FGN Power Company Limited

Annual Financial Statements for the year ended 31st December 2023

MANAGEMENT ACCOUNTS

FGN POWER COMPANY LTD

Management Accounts for the Year ended 31st December 2023

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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 Number 1700635

DIRECTORS	**DESIGNATION**
Kenny Anuwe	Managing Director/CEO
Dr. Dahiru Moyi	Chief Commercial Officer
Engr Idowu Oyebanjo	Chief Technical Officer
Umar Waziri	Chief Financial Officer
Prof. Mamman Lawan	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

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, NDPHC Building, 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 the 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.

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)

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 2023: Ended 31/12/2023

	Notes	31 December 2023 (NGN)	31 December 2022 (NGN)
EXPENSES	3		
EMPLOYEE BENEFITS		694,812,828	713,454,829
TRANSPORT AND TRAVELING		93,440,343	107,345,042
UTILITIES - GENERAL		31,814,262	26,384,024
MATERIALS AND SUPPLIES - GENERAL		52,084,463	51,518,133
MAINTENANCE SERVICES - GENERAL		11,570,550	30,274,473
CONSULTING ANDPROFESSIONAL SERVICES		203,477,961	1,679,424,199
NON INTEREST BANK CHARGES		46,545,978	370,645
FUEL AND LUBRICANTS		47,601,025	30,491,116
OTHER SERVICES		92,710,199	121,540,312
SERVICE CHARGE		56,042,687	52,355,881
MISCELLANEOUS EXPENSES		141,543,971	93,929,131
PROJECT MANAGEMENT OFFICE (PMO)		246,569,226	179,067,093
DEPRECIATION AND AMORTIZATION		238,614,051	216,634,648
TOTAL EXPENSES		**1,956,827,544**	**3,302,789,525**
OPERATING PROFIT		**(1,956,827,544)**	**(3,302,789,525)**
OTHER INCOME	4		
OTHER INCOME		49,971,198,892	3,717,065,910
TOTAL OTHER INCOME		**49,971,198,892**	**3,717,065,910**
PROFIT BEFORE TAXATION		**48,014,371,348**	**414,276,385**
PROFIT FOR THE PERIOD		**48,014,371,348**	**414,276,385**

FGN POWER CO. LTD

Statement of Financial Position

Financial Year 2023: Ended 31/12/2023

	Notes	31 December 2023 (NGN)	31 December 2022 (NGN)
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	5a	389,453,207	617,199,083
INFRASTRUCTURE ASSETS	6	23,826,403,775	295,897,862
INTANGIBLE ASSETS	5b	14,047,284	12,953,503
TOTAL NON CURRENT ASSET		**24,229,904,266**	**926,050,448**
CURRENT ASSET			
INVENTORY	7	14,992,080,139	8,084,475,945
PREPAYMENT	8	696,679,831	323,362,756
RECIEVABLES	9	29,241,092	49,438,477
CASH AND CASH EQUIVALENTS	10	97,929,328,979	73,607,778,090
TOTAL CURRENT ASSET		**113,647,330,042**	**82,065,055,267**
TOTAL ASSETS		**137,877,234,308**	**82,991,105,716**
CAPITAL AND RESERVES			
RETAINED EARNINGS	11	48,703,020,707	688,649,359
EQUITY INJECTION		82,172,000,000	82,172,000,000
EQUITY ATTRIBUTABLE TO OWNERS		**130,875,020,707**	**82,860,649,359**
NON - CURRENT LIABILITIES			
LONG TERM LIABILITY	12	6,823,764,494	0
		6,823,764,494	**0**
CURRENT LIABILITIES			
TRADE PAYABLES	13	88,749,831	46,208,430
OTHER PAYABLES AND ACCRUALS	14	89,699,277	84,247,926
		178,449,108	**130,456,356**
TOTAL LIABILITIES		**7,002,213,601**	**130,456,356**
TOTAL EQUITY AND LIABILITIES		**137,877,234,308**	**82,991,105,716**

FGN POWER COMPANY
PRESIDENTIAL POWER INITIATIVE

FGN POWER COMPANY LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	SHARE CAPITAL	CAPITAL CONTRIBUTION	RETAINED EARNINGS	TOTAL
01/01/2022	**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		41,972,000,000
OTHER COMPREHENSIVE GAIN			3,717,065,910	3,717,065,910
31/12/2022	**10,000,000**	**82,172,000,000**	**688,649,359**	**82,860,649,359**
01/01/2023	**10,000,000**	**82,172,000,000**	**688,649,359**	**82,860,649,359**
LOSS FOR THE YEAR			- 1,956,827,544	- 1,956,827,544
ADDITIONAL CAPITAL CONTRIBUTION BY OWNER			0	0
OTHER COMPREHENSIVE GAIN			49,971,198,892	49,971,198,892
31/12/2023	**10,000,000**	**82,172,000,000**	**48,703,020,707**	**130,875,020,707**

