



National Water and Electricity Company Limited

Annual Report and Financial Statements
for the year ended 31 December 2019

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General Information

Directors	Mr. Ousman Muhammed Cham Mr Crispin Grey Johnson Mr Momodou P Bah Mr Alpa Robinson Mr Nani Juwara Mr Baba Fatajo Mr. Alagie Nyagado Permanent Secretary Permanent Secretary Mr Gumbo Touray Mr Kebba Sanyang Mrs Neneh M Ndiaye Mr Dodou S Gaye	Chairperson - Vice Chairman – from Jul 2019 Vice Chairman- up to Jun 2019 NAWEC Managing Director – from Jul 2019 NAWEC Managing Director - from Jul 2020 NAWEC Managing Director- from Mar 2017 to Jun 2019 Director of Monitoring & Evaluation Office of the President – member Ministry of Petroleum and Energy -Member Ministry of Finance- Member Member Member Member from May 2020 Member from May 2020
Secretary	Mr Momodou Dampha Mrs Sukai Bangura Cham	Jan 2017 to June 2020 From Jul 2020
Auditors	DT Associates 1 Paradise Beach Place, Kololi P.O Box 268 Banjul, The Gambia	
Bankers	Zenith Bank (Gambia) LTD Trust Bank (Gambia) LTD Arab Gambian Islamic Bank LTD Guaranty Trust Bank (Gambia) LTD Mega Bank (Gambia) LTD Standard Chartered Bank (Gambia) LTD VISTA Bank (G) LTD Access Bank (Gambia) LTD Ecobank (Gambia) LTD Bank Sahelo-Sahanienne Pour L'industrie et Commerce (BSIC) Bloom Bank Africa (G) LTD	
Mirco-Finance	Reliance Financial service	
Solicitor	Janet Sallah – Njie Torodo Chambers 3 - 4 Liberation Avenue Banjul	
Registered office	Mamady Manjang Highway, Kanifing	

Directors' report

The Directors of the company present their report and the audited financial statements for the year ended 31 December 2019.

Statement of directors' responsibility

The Companies Act 2013 requires the directors to prepare the financial statements for the financial period which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2013. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal business activity

The principal activity of the company has been the nationwide provision of electricity, water and sewerage services.

Results and dividends

The results of the company are as detailed in the accompanying financial statements. The directors do not recommend the payment of a dividend.

Significant event during the year under review

As part of the efforts to turn NAWEC into a financially viable institution, The Government of the Gambia (GOTG) through the support of the World Bank engaged consultants to analyze and propose a debt restructuring program for NAWEC. This exercise resulted in a Memorandum of Understanding (MoU) signed between the NAWEC and GOTG through the Ministry of Finance and Economic Affairs (MOFEA) on March 9, 2018. The implementation of the MoU is entirely reflected in these financial statements as detailed in note 18.

Property, plant and equipment

The property, plant and equipment of the company are as detailed in note 13 of the financial statements. There has not been any permanent diminution in the value of the company's property, plant and equipment.

Going concern

The directors confirm that it is appropriate to adopt the going concern basis in preparing the financial statements.

Directors and directors' interests

The directors who held office during the year are as detailed on page 4. None of the directors who held office had any beneficial interest in the shares of the company.

Auditors

The auditors, DT Associates, who were appointed by the National Audit Office will rotate at the end of this audit.

By Order of the Board of Directors

Secretary 

Date..........2021

Independent Auditor's Report

To the members of National Water and Electricity Company Limited (NAWEC)

Disclaimer of Opinion

We have audited the financial statements of National Water and Electricity Company Limited (NAWEC) for the year ended 31st December 2019, set out on pages 11 to 30, which comprise the statement of financial position as at 31 December 2019, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Comparative Financial Information

Comparatives presented in these financial statements are those figures reported in the previous year's financial statements. In our report dated 26th February 2021, we issued a Disclaimer of Opinion on those financial statements as we could not ascertain adequate audit evidences on the following account balances:

Cash and Bank
Receivable
Payables
Revenue
Retained Earnings

We were unable to obtain sufficient appropriate audit evidence regarding these matters by alternative means.

Revenue

Note 2 of the financial statements detailed total revenue of D3.8 billion. Of this amount D3.6 billion related to revenue from billing both electricity and water services. We noted a difference of D199.4 million from our recomputation for electricity sales which was not reconciled or supported by Management. We also requested for further information in the form of logbooks to perform alternative audits tests, however, Management had a limitation in providing log books to support electricity bills raised in 2019. Consequently, we were unable to verify the completeness and accuracy of the revenue account balance recorded in these financial statements.

We also encountered limitation in obtaining adequate supporting evidences for revenue relating to Agib NAWEC service connections amounting to D10.6 million included in service connection income of D759 million under note 2 of the financial statements.

Independent Auditor's Report - Continued

To the members of National Water and Electricity Company Limited (NAWEC)

Cost of Sales

Note 3 of the financial statements reported D3.3 billion as total cost of sales. Adjustments totaling D134.8 million were posted into the cost of sales account balance. Appropriate supporting evidences for these postings were not provided for our review. This resulted in limitation in ascertaining the completeness and accuracy of these posting and there were no alternative audit procedures we could adopt.

