NATIONAL WATER AND ELECTRICITY COMPANY LTD

2022 AUDITED FINANCIAL STATEMENTS

53 Mamadi Manjang Highway
P.O. Box 609 Kanifing
Website: www.nawec.gm
Email: info@nawec.gm

Date: April 2026

NATIONAL WATER AND ELECTRICITY COMPANY LTD

2022 AUDITED FINANCIAL STATEMENTS

National Audit Office
Bertil Harding Highway
Kanifing Institutional Layout
Kanifing

Date: April 2026

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GENERAL INFORMATION

Board of Directors

Name	Designation	Term	Gender
Mr. Dawda Kairaba Jawara	Chairman	January 2025 – to date	Male
Mr. Crispin Grey Johnson	Chairman	December 2021-Dec 2024	Male
Mr. Crispin Grey Johnson	Vice Chairman	December 2018-Dec 2021	Male
Mr. Abdourahman Mboob	Vice Chairman	January 2025 – to date	Male
PS Ministry of Petroleum Mines and Energy	Member	Permanent Member	Male
PS Ministry of Finance & Economic Affairs	Member	Permanent Member	Male
Mr. Tijan Wally Bahoum	Member	September 2023 – to date	Male
Gumbo Touray	Vice Chair	December 2021 – December 2024	Male
Mrs. Neneh Ndiaye	Member	June 2020 - to date	Female
Mr. Dodou S. Gaye	Member	June 2020 – 31 December 2025	Male
Mr. Gallo Saidy	Managing Director	March 2024 – To Date	Male
Mr. Nani Juwara	Managing Director	July 2020 - February 2024	Male
Secretary	Ms. Fatou Darboe	October 2023 – To date	Female
Secretary	Ms. Sukai Bangura	July 2020 – April 2023	Female

Auditors

National Audit Office (NAO)
Kanifing Institutional Layout,
Bertil Harding Highway,
The Gambia

Bankers and Micro-Finance Institution

1. Access Bank (Gambia) Limited
2. Arab Gambian Islamic Bank Limited
3. Bloom Bank Africa (Gambia) Limited
4. Ecobank (Gambia) Limited
5. FBN Bank (Gambia) Limited
6. Guaranty Trust Bank (Gambia) Limited Mega Bank Gambia Limited

7. Banque Sahelo-Saharienne Pour L'Investissement et le Commerce (BSIC) Gambia Limited
8. Standard Chartered Bank (Gambia) Limited
9. Trust Bank Limited
10. Vista Bank (Gambia) Limited
11. Zenith Bank (Gambia) Limited
12. Reliance Financial Services

Solicitor

Janet Sallah - Njie
Torodo Chambers
3 - 4 Liberation Avenue
Banjul

Registered office

53 Mamady Manjang Highway
Kanifing
P.O Box 609
Banjul, The Gambia

Financial highlights

NAWEC Financial Highlights for the year ended 31st December 2022			
Results	***31st December 2022***	***31st December 2021***	***Change***
Profit Before Tax	(1,198,097)	(585,990)	-104%
Profit After Tax	(3,282,358)	(1,303,656)	-152%
Revenue	5,299,652	4,441,787	19%
Total OPEX	(1,162,051)	(1,097,444)	-6%
Total Assets	10,608,214	10,044,968	-6%
Operating Profit Margin	-23%	-13%	-71%
Net Profit Margin	-62%	-29%	-111%
Gross Profit Margin	(36,046)	511,454	-107%
Current Ratio	0.35	0.51	-30%
Debt to Equity Ratio	(2.86)	4.52	-163%

DIRECTOR'S REPORT

In accordance with The Gambia Companies Act (CA) 2013 (Chapter VII) (326) (1) (2) and (327), the National Water and Electricity Company Limited (NAWEC) is required to prepare a set of financial statements at the end of each year which gives a true and fair value of the state of the affairs of the company.