FGN POWER CO. LTD

Statement of Cash Flows

Financial Year 2023: Ended 31/12/2023

	Notes	31 December 2023 (NGN)	31 December 2022 (NGN)
OPERATING CASH FLOW			
NET EARNINGS		48,014,371,348	414,276,385
DEPRECIATION		238,614,051	216,634,648
CHANGE IN ACCOUNT RECEIVABLE		20,197,384	(37,764,954)
CHANGE IN INVENTORY		(6,907,604,194)	(3,690,057,180)
CHANGE IN ACCOUNT PAYABLE		6,871,757,245	(16,013,126)
PREPAYMENT		(373,317,075)	(63,518,115)
NET CASH FLOW FROM OPERATING ACTIVITIES		**47,864,018,758**	**(3,176,442,342)**
INVESTING CASH FLOW			
PURCHASE OF PPE		(2,222,455)	(469,175,135)
PURCHASE OF INTANGIBLE ASSET		(9,739,500)	(9,513,750)
PURCHASE OF INFRASTRUCTURE ASSET		(23,530,505,913)	(295,897,862)
NET CASH FLOW FROM INVESTING ACTIVITIES		**(23,542,467,868)**	**(774,586,747)**
FINANCING CASH FLOW			
EQUITY INJECTION		0	41,972,000,000
NET CASH FLOW FROM FINANCING ACTIVITIES		**0**	**41,972,000,000**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENT		**24,321,550,890**	**38,020,970,912**
CASH AND CASH EQUIVALENT AT START		**73,607,778,090**	**35,586,807,178**
CASH AND CASH EQUIVALENT AT PERIOD END		**97,929,328,980**	**73,607,778,090**

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 domicile 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 2023 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 iin 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 contactors.

2.15 Other Payables

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

	31. Dec. 2023	**31 Dec. 2022**
3. Expenses by nature		
	(N)	**(N)**
EMPLOYEE BENEFITS (note)	694,812,828	713,454,829
TRANSPORT AND TRAVELING	93,440,343	107,345,042
UTILITIES - GENERAL	31,814,262	26,384,024
MATERIALS AND SUPPLIES - GENERAL	52,084,463	51,518,133
MAINTENANCE SERVICES - GENERAL	11,570,550	30,274,473
CONSULTING & PROFESSIONAL SERV.	203,477,961	1,679,424,199
NON INTEREST BANK CHARGES	46,545,978	370,645
FUEL AND LUBRICANTS	47,601,025	30,491,116
OTHER SERVICES	92,710,199	121,540,312
SERVICE CHARGE	56,042,687	52,355,881
MISCELLANEOUS EXPENSES	141,543,971	93,929,131
PROJECT MANAGEMENT OFFICE	246,569,226	179,067,093
DEPRECIATION AND AMORTIZATION	238,614,051	216,634,648
	1,956,827,544	**3,302,789,525**

	(N)	(N)
4. Other Income		
Other Income	49,971,198,892	3,717,065,910

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 2023

	COST				DEPRECIATION					
Description	B/Fwd	Additions	Disposals	C/Fwd	B/Fwd	Charged Current	Disposals	C/Fwd	2023 Cumm. To Date	Net Book Value
COMPUTER EQUIPMENT	62,745,074	0	0	62,745,074	16,701,626	30,326,555	0	47,028,180	30,326,555	15,716,893
FURNITURE AND FITTINGS	363,931,665	0	0	363,931,665	133,884,031	90,982,912	0	224,866,943	90,982,912	139,064,722
MOTOR VEHICLE	384,500,000	0	0	384,500,000	96,125,000	96,125,000	0	192,250,000	96,125,000	192,250,000
OFFICE EQUIPMENT	61,372,913	2,222,455	0	63,595,368	8,639,911	12,533,865	0	21,173,775	12,533,865	42,421,592
INTANGIBLE ASSETS	19,446,750	9,739,500	0	29,186,250	6,493,247	8,645,719	0	15,138,966	8,645,719	14,047,284
TOTAL	891,996,401	11,961,955	0	903,958,356	261,843,814	238,614,051	0	500,457,865	238,614,051	403,500,491

	N	N
6. Infastructure Assets	23,826,403,775	295,897,862
7. Inventory	14,992,080,139	8,084,475,945

These are imported transformers and mobile substations not yet taken to site.

8. Prepayment	696,679,831	323,362,756

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

9. Receivable	29,241,092	49,438,477

These are unretired cash advanced to staff for operations.

	(N)	(N)
10. 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.	97,929,328,979	73,607,778,090
11. Retained Eanings These are closing balances in the company's statement of income.	48,703,020,707	688,649,359
12. Long Term Liabilities This is accrued balance on cost of Pilot Phase facility.	6,823,764,494	**0**
13. 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 contactors.	88,749,831	46,208,430
14. Other Payable These are tax deductions from staff and contractors not yet remitted to third parties.	89,699,277	84,247,926