Trade Receivable

Note 16 of these financial statements related total trade receivable balance of D402.7million. We could not confirm the valuation of this balance as

- we were not provided with appropriate supporting evidence for sample of Trade Debtors amounting to D159.8 million. Third party confirmations were also sent but replies were not received for the sample selected.
- We were also not provided with appropriate supporting evidences for AGIB loan service connection of D19.6 million, Gambia Government Loan of D5.5 million and other receivable of D7.9 million included in note 17 of the financial statement.

Consequently, there were no alternative procedures to confirm the valuation of the trade receivable balance reported in the financial statements.

Trade and Other Payables

Trade and other payables as listed in note 17 of these financial statements with a closing balance of D1.2 billion includes a balance of D1.1 billion relating to trade payables. We were unable to confirm the completeness and valuation of this balance as the listing provided to us included a balance D34.7 million which could not be supported or adequately explained by Management.

Additionally, adjustments totaling D569.8 million were posted into the trade payable account balance resulting in a decrease of payables balance. Appropriate supporting evidences for these postings were not provided for our review. and there were no alternative audit procedures we could adopt.

Furthermore, we sent confirmations to a sample of payables and noted differences between the balance recorded in the general ledger and replies received from suppliers as detailed below; the differences noted were not reconciled by Management.

Suppliers Name	GL Amount	Confirmed Amount	Difference
Pura	22,878,755	25,378,755	(2,500,000)
GNPC	655,327,639	643,625,104	11,702,535
Atlas	33,316,072	39,980,209	(6,664,137)
Senelec	28,445,894	103,401,671	74,955,776
Karpower	234,081,385	251,471,114	(17,389,730)

These resulted in limitation in ascertaining the completeness and valuation of the payable balances reported in the financial statements.

Independent Auditor's Report - Continued

To the members of National Water and Electricity Company Limited (NAWEC)

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 2013. The other information 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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 for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and the requirements of the Companies Act 2013 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.

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 judgement 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

Independent Auditor's Report - Continued

To the members of National Water and Electricity Company Limited (NAWEC)

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 the directors 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.

DT Associates

DT Associates

Chartered Accountants

Registered Auditors

Aji Penda Sankareh

Partner

.....*22nd December*.....2021

Income Statement

(In thousands of Gambian Dalasi)
for the year ended 31 December 2019

	Notes	31-Dec-19 D.000	31-Dec-18 D.000
Revenue	2, 1.4	3,790,769	3,225,437
Cost of sales	3	(3,331,033)	(2,277,044)
Gross profit		459,736	948,393
Administration costs	24	(626,984)	(730,647)
Net effect of write-offs	12	(221,081)	(16,801)
Depreciation charge	13,14, 1.3	(802,979)	(338,102)
Gain from disposal of fixed assets	5	-	1,462
Release of capital grants	11, 1.10	21,628	21,627
Other operating income	4	7,760	47,751
Net operating expenses		(1,621,656)	(1,014,709)
Operating loss		(1,161,920)	(66,316)
Interest expense and similar charges	8	(179,188)	(177,761)
Interest Income	8	1,378	-
Loss on Foreign Exchange Translation	9	(24,374)	(21,711)
		(202,184)	(199,471)
Loss		(1,364,104)	(265,788)
Taxation	10	-	-
Loss for the year		(1,364,104)	(265,788)

Statement of Financial Position

as at 31 December 2019
(In thousands of Gambian Dalasi)

	Notes	31-Dec-19 D'000	31-Dec-18 D'000
Assets			
Noncurrent assets			
Property, plant and equipment	13, 1.3	7,242,107	5,989,120
Intangibles	14	2,802	4,204
		7,244,909	5,993,324
Current assets			
Inventories	15, 1.2	698,885	708,710
Trade and other receivables	16	402,746	1,027,237
Cash at bank and in hand	23	836,512	209,065
		1,938,143	1,945,012
Total assets		9,183,052	7,938,336
Equity and liabilities			
Capital and reserves			
Share capital	21	2,714,357	68,466
Revaluation reserve	22	1,581,375	1,581,375
Retained earnings	22	(2,152,499)	(6,406,438)
		2,143,233	(4,756,597)
Non-current liabilities			
Borrowings	18	4,271,605	9,578,753
Deferred capital grants	20	509,779	531,402
		4,781,382	10,110,155
Current liabilities			
Trade and other payables	17	1,217,801	1,986,280
Loans	18	963,372	461,999
Bank Overdraft	23	77,262	136,492
		2,258,435	2,584,772
		9,183,052	7,938,336

Authorised for issue and approved by the Board of directors on

and signed on its behalf by:

Name : NANI SCHWARA

Date: 27th/12/2021

Name : Quarman, Mr. Chinn

Date: 27th/12/2021

Statement of changes in equity

for the year ended 31 December 2019

	Note	Share capital	Revaluation reserve	Retained earnings	Total
		D'000	D'000	D'000	D'000
As at 1 January 2018		68,466	1,581,375	(5,831,727)	(4,181,886)
Adjustment in Reserves		-	-	(308,924)	(308,924)
Loss for the year		-	-	(265,788)	(265,788)
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At 1 January 2019		68,466	1,581,375	(6,406,439)	(4,756,598)
Prior year Adjustment	22.2	-	-	685,332	685,332
Deposit for shares	21.2	2,645,890	-	-	2,645,890
Debt relief	19	-	-	4,932,713	4,932,713
Loss for the year		-	-	(1,364,104)	(1,364,104)
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At 31 December 2019		2,714,357	1,581,375	(2,152,499)	2,143,233