Statement of directors' responsibilities

In preparing these 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 relevant regulations. They are also 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 activities

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

Financial Results and Dividends

The results for the year are as shown in the accompanying financial statements. The CA 2013 (327) (1) (a) required NAWEC to prepare a set of financial statements as of year ended 31st December 2022. The results of the afore-mentioned year end are contained from Page 14 – 38 of this document. NAWEC's Directors did not recommend the payment of dividends as prescribed in the CA 2013 (327) (1) (b).

Going Concern

The Directors of NAWEC through assurances received from The Government of The Gambia as the majority shareholder, confirmed that the company will be equipped with the required financial resources to enable it to continue in operation for another year.

Directors and directors' interests

The directors who held office during the year are as detailed on page 3. None of the directors who held office had any beneficial interest in the shares of the company.

Dividend Declared and Paid:
The directors resolved that no dividend will be paid, as the company is currently a loss-making entity.

External Auditors
In accordance with Section 160 of the Constitution of the Republic of The Gambia and the National Audit Office Act 2015, the National Audit Office (NAO) serves as the external auditor of the Company. The Auditor General may, at his discretion and in accordance with the provisions of the NAO Act, outsource the audit function to a private audit firm to conduct the exercise on his behalf.

By the Order of the Board, this report was signed on their behalf by:

....

Legal and Company Secretary

Date...12th March.............................**2026**

NATIONAL AUDIT OFFICE

AUDITOR GENERAL'S REPORT

ON THE FINANCIAL STATEMENT OF THE NATIONAL WATER AND ELECTRICITY COMPANY LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

QUALIFIED OPINION

We have audited the financial statements of the National Water and Electricity Company Limited (NAWEC) for the year ended 31 December 2022, which comprises of the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flow for the year then ended, and Notes to the financial statements, including summary of significant accounting policies and other explanatory information set out on pages 14 to 38.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flow and Notes to the financial statements, including summary of significant accounting policies set out on pages 14 to 38 fairly presents in all material respects, the financial performance of NAWEC for the year then ended 31 December 2022 and of the results of the financial operations for the year then ended, and is in accordance with the Generally Accepted Accounting Principles (GAAP) and the requirements of the Companies Act, 2013.

BASIS FOR QUALIFIED OPINION

We conducted our audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). 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 are independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to our audit of the financial statements in NAWEC, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements as stated below:

1. Unresolved Prior Year Stock Loss Adjustment and its Impact on the Financial Statements

The unresolved basis relates to the Stock Loss of **GMD 221,732,442** that was adjusted into the 2021 audited financial statements. The adjustment stems from an audit review noting an adverse opinion for prior year and the corresponding basis for the adjustment into 2021 financial statements.

The matter affects the comparative figures for the Income Statement and importantly, the opening retained earnings and the overall equity position for 2022.

2. Revenue

Included in Note 8.2 (Revenue) includes electricity sales and water sales for the period under review.

Unreconciled Differences between the Billing Department figures and the general ledger: Differences of **GMD 18,525,105** for electricity sales and **GMD175,336** for water sales were observed during the audit of revenue, with Management not reconciling these differences.

Unpresented Revenue Supporting Documents: Note 8.2 (Revenue) to the financial statements references transactions tested by audit; a sample amounting to **GMD 4,504,885** was reviewed, but supporting documentation was not provided for examination. These matters limit our ability to confirm occurrence, completeness and accuracy of revenue transactions.

3. Administrative and Other Expenses

Note 8.7 to 8.10 Administrative and Other Expenses: Supporting documents for transactions totaling **GMD159,561,233** were not provided, hindering verification of occurrence, completeness, and accuracy.

4. Cash and Bank

Included in Note 8.14 (Cash and cash equivalents) of the financial statements is cash at bank amounted to GMD 461,643,000.

