/12/2022

	Notes	31 December 2022 (NGN)	31 December 2021 (NGN)
<u>NON CURRENT ASSETS</u>			
PROPERTY, PLANT AND EQUIPMENT	5a	617,199,083	358,441,239
INTANGIBLE ASSETS	5b	12,953,503	9,657,111
TOTAL NON CURRENT ASSET		630,152,587	368,098,350
<u>CURRENT ASSET</u>			
INVENTORY	6	8,380,373,807	4,394,418,765
PREPAYMENT	7	323,362,756	259,844,641
RECIEVABLES	8	49,438,477	11,673,523
CASH AND CASH EQUIVALENTS	9	73,607,778,090	35,586,807,178
TOTAL CURRENT ASSET		82,360,953,129	40,252,744,107
TOTAL ASSETS		82,991,105,716	40,620,842,457
<u>CAPITAL AND RESERVES</u>			
RETAINED EARNINGS	10	688,649,359	274,372,974
EQUITY INJECTION		82,172,000,000	40,200,000,000
EQUITY ATTRIBUTABLE TO OWNERS		82,860,649,359	40,474,372,974
<u>CURRENT LIABILITIES</u>			
TRADE PAYABLES	11	46,208,430	20,317,619
OTHER PAYABLES AND ACCRUALS	12	84,247,926	126,151,863
		130,456,356	146,469,483
TOTAL LIABILITIES		130,456,356	146,469,483
TOTAL EQUITY AND LIABILITIES		82,991,105,716	40,620,842,457

FGN POWER COMPANY LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	SHARE CAPITAL	CAPITAL CONTRIBUTION	RETAINED EARNINGS	TOTAL
1 November 2020	10,000,000	-	-	-
LOSS FOR THE YEAR			731,489,360	731,489,360
ADDITIONAL CAPITAL CONTRIBUTION BY OWNER		40,200,000,000		40,200,000,000
OTHER COMPREHENSIVE GAIN			1,005,862,334	1,005,862,334
31 DECEMBER 2021	<u>10,000,000</u>	<u>40,200,000,000</u>	<u>274,372,974</u>	<u>40,474,372,974</u>
1 January 2022	10,000,000	40,200,000,000	274,372,974	40,474,372,974
LOSS FOR THE YEAR			3,302,789,525	3,302,789,525
ADDITIONAL CAPITAL CONTRIBUTION BY OWNER		41,972,000,000.00	3,717,065,910	45,689,065,910
OTHER COMPREHENSIVE GAIN				-
31 December 2022	<u>10,000,000</u>	<u>82,172,000,000</u>	<u>688,649,359</u>	<u>82,860,649,359</u>



FGN POWER CO. LTD

Statement of Cash Flows Financial Year 2022: Ended 31/12/2022

Notes	31 December 2022 (NGN)	31 December 2021 (NGN)
<u>OPERATING CASH FLOW</u>		
NET EARNINGS	414,276,385	274,372,974
DEPRECIATION	216,634,648	45,209,166
CHANGE IN ACCOUNT RECEIVABLE	(37,764,954)	(11,673,523)
CHANGE IN INVENTORY	(3,690,057,180)	(4,394,418,765)
CHANGE IN ACCOUNT PAYABLE	(16,013,126)	146,469,483
PREPAYMENT	(63,518,115)	(259,844,641)
NET CASH FLOW FROM OPERATING ACTIVITIES	(3,176,442,342)	(4,199,885,306)
<u>INVESTING CASH FLOW</u>		
PURCHASE OF PPE	(469,175,135)	(403,374,516)
PURCHASE OF INTANGIBLE ASSET	(9,513,750)	(9,933,000)
PURCHASE OF INFRASTRUCTURE ASSET	(295,897,862)	0
NET CASH FLOW FROM INVESTING ACTIVITIES	(774,586,747)	(413,307,516)
<u>FINANCING CASH FLOW</u>		
EQUITY INJECTION	41,972,000,000	40,200,000,000
NET CASH FLOW FROM FINANCING ACTIVITIES	41,972,000,000	40,200,000,000
 NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENT	 38,020,970,912	 35,586,807,178
 CASH AND CASH EQUIVALENT AT START	 35,586,807,178	 0
 CASH AND CASH EQUIVALENT AT PERIOD END	 73,607,778,090	 35,586,807,178

NOTES TO THE ACCOUNTS

1. General Information

FGNPC was set up as a Special Purpose Vehicle (SPV) to deliver the Presidential Power Initiative (PPI) and it is domiciled in Abuja, Nigeria. The address is Plot 1490, Samuel Ademulegun Avenue, Central Business District, Abuja. The company's role is to rehabilitate and expand the nation's generation, transmission, and distribution network to meet future power needs.

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:

2.2. Basis of preparation

The company's financial statement for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

The financial statements comprise the Statement of Profit and Loss and Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflows 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.

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 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 rate prevailing at the date of the transactions.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations at the exchange rate of monetary assets and liabilities denominated in currencies other than the company's functional currency are recognized in profit or loss recognized within finance income and expense. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

2.4 Employee Benefits

2.4.1 Wages, salaries, and annual leave

Wages, salaries, and annual leave are accrued in the period in which the associated services are rendered by the employees of the company.

The company operates only a defined contribution Pension Scheme

2.4.2 Defined Contribution Scheme

The company operates a defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the company pays fixed contribution into a separate entity. In a defined contribution plan, the actuarial risk falls "in substance" on the employee. The employee contributes 8% while the company contributes 10% of the emoluments (basic, housing and transportation allowance).

2.5 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. In the statement of cashflows, cash and cash equivalents include cash in hand, deposit held at call with banks and letters of Credit.