Statement of cash flows

for the year ended 31 December 2019
(In thousands of Gambian Dalasi)

	Notes	31-Dec-19 D'000	31-Dec-18 D'000
Cash flows from operating activities			
Operating loss		(1,161,920)	(66,316)
Prior year Adjustment in reserves		685,332	(308,924)
Reconciliation Differences - PPE		(835,564)	-
Depreciation and amortization	13,14	802,979	338,102
Release of capital grants	11	(21,623)	(21,627)
Unrealised exchange gains	9	(24,386)	-
Changes In Working Capital:			
Changes in inventories	15	9,825	(91,887)
Changes in trade receivables	16	624,491	(49,386)
Changes in trade payables	17	(768,479)	635,779
Cash generated from operations		(689,344)	435,740
Interest paid	8	(179,188)	(177,761)
Exchange loss		-	(21,711)
Net cash generated from operating activities		(868,532)	236,268
Cash flows from investing activities			
Purchase of non-current assets	13	(1,219,001)	(1,106,330)
Interest received from cash collateral account		1,378	-
Net cash used by investing activities		(1,217,623)	(1,106,330)
Cash flows from financing activities			
Loans received		2,458,150	826,435
Loan Repayment		(7,263,922)	-
Debt Relief		4,932,714	-
Deposit for Shares		2,645,890	-
Net cash generated from financing activities		2,772,832	826,435
(Decrease)/increase in cash and cash equivalents		686,676	(43,626)
Cash and cash equivalents at the beginning of the year	23	72,574	116,199
Cash and cash equivalents at the end of the year	23	759,250	72,574

Notes (forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are material in relation to the Company's financial statements.

1.1. Accounting convention

The financial statements have been prepared under the historic cost convention in accordance with generally accepted accounting principles using an accruals basis of accounting and the Companies Act 2013.

1.2. Inventories

Inventories are valued at the lower of cost and net realisable value. The cost is determined using a standard method where cost is the purchase cost together with the related duty, freight, insurance and commission charges on a first in first out basis.

1.3. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all costs incurred in acquiring the asset plus all directly attributable costs incurred in bringing the asset to its present location and condition for the asset to become operational.

Depreciation is provided on property, plant and equipment, excluding land, at annual rates calculated to write off the cost of each asset over its estimated useful life on a straight-line basis as follows:

Plant and machinery	4% - 10%
Furniture and equipment	20%
Vehicles	20%
Building	2%
Electricity Network	2.5%
Water Network	2.5%

1.4. Revenue recognition

Revenue represents the invoiced amount of bills issued for the financial year for electricity, water, sewerage services and Prepaid Electricity (cash power) provided to the public.

1.5. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Gains and losses on exchange are transferred to the income statement in the period in which they arise.

1.6. Pension scheme

Effective 1 January 2004, the company contributes 15% of employee's basic salaries to the Social Security and Housing and Finance Corporation Pension Fund.

1.7. Government subsidies

Government subsidies are recognised in the period in which they are received or the period in which their future receipt becomes certain.

1.8. Fixed and current asset investments

Income from equity and other investments are recognised in the income statement when earned whether the amounts are received or not. Fixed asset investments are recorded in the balance sheet at historical cost less any impairment loss on the carrying value of those investments. Current asset investments are shown in the balance sheet at cost plus income receivable up to the balance sheet date.

1.9. Surcharge income

Surcharge income arises when illegal service connections or tampered meters are detected. Invoices are raised when an estimate of the potential financial loss to the company is established with reasonable certainty. Recognition of revenue in the profit and loss account however is based on the actual receipt of cash as a matter of prudence as some of these invoices are re-negotiated or cancelled.

1.10. Government grants

Grants used to acquire non-current assets are recognised as deferred income in the balance sheet and released to the income statement over the useful economic life of the non-current asset.

1.11. Taxation

The Government of The Gambia has granted the National water & Electricity Company Ltd exemption from the payment of annual corporate tax to the Gambia Revenue Authority.

2. Revenue

	31-Dec-19 D'000	31-Dec-18 D'000
Billing revenue	3,625,580	3,058,943
Service connections	759	14,408
Service extensions	164,430	152,086
	<hr/> 3,790,769 <hr/>	<hr/> 3,225,437 <hr/>

3. Cost of Sales

	31-Dec-19 D'000	31-Dec-18 D'000
Chemicals	342	724
Energy Purchased from Senelec	114,845	73,122
Energy Purchased from Karpower	1,760,257	1,184,928
Service Connection-Water	40,428	39,496
Oils & Lubricants	52,500	88,099
Vehicle Spares	5,941	8,308
Service Connection-Electricity	36,257	36,671
Service Extension-water	3,177	13,008
Service Extension-Electricity	277	5,025
Discount on Scratch Cards	1,862	-
Heavy Fuel	1,045,786	649,117
Light Fuel oil	178,365	172,438
Spare parts water equipment	7,264	2,956
Generator parts	83,732	3,154
	<hr/> 3,331,033 <hr/>	<hr/> 2,277,046 <hr/>