Failure to Perform bank reconciliation: Monthly reconciliations for 41 bank accounts (out of 47 reported) were not performed, with a net reported balance of **GMD 346,291,607** (i.e. total positive balance of **GMD 532,033,793** and total negative balance of **GMD 185,742,186**). This limits our ability to test the bank balances reported in the financial statements.

Unconfirmed bank Accounts and Conformations not Received: We sought direct bank confirmations for all NAWEC accounts; five (5) accounts totaling **GMD 279,403,868** and two (2) overdrawn cash book balances totaling **GMD 179,311,040** which were maintained by NAWEC but their existence was not confirmed by the various banks. In addition, nine banks' confirmations with a total balance of **GMD 86,374,704** in the cash book were not received.

The inability to obtain confirmations limits our ability to ascertain the existence and valuation of these balances. We were also unable to rely on the bank statements due to the fact that the accounts involved were not reconciled.

5. Receivables

Basis for Provisioning: The trade receivable balance of **GMD 976,096,000** (Note 8.13) includes a provision of **GMD 16,308,766;** the basis of the provision was not provided for our review. This limits our ability to test the accuracy and completeness of the provision amount made for the year.

6. Fixed Assets

Notable issues in Property, Plant and Equipment (PPE): The total Net Book Value of Property, Plant and Equipment balance is reported as **GMD 8,200,196,000**, some limitations were observed:

Assets in the Fixed Asset Register Not Made Available for Verification: A sample of assets amounting to **GMD 52,168,634** could not be verified because management did not tag them for verification. Given the material nature of these assets, we could not ascertain the existence of assets or perform alternative audit procedures.

Outstanding Documentation for Fixed Asset Additions and Fixed Asset under construction: Payment advises for a fixed asset addition (11 KVA ELECTRICAL LINE/POLE) costing **GMD 48,876,945** and Fixed Asset under construction totaling **GMD 250,488.070** were provide for our review. However, the proof of payments which can help us to evaluate the accuracy of the assets' valuation were not presented for our review. Therefore, we could not ascertain the accuracy of assets values or perform alternative audit procedures.

Non-Performance of Impairment Review for Non-operational Assets: Non-operational assets totaling **GMD 97,172,956** (included in Note 8.11a) were not reviewed for impairment. In the absence of an impairment review, we cannot confirm that these fixed asset balances were not overstated relative to their recoverable amounts.

7. Inventory

Note 8.12 of indicates Inventories of GMD 530,202,000. Limitations and discrepancies:

Limitation to Recalculate the Weighted Average Cost: The inventory is valued using a weighted average method; the basis for the weighted average cost calculations could not be provided, limiting our ability to recalculate inventory.

Differences between General Ledger and Inventory Valuation Report: General Ledger figures for fifteen (15) inventory items differed materially from the Inventory

Valuation Report by **GMD 71,150,055** (492,138,822 - 420,988,767), indicating potential overstatement of the General Ledgers and the financial statements.

8. Payables

Note 8.18 of the financial statements reports a trade payables balance of GMD 3,177,825,000. The following limitations and differences were noted:

Non-provision of Schedules: Schedules for two (2) payable balances (VAT and Advance Payment to vendors) totaling **GMD 155,054,504** were requested for testing, could not be provided. This limitation constrained our testing scope, and we were unable to determine whether these general ledgers are free from misstatements.

9. Loans

The Short-Term Bank Loan amounting to GMD 2,214,819,000 under Note 8.19 and the Long-Term Loan amounting to GMD 5,882,538,000 under Note 8.16 of the financial statement includes various loans. The following limitations and misstatements were noted:

Short-term Borrowing Schedule not Provided:

NAWEC obtained short-term loans from Social Security with an outstanding balance of GMD 80,519,457. We requested for the loan schedules, but management did not provide us with sufficient and appropriate supporting documents. Consequently, we were unable to obtain sufficient appropriate audit evidence to assess the valuation and accuracy of this balance in the financial statements.