2.6. Property Plant and Equipment

All property plant and equipment (except for works in progress) are stated at historical cost less depreciation. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. This class of assets are not depreciated in the books of FGN Power Company. The depreciation rates of the company's assets are as follows:

Depreciation is calculated using straight-line method to allocate the depreciable amounts over the estimated useful lives as detailed below. It is computed on monthly basis.

Depreciation rates	(%)
Plant & Machinery	20
Motor Vehicles	25
Computer equipment	50
Office Equipment	20
Furniture & Fittings	25
Intangibles Assets	33.3

2.7. Infrastructure Assets

These are assets being constructed for other parties (Transmission and Distribution companies) and are not depreciated. They are held for future transfer or sale to these parties. The assets are at various stages of construction.

2.8 Intangible Assets

These categories of assets include costs on Computer Software such as company's Accounting, Human Resources and Audit Software.

2.9 Inventories

Inventories represent cost of company's assets at the ports or stores awaiting transfer to Transmission/ Distribution sites. They are stated at the lower of cost and net realizable value.

2.10 Prepayments

Prepayments are balances of unrecovered mobilization fees advanced to Contractors of the company.

2.11 Receivables

Receivables are balances of cash advanced to staff for company's operations.

2.12 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand and all cash held in the banks and Letters of Credit. Also, disclosed under cash and cash equivalents in the statement of financial position are letters of credit held with the Central Bank of Nigeria.

2.13 Share Capital

Shareholding Authorized Ordinary Share Capital of 10,000,000 units of N1 each.

As at 31 December 2022, the shares of the Company were held as follows:

Shareholders	(Units)	Percentage Holding %
1. Ministry of Finance Incorporated	9,900,000	99%
2. Bureau of Public Enterprises	100,000	1%

The company received equity contribution of US\$200million from the government as a take-off grant.

2.14 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from the company's suppliers and contractors.

2.15 Other Payables

These are tax deductions from staff and contractors not yet remitted to third parties.

	31 Dec. 2022	31. Dec. 2021
3. Expenses by nature		
	(N)	(N)
EMPLOYEE BENEFITS	713,454,829.00	479,046,562.00
TRANSPORT AND TRAVELING	107,345,042.00	9,518,577.00
UTILITIES - GENERAL	26,384,024.00	5,489,025.00
MATERIALS AND SUPPLIES - GENERAL	51,518,133.00	8,477,141.00
MAINTENANCE SERVICES - GENERAL	30,274,473.00	4,365,866.00
CONSULTING AND PROFESSIONAL SERVICES	1,679,424,199.00	60,610,729.00
NON INTEREST BANK CHARGES	370,645.00	41,601,396.00
FUEU AND LUBRICANTS	30,491,116.00	0
OTHER SERVICES	121,540,312.00	10,365,626.00
SERVICE CHARGE	52,355,881.00	4,800,000.00
MISCELLANEOUS EXPENSES	93,929,131.00	62,005,271.00
PROJECT MANAGEMENT OFFICE (PMO)	179,067,093.00	0
DEPRECIATION AND AMORTIZATION	<u>216,634,648.00</u>	<u>45,209,166.00</u>
	<u>3,302,789,526.00</u>	<u>731,489,359.00</u>
4. Other Income	3,717,065,910	1,005,862,334
Other Income		
Other Income represents foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations at exchange rate of monetary assets and liabilities denominated in currencies other than the company's functional currency.		

5. Plant, Property and Equipment (Note 5a & 5b)

FGN POWER CO. LTD FIXED ASSETS SCHEDULE: Jan-Dec 2022

Description	COST				DEPRECIATION				2022 Cumm. To Date	Net Book Value
	B/Fwd	Additions	Disposals	C/Fwd	B/Fwd	Charged Current	Disposals	C/Fwd		
COMPUTER EQUIPMENT	25,096,960	37,648,114	0	62,745,074	1,045,706	15,655,919	0	16,701,626	15,655,919	46,043,448
FURNITURE AND FITTINGS	352,485,617	11,446,047	0	363,931,665	43,308,200	90,575,831	0	133,884,031	90,575,831	230,047,633
OFFICE EQUIPMENT	25,791,939	35,580,974	0	61,372,913	579,371	8,060,539	0	8,639,911	8,060,539	52,733,002
MOTOR VEHICLE	0	384,500,000	0	384,500,000	0	96,125,000	0	96,125,000	96,125,000	288,375,000
INTANGIBLE ASSETS	9,933,000	9,513,750	0	19,446,750	275,889	6,217,358	0	6,493,247	6,217,358	12,953,503
TOTAL	413,307,516	478,688,885	0	891,996,401	45,209,166	216,634,648	0	261,843,814	216,634,648	630,152,587

6. Inventory	(N)	(N)
These are imported transformers and mobile substations not yet taken to site.	8,380,373,807	4,394,418,765
7. Prepayment		
These are balances of unrecovered mobilization fees advanced to Contractors of the company.	323,362,756	259,844,641
8. Receivable		
These are unretired cash advanced to staff for operations and staff loans and advances.	49,438,477	11,673,523
9. Cash and Cash Equivalents		
Cash and cash equivalents include all cash held in the banks (Treasury Single Account and Domiciliary Account) and Letters of Credit.	73,607,778,090	35,586,807,178
10. Retained Earnings		
These are closing balances in the company's statement of income.	688,649,359	274,372,974
11. Trade Payable		
Trade payables are obligations to pay for works, goods and services that have been acquired in the ordinary course of business from company's suppliers and contractors.	46,208,430	20,317,619
12. Other Payable		
These are tax deductions from staff and contractors not yet remitted to third parties.	84,247,926	126,151,863