4. Other Operating Income

	31-Dec-19 D'000	31-Dec-18 D'000
Reconnection fees	442	3
Surcharge income	3,926	2,786
Water in revenue	182	158
Meter transfers	435	707
Other Marginal Activities	1,227	7,969
Other Exceptional Income 4.1	832	34,965
Penalty on Returned Cheques	44	140
Retirement of imprest	31	144
Others	641	344
	<hr/> 7,760 <hr/>	<hr/> 47,751 <hr/>

4.1 Included in 2018 other exceptional income income was a total of 34,965 relating to payments received by NAWEC following a claim relating to major breakdown on Wartsila Engine at Brikama II.

5. Gain on Disposal

	31-Dec-19 D'000	31-Dec-18 D'000
Gain on disposal	-	1,462

6. Profit before tax

The profit for the year before tax is stated:

	31-Dec-19 D'000	31-Dec-18 D'000
after charging		
Auditors' remuneration	930	870
Depreciation	802,980	338,102
Directors' remuneration	122	122

7. Staff number and costs

The average number of staff employed (including directors) during the year are as follows:

	31-Dec-19	31-Dec-18
Executive director	9	1
General staff	1806	1854
	1815	1855

The aggregate payroll costs were as follows:

	31-Dec-19 D'000	31-Dec-18 D'000
Salaries and wages	212,448	209,372
National provident fund and IICF	20,597	20,887
	233,045	230,259

8. Finance income and expense

	31-Dec-19 D'000	31-Dec-18 D'000
8.1 Interest expense and similar charges		
Interest on long term loans	102,125	142,363
Bank charges and commissions	14,432	16,595
Mark Up (Interest on Loan)	62,631	18,803
	179,188	177,761

	31-Dec-19	31-Dec-18
	D'000	D'000
8.2 Interest income		
Interest income from Cash Collateral Account	1,378	-
	1,378	-

8.2.1 In 2019 NAWEC entered into a Line of Credit Facility with Ecobank Gambia limited as security to the Power Purchase Agreement with Karpowership Company. As part of that agreement, NAWEC deposited a total of USD 2 million in a Cash Collateral account with the bank at the interest rate of 1% per month. The interest income of GMD 1.378 million is the interest earned on this account for the period.

9. Exchange loss

	31-Dec-19	31-Dec-18
	D'000	D'000
Exchange Gain	444,818	68,698
Exchange Loss	(469,194)	(90,409)
	(24,374)	(21,711)
Unrealized Exchange Gain/(Loss)	209,558	-
Realized Exchange Gain/(Loss)	(185,183)	-
	24,374	-

10. Taxation

The Government of The Gambia has granted the National water & Electricity Company Ltd exemption from the payment of annual corporate tax to the Gambia Revenue Authority.

11. Grant Income

	31-Dec-19	31-Dec-18
	D'000	D'000
Amortisation of Dutch grant Note 20.2	16,573	16,572
Amortisation of Danish grant Note 20.1	5,055	5,055
	21,628	21,627

12. Net effect of write- offs

	31-Dec-19	31-Dec-18
	D'000	D'000
Bank Reconciliations Written-back	(5,928)	15,572
Inventory Reconciliations Write-off	96,449	1,229
Trade Payable Reconciliations Write-off	196,366	-
SubContractor Reconciliations Written-back	(9,622)	-
Other Payable Reconciliations Written-back	(57,144)	-
Write-off of Old Cash Imprest	960	-
	221,081	16,801

12.1 The write-off proposed by Management and approved by the board in the 2019 accounts is the first step in direction of ensuring clean and verifiable accounting records for NAWEC. This new process to clean up was kickoff in 2018 with reviewing of the situation. The process has yielded significant results and has led to material improvement in NAWEC's financial records as of 2018 and 2019 and is expected to continue through to 2020 and 2021, when the implementation of a fully integrated ERP system is expected to resolve the financial reporting issues.

13. Property, plant and equipment

	Assets under constru ction	Land and buildin g	Plant and machiner y	Motor vehicle	Office equipme nt & furniture	Electrici ty network	Water & Sewera ge network	Total
	D'000	D'000	D'000	D'000	D'000	D'000	D'000	D'000
Cost								
At 1 January 2019	2,757,486	237,075	3,555,877	182,690	77,505	1,543,878	625,098	8,979,609
Additions	1,199,490	130	391	98	3,084	9,407	6,400	1,219,000
Reconciliation difference	-	(2,729)	(190,885)	5,748	(11,812)	57,619	848,931	706,872
Transfers	(392,996)	-	-	-	-	-	392,996	-
At 31 December 2019	3,563,980	234,476	3,365,383	188,536	68,777	1,610,904	1,873,425	10,905,481
Depreciation								
At 1 January 2018	-	60,218	2,076,764	132,759	48,656	383,673	288,419	2,990,489
Reconciliation Differences	-	(3)	(92,030)	(911)	(1,105)	(25,391)	(9,252)	(128,692)
Charge for the year	-	6,216	217,064	15,177	7,782	56,161	61,893	364,293
Prior year(13.1) charges	-	-	191,254	-	-	14,363	231,667	437,284
At 31 December 2019	-	66,431	2,393,052	147,025	55,333	428,806	572,727	3,663,374
Net book value At 31 December 2019	3,563,982	168,045	972,331	41,510	13,444	1,182,099	1,300,697	7,242,107
At 31 December 2018	2,757,488	176,857	1,479,113	49,931	28,849	1,160,205	336,679	5,989,120