Provision for other liabilities amounting GMD 25,161,462 was recognised in the financial statements relating to NAWEC Budget support to the GERMP projects. The opening balance was GMD 51,400,278 but a journal posting of **GMD 26,238,816** was done in to the account. We requested for the Journal Voucher and relevant supporting documents for the journal posted, however, these were not presented for our review. Therefore, we were not able to confirm the accuracy of the valuation due to the limitation of scope.

Long-Term Loan Difference between Confirmation and General Ledger:
A confirmation was sent to the Ministry of Finance and Economic Affairs (MoFEA) to confirm the on-lending balances as at 31 December 2022. A net difference of **GMD 280,084,944** was observed between the confirmation received (GMD 5,814,612,620) and the General Ledgers (GMD 6,094,697,564). Management did not reconcile or correct these differences. Given the material nature of these balances, we were unable to obtain sufficient appropriate audit evidence to assess the accuracy of the valuation of the on-lending balances.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to **Note 9.1** in the financial statements, which indicates that the entity incurred a loss for the year of **GMD3.3billion** and has accumulated loss of **GMD6.4billion**, and a net liability of **GMD2.1billion**. These conditions, on their own indicate a material uncertainty regarding NAWEC's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and the requirements of the Companies Act, 2013 and legislation, and for such internal control as management determines 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, management is responsible for assessing National Water and Electricity Company Limited's ability to continue as a going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operation or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the National Water and Electricity Company Limited's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance 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 International Standards for Supreme Audit Institutions (ISSAIs), 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 ISSAIs, we exercise 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 controls.

- 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 Entity's internal control.

- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we will be required to draw attention in our auditor's report to the related disclosures in the financial statement 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 entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents 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.

Cherno Amadou Sowe
Auditor General

Date: 13/04/2026

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Income			
Revenue	8.2a	5,299,652	4,441,787
Other Operating Income	8.2b	170,211	56,325
Total Income		5,469,863	4,498,112
Cost of Sales			
Fuel and Lubricant Expenses	8.3a	(1,462,392)	(1,775,213)
Energy purchased from third parties	8.3b	(3,702,557)	(1,926,613)
Materials for Service Connections	8.3c	(168,140)	(151,206)
Other Direct Materials and Services	8.3d	(128,701)	(133,626)
External Transmission Expenses	8.3e	(44,119)	-
Total Cost of sales		(5,505,909)	(3,986,658)
Gross (loss)/profit		(36,046)	511,454
Other Operating Expenses			
Employee Cost	8.4	(490,019)	(412,374)
Other Staff Cost	8.5	(86,045)	(113,450)
Other Staff Related Cost	8.6	(51,323)	(59,434)
Repairs and Maintenance Expenses	8.7	(106,369)	(53,422)
Administrative Expenses	8.8	(289,562)	(348,004)
Utility Cost	8.9	(138,733)	(110,761)
Total Other Operating expenses		(1,162,051)	(1,097,445)
Earnings before Interests, Tax, Depreciation and Amortization		(1,198,097)	(585,991)
Depreciation and Amortization	8.11	(664,769)	(373,240)
Impairment	8.20	(13,449)	-
Earnings before Interests and Tax		(1,876,315)	(959,230)
Interest Income		-	1,477
Interest Expense	8.10	(134,890)	(112,694)
Net Realized Foreign Exchange Loss		(256,533)	(10,639)
Net Unrealized Foreign Exchange Loss		(964,935)	(222,570)
Loss on disposal		-	-
Net Financial effect		(1,356,358)	(344,425)
Loss before tax		(3,232,673)	(1,303,656)
Tax expense	8.1.10	(49,685)	-
Loss for the year		(3,282,358)	(1,303,656)