13.1 MoU Loans number 21 to 27 to the MoFEA linked to Water and Sewerage Projects and Rural electrification Projects was accompanied by an asset transfer agreement which transferred the corresponding assets to AMRC. However, based on the assessment discussed in Note 20 to these Financials, the assets remain in NAWEC's books. A review of these assets however, revealed that with the exception of the Energy Development & Access Expansion Project which is appropriately capitalized and properly depreciated, none of the assets on the list have been properly capitalized in the Asset Management System and no depreciation has been recognized at the time of the review. This is despite the fact that both the Gunjur Water Supply Project, Kotu Ring Water Supply System and the Greater Banjul Area Water Supply Projects were put into use in 2009, 2014 and 2014 respectively. In 2019, therefore the depreciation was calculated for the entire period these assets were in use and the depreciation recognized in 2019. The depreciation related to 2019 is presented with the other depreciation in 2019 in Note 13 above while the prior year depreciation is presented separately and described as such.

14. Intangible Asset - Billing Software

	31-Dec-19	31-Dec-18
	D'000	D'000
Opening Balance	4,204	5,655
Less amortization	(1,402)	(1,452)
Closing Balance	2,802	4,204

15. Inventory

	31-Dec-19	31-Dec-18
	D'000	D'000
Inventory comprises		
Electrical spares	517,175	457,403
Water equipment spares	50,067	74,947
Vehicles spares	2,542	4,351
Stationery	6,858	31,747
	576,642	568,448
Less: Provision for obsolescence	(15,460)	(17,943)
	561,182	550,505
Fuel and lubricants	137,703	158,205
	698,885	708,710

16. Trade and other receivables

	31-Dec-19	31-Dec-18
	D'000	D'000
Trade debtors	488,769	1,172,332
Staff debtors	22,212	26,710
Receivable from AGIB Bank	19,611	-
Receivable from GOTG	5,500	-
Other receivable	11,363	7,602
	547,455	1,206,644
Provision for bad debt	(140,486)	(175,850)
Provision for staff loans	(4,224)	(3,558)
	402,745	1,027,236

17. Trade and other payables

	31-Dec-19	31-Dec-18
	D'000	D'000
Trade creditors	1,117,880	1,239,158
Interest payable	-	510,934
Other Accruals	9,658	110,136
Vat Payable	90,263	128,846
10% Withholding tax	-	(2,793)
	1,217,801	1,986,280

18. Borrowings

Project Name	Lender	31-Dec-19	31-Dec-18
		D'000	D'000
Badea Loan for Kotu Power Station Exp	MoFEA- GoGT (Note 18.1)	455,232	719,747
Loan for Brikama II Generator Set	SSHFC 18.2	126,924	112,737
ITFC HFO Facility	IDB 18.3	609,711	(27,563)
IDB- Brikama II Generator Set (Leasing)	MoFEA- GoTG (Note 18.1)	704,486	588,168
20MW Brikama Power Station (Leasing)	MoFEA-GoTG (Note 18.1)	849,794	219,087
India-Electrification Expansion Project	MoFEA- GoGT (Note 18.1)	564,597	212,200
Venezuela Loan	MoFEA- GoTG (Note 18.1)	1,008,338	900,260
OFID-Kotu Power Generation Expansion	MoFEA- GoTG (Note 18.1)	614,640	316,709
Eco Bank	Ecobank(G) Ltd(Note 18.4)	301,255	-
Gambia Government	(Note 19.3)	-	2,668,551
NAWEC Bond	(Note 19.2)	-	1,709,360
EBID Loan for RE P Extension	(Note 19.4)	-	635,671
SSHFC Loans	(Note 19.1)	-	581,489
IDB Loans	(Note 18.1)	-	569,986
SSHFC- ITFC loan repayment	(Note 19.1)	-	235,217
Asbestos Water Supply Expansion Loan	(Note 18.5)	-	226,916
ING Bank loan	(Note 19.4)	-	220,163
OFID- Energy Dev.& Access Expansion	(Note 19.4)	-	150,817
AGIB Loans		-	1,247
Guaranty Trust Bank Loan		-	8
BSIC Bank Loan		-	(18)
		5,234,977	10,040,752
Repayable in one year		963,372	(461,999)
		4,271,605	9,578,753

Loan repayment schedule

	Total D'000	Due within 1 year D'000	Due within 2 – years D'000	Due within 3- 5 years D'000	Due within 3- 5 years D'000
Ecobank USD 10million	301,255	301,255	-	-	-
ITFC HFO facility	609,711	609,711	-	-	-
Loan for Brikama	126,923	52,406	74,517	-	-
OFID –Kotu Power Generation Expansion	614,640	-	-	164,000	450,640
Bandes- Upgrade & Expansion of Network	1,008,338	-	75,167	300,667	632,505
IDB- Brikama Generation set (leasing)	704,486	-	-	148,830	555,656
BADEA-Kotu Power Generation Expansion	455,232	-	-	20,961	434,271
20MW Brikama Power Station	849,794	-	54,324	366,435	429,035
India Electrification Expansion Project for GBA	564,597	-	-	192,188	372,410
	5,234,977	963,372	204,008	1,193,080	2,874,517

Note 18.1

MoU Loans number 1 to 7: These loans are linked to electricity projects. As a result of the debt analysis, it was assessed that NAWEC should be able to maintain these loans. Therefore, GOTG through the MoFEA signed an onlending agreement with NAWEC on these loans in 2019. The agreement gave NAWEC a grace period of two years (2019 and 2020) during which period, the MoFEA was responsible for repayments while NAWEC was given time to recover its cashflows and prepare to take up repayments from 2021.

Note 18.2

SSHFC loan was a result of Generators acquired for Brikama Power Plant (Former GEG) and other payments to ITFC on behalf of NAWEC for HFO at critical times when NAWEC was unable to pay due to cash flow constraints.

Note 18.3

IDB Loan This is as a result of Water and Electricity projects acquired by government on behalf of NAWEC example: Kotu Ring, Gunjur Water supply Brikama Power Plant, Rural Electrification Project (REP & REEP) etc.

Note 18.4

This Facility was entered initiated and signed as part of the PPA with Karpower as a security for the supplier for its supply of power to the GBA.

Note 18.5

This is linked to the Asbestos replacement project which is an ongoing project for NAWEC with disbursements scheduled also in 2020, 2021 and 2022. However, the debt was included in the debt relief which NAWEC benefitted from in 2019 and subsequent disbursements will therefore be treated as debt relief.

MoU Loans number 8 to 11: These loans are acquired from commercial banks to meet payment obligations in time of cash flow constraints for NAWEC. However, as of 31.12.2019, these loans are fully repaid by NAWEC.

19. Debt relief

	31-Dec- 19 D'000	31-Dec- 18 D'000
MoU Loans number 12: ITFC Repayment (SSHFC Loan)	235,217	-
MoU Loans number 13: EFGA Repayment (SSHFC Loan)	581,490	-
MoU Loans number 14: NAWEC Bond	2,012,561	-
MoU Loans number 21: Energy Access and Development Project	150,817	-
MoU Loans number 22 & 23: Rural Electrification Project	748,445	-
MoU Loans number 24: Kotu Ring Water Supply System	388,485	-
MoU Loans number 25 & 27: Gunjur Rural Water Supply	169,123	-
MoU Loans number 26: GBA Water Supply Project	232,971	-
MoU Loans number 28: Asbestos Replacement Water Project	413,605	-
	<hr/> 4,932,714 <hr/>	-

Note 19.1

MoU Loans number 12 & 13: NAWEC owed 3 different loans to Social Security and Housing Finance Corporation (SSHFC) at the time of the MOU with total amount of GMD 956.1 million. These loans originated from the following: a) two (2) Generators acquired for Brikama Power Plant GMD 139.3 and b) payments to ITFC (GMD 235.2 million) and EFGA (GMD 581.5 million) on behalf of Government of The Gambia (GOTG) for a HFO facility taken by Global Trading Group (GTG) and guaranteed by GOTG. As part of the MoU, the ITFC and EFGA repayment commitments were transferred to MoFEA while the loans for the two sets of generators remained with NAWEC. NAWEC had previously (in 2016) entered into an agreement with SSHFC to offset water and electricity bills owed to NAWEC against this payable until it is fully repaid. This loan is expected to be fully repaid in 2021. The loans reallocated to MoFEA are recognized as debt relief into Retained Earnings as of 31.12.2019.

Note 19.2

MoU Loans number 14: In February 2015 Ministry of Energy (MOE), Ministry of Finance and Economic Affairs (MOFEA), Central Bank of The Gambia (CBG), Commercial Banks, Euro African Group (EAGL) and NAWEC implemented the restructuring of EAGL and NAWEC exposures to commercial Banks and NAWEC's liabilities to EAGL to a Five (5) year NAWEC Bond at an interest rate of 15% annual. An escrow account was opened by NAWEC at CBG to deposit D51 million monthly which will be redistributed to Banks concerned at the end of each quarter according to their quota to the bond. In August 2017, the 5-year bond was revised at an interest rate of 12% over a period of seven years. As part of the MoU, the bond was reallocated to the MoFEA. This therefore recognized as debt relief into Retained Earnings as of 31.12.2019.

Note 19.3

MoU Loans number 15 to 20: Debt owed by NAWEC to the GOTG to the tune of GMD 2,645.9 million. This GOTG loans originate from the following: Generators acquired for Kotu Power Station, payments made by Central Government to ITFC for HFO supplies to NAWEC, Venezuela for the Greater Banjul Transmission & Distribution upgrading and rehabilitation project, ING Bank of the Netherlands for the GBA water expansion project due to NAWEC's inability to pay. According to the MoU, the entire balance should be converted to Share Capital in NAWEC increasing the Share Capital from GMD 68.5 million to GMD 2,714.4 million. This transaction was approved by the shareholders on September 23rd, 2019 and recognized as Deposit for Shares pending the completion of the legal process.

Note 19.4

MoU Loans number 21 to 27: Loans for Water and Sewerage Projects acquired by GOTG on behalf of NAWEC related to: Kotu Ring Water Supply, Gunjur Water supply, GBA Water Supply (this project was implemented from 1996 to 2006) and Gunjur Water Supply and Loans for Rural electrification Projects (Rural Electrification Project & Rural Electrification Expansion Project) were also reallocated to the MoFEA as part of the MoU. However, this transfer also included transfer of the assets linked to these loans to MoFEA (who appointed Asset Management Recovery Commission, AMRC) to take over these assets. In December 2019, NAWEC and AMRC

signed an asset transfer agreement. On the same date, a lease agreement was signed between the same parties leasing back the transferred assets to NAWEC for GMD 1 a year. Based on a total assessment of this arrangement, Management assessed that the "Asset Transfer Agreement" and the subsequent leasing agreement, merely represents an administrative arrangement as the assets in question, in all material respect, continue to remain in NAWEC's control and the economic benefits of utilizing continue to flow to NAWEC with this arrangement. As a result of this assessment, the assets will continue to remain in NAWEC's financials despite the Asset Transfer Agreement. The loans linked to these assets which are transferred to the MoFEA are also recognized as debt relief into Retained Earnings as of 31.12.2019.

20. Deferred revenue

	The Dutch grant	Danish Govt grant	Total
	D'000	D'000	D'000
At beginning of the year	513,780	17,627	531,407
Addition	-	-	-
Disposal	-	-	-
Amortised to income statement	(16,573)	(5,055)	(21,628)
At end of the year	497,207	12,572	509,779

20.1 The Danish Government represents capital grants to Finance the purchase of generator No. 6 at Kotu, Ten (10) kilometer Transmission Line from Kotu to Banjul (Mile2), Switch Gear and Transformer in Banjul (Mile 2) and Refurbishment of Generators No. 1 and No. 2. An amount of D5,055,000 has been recognized to Profit and Loss account as deferred revenue 2019 ref Note 8.

20.2 The Dutch (Netherlands Govt) Grant represents capital grant to part finance the Greater Banjul Area Water Supply Project in Brikama. An amount of GMD 16.6 million has been recognized to the Profit and Loss account as deferred revenue 2019 ref Note 8.

21. Share capital

	No of shares		31-Dec-19 D'000	31-Dec-18 D'000
Authorised:				
Ordinary shares of D10 each	50,000,000		500,000	500,000
Issued and fully paid				
Ordinary shares of D10 each	6,846,600	Price per share 10	68,466	68,466
Ordinary Shares of D5 each	529,118,062	5	2,645,590	-
	535,964,662		2,714,056	68,466

Share Capital

	31-Dec-19	31-Dec-18
	D'000	D'000
At beginning of the year	68,466	68,466
Deposit for shares Note 19.3	2,645,890	-
	2,714,356	68,466

The shareholders of The National Water and Electricity Company are;

	31-Dec-19	31-Dec-18
Government of the Gambia	97%	97%
Gambia Telecommunications Company Limited (GAMTEL)	1%	1%
Social Security and Housing Finance Corporation (SSHFC)	1%	1%
Gambia Ports Authority (GPA)	1%	1%

22. Statement of movement in reserves

	31-Dec-19	31-Dec-18
	D'000	D'000
At beginning of the year	(6,406,439)	(5,831,727)
Adjustment in reserves (Note 22.2)	685,332	(308,924)
Debt relief	4,932,713	
Profit /loss for the year	(1,364,105)	(265,788)
At end of the year	(2,152,499)	(6,406,439)

22.1 The detailed breakdown of the debt relief is presented in Note 19 above.

22.2 Adjustment in reserves

	31-Dec-19	31-Dec-18
	D'000	D'000
Fixed Assets Reconciliations Corrections (Note 13)	(835,564)	-
Correction of Opening Balance of External Borrowing (Debt increase)	246,034	-
Correction of Opening Balance of Cash Collateral Account	(95,400)	-
Correction of Opening Balance of Other Accounts	(402)	-
	685,332	-

The main item in the adjustment in the reserve for 2019 is related Fixed Assets. The adjustment is due to the difference between the between the Fixed Assets Register and the financial statements. The review of the 2019 accounts and reconciliations revealed that the records of the

fixed assets register system (which should be the basis for whatever is record in the accounting system and therefore the financial statements) have huge reconciling difference.

The reconciliation revealed a difference in the Acquisition Cost of GMD 706,871,676.70 which was as a result of understatement of the assets in the Financial Statements compared to the Fixed Assets Register. Similarly, the total accumulated depreciation has a difference of GMD 128,691,892.24 which was as a result of overstatement of the Financial Statements compared to the Fixed Assets Register. The net effect of the understatement of the Acquisition Cost and the overstatement of the accumulated depreciation is a total of GMD 835,563,568.94 in corrections to the Financial Statements of 2019 which was recorded against Retained Earnings to ensure reconciliation between the two systems as of 31.12.2019.

23. Analysis of the balances of cash as shown in the balance sheet

	31-Dec-19 D'000	31-Dec-18 D'000	Changes D'000
Cash at bank	836,313	207,925	628,388
Cash in Hand	199	1,140	(941)
	836,512	209,065	627,447
Bank overdraft	(77,262)	(136,492)	59,230
	759,250	72,573	686,677

Supplementary Information

24. Administrative Expenses

	31-Dec-19 D'000	31-Dec-18 D'000
Personnel expenses	233,045	230,259
Building rentals	910	3,383
Hire of equipment and plant	8,602	11,355
Repairs & maintenance	17,653	14,638
Insurance – vehicles	779	1,425
Insurance - fire & machine breakdown	45,071	95
Training expenses	24,512	21,729
Management & consultancy	11,448	10,668
Legal & professional fees	11,395	7,328
Expatriate salaries	7,298	11,511
Advertisements	2,239	2,320
Donations & subscriptions	30,688	5,269
Travelling Expenses	28,383	33,296
Stationery & printing	4,117	6,358
Cement	708	840
Other local taxes	172	1,540
vehicle maintenance	22,008	26,043
Postage, stamps & courier	1,278	1,634
Telephone, telex & fax	10,291	16,399
Sundry expenses	25,192	26,272
Board allowances	1,103	121
Consumables	7,254	9,916
Restaurant/entertainment/hotel	1,592	3,880
PURA fees	-	4,000
Increase/(Decrease) in provision for obsolete stock	(2,483)	-
Increase/(Decrease) in Provision for trade Debtors	(35,364)	8,357
Increase in Provision for Staff Loans	667	-
Rental for Building (including charges)	738	507
Pipes and Fitting	10,911	12,156
Mechanical & Electricity Supplies	1,425	868
Timber	49	124
Other Material & suppliers	10,648	17,825
Tools	374	1,376
Medical Insurance	21,423	17,670
Sand & Gravel	3,822	3,506
Own consumption	113,803	167,619
Stock Adjustment	792	45,995
Honorarium Expenses	2,651	2,750
Project Expenses	-	(580)
GESP Allowance	1,790	2195
	626,984	730,647

Subsequent events after the year end

NAWEC is currently going through reforms and restructuring with a view to making the company a commercially viable and profitable company with strong corporate values and a truly transformational vision. The restructuring will focus on customer service and profitability. There are two Business Units (Water and Electricity) with other supporting departments managed by one management team. Significant emphasis is placed on recruiting Group Directors and Senior Managers to lay the foundation for reforms and fulfilment of the company's mandate and vision.

NAWEC has signed a Five-Year performance contract with The Government of The Gambia (GOTG) in 2020 with key performance indicators and targets defined to set the company on a path to profitability and sustainability. The Performance contract is from 2021 to 2025 between GoTG and NAWEC with respect to an agreed range of Key Performance Indicators which cover key Financial, Commercial, Operational and Human Resource deliverables. It constitutes one of the elements in the individual Performance Contracts for the Managing Director, Senior Executives and Management.

Ligations

1. The case of Eduwar Daffeh vs. NAWEC. A civil suit which is presently before the High Court of the Gambia bearing suit No.HC/555/20/CD/074/C2. The plaintiff's total claim against the company is the sum of D7, 150,000.00 (seven million, one hundred and fifty thousand dalasi) as cost for injuries sustained by the plaintiff, loss of earnings, physical and emotional trauma, legal and administrative fees.
2. The Case of Momodou Nying and Susan Nying (acting by their Attorney Antouman Nying) v NAWEC. The suit is presently ongoing at the High court of the Gambia, bearing suit No.HC/523/20/CD/070/C2. The plaintiff's total claim against the company is the sum of D150,000.00(one hundred and fifty thousand dalasi) as cost of legal and administrative fee, breach of contract among others. million eight hundred and ninety-seven thousand three hundred and fifty-eight dalasi) being the total amount owed to the plaintiff from June 2013 to May 2020, payment of monthly charges, breach of contract, interest, cost, legal and administrative fees.

Covid 19

In March 2020, the covid 19 pandemic reached the shores of The Gambia and the lock down significantly affected NAWEC especially Operations and the Corporate Functions. To comply with the rules and regulations of Ministry of Health NAWEC embarked on allowing limited staff to come to work thus affected the operational processes ranging from service connections to posting of vouchers. The site engineers at Brikama III traveled back to their homeland resulting to the delay in the commissioning of the twenty (20) Mega Watt power plant (Brikama III). Therefore, NAWEC lost the expected revenue that was to be generated by the Two by Ten MW engines.

Although fuel prices went down significantly globally, NAWEC had challenges to get the fuel to the Gambia thus the price went up compared to 2019. Procurement of spare parts for routine maintenance was also an issue in 2020 due to the lock down, in terms of both getting the forex and to have the stocks readily available.

For preventive measures and to abide by the rules of Covid 19, NAWEC bought close to 50 Water Tanks and installed them at strategic places for the Gambian Populace especially within the GBA where bulk of our customers are residing. These water Tanks were regularly being refilled with water to serve the public. In addition, sanitizers, mask, gloves and other items were bought for NAWEC Branches and Offices to ensure that staff and customers continue to observe regular hand washing. A borehole was also dug to meet the demand for Water in 2020.