The notes on pages 18 to 38 form an integral part of the financial statements

BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2022

		31-Dec-22 GMD'000	31-Dec-21 GMD'000
Assets			
Noncurrent assets			
Property, Plant and Equipment	8.11a	8,200,196	8,313,893
Intangible Assets	8.11b	477,358	-
Total Non-Current Assets		8,677,554	8,313,893
Current assets			
Inventories	8.12	530,202	602,725
Trade and other receivables	8,13	938,815	650,473
Cash and cash Equivalents	8.14	461,643	477,877
Total Current Assets		1,930,660	1,731,075
Total assets		10,608,214	10,044,968
Equity and liabilities			
Capital and reserves			
Share capital		2,714,357	2,714,357
Revaluation reserve		1,581,375	1,581,375
Retained Earnings		(6,353,299)	(3,258,771)
Total Equity		(2,057,567)	1,036,961
Non-Current Liabilities			
Long-term Borrowing	8.15	5,882,538	4,688,672
Deferred capital grants	8.16	1,340,915	901,535
Total Non-Current Liabilities		7,223,453	5,590,207
Current liabilities			
Short-term Borrowings	8.18	2,189,657	1,741,424
Trade and other payables	8.17	3,202,986	1,676,355
Tax Payable	8.19	49,685	-
Total Current Liabilities		5,442,328	3,417,779
Total Equity and Liabilities		10,608,214	10,044,968

These financial statements were approved by the Board of Directors on ....12 March......2026, and were signed on its behalf by:

..............................**Director**

..............................**Director**

The notes on pages 18 to 38 form an integral part of the financial statements

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

	Shared Capital	Revaluation Reserve	Retained Earnings	Total
	GMD'000	GMD'000	GMD'000	GMD'000
At 1 January 2021	2,714,357	1,581,375	(2,094,655)	**2,201,077**
Prior year adjustment			(33,211)	**(33,211)**
Debt to Equity (Note 11, Note 20)	-	-	172,751	**172,751**
Profit for the year			(1,303,656)	**(1,303,656)**
At 31 December 2021	**2,714,357**	**1,581,375**	**(3,258,771)**	**1,036,961**
At 1 January 2022	2,714,357	1,581,375	(3,258,771)	**1,036,961**
Prior year adjustment	-	-	80,083	**80,083**
Debt to Equity	-	-		**-**
Share Capital Reserve	-	-	-	**-**
Debt Relief adjustment	-	-	107,747	**107,747**
Profit /(Loss)for the year	-	-	(3,282,358)	**(3,282,358)**
At 31 December 2022	**2,714,357**	**1,581,375**	**(6,353,299)**	**(2,057,567)**

The notes on pages 18 to 38 form an integral part of the financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Operating activities			
Operating Profit/(Loss)		(1,876,315)	(959,230)
Prior year adjustment		(114,134)	(33,211)
Depreciation & Amortization	8.11a	664,769	373,240
Impairment	8.11a	13,449	-
Amortized grant income		(160,453)	(38,888)
Foreign Exchange Gain/Loss		(1,221,468)	(233,209)
Decrease/(Increase) in inventory		72,523	73,185
Decrease/(increase) in receivables		(288,342)	(106,941)
Increase/(decrease) in payables		1,551,135	27,090
Increase/(decrease) in short-term borrowing		1,667,260	1,035,255
Cash generated from operations		**308,424**	**137,291**
Interest paid	**8.9**	(134,890)	(112,694)
Corporate Tax Paid	**8.2**	-	-
Net Cash flow from operating activities		**173,534**	**24,597**
Investing activities			
Acquisition of property, plant and equipment		(458,371)	(631,984)
Acquisition of Intangible Fixed Assets		(540,310)	-
Interest received from Cash Collateral		-	1,477
Net Cash flows Used on investing activities		**(998,681)**	**(630,507)**
Financing activities			
Loan Disbursements		176,350	314,675
Loan Repayments		-	(74,838)
Disbursement of Grants for Capital Assets		524,816	28,119
Debt Relief		107,747	172,751
Net Cash flow from financing activities		**808,913**	**440,707**
Net decrease in cash and cash equivalents		**(16,234)**	**(165,203)**
Cash and cash equivalents at 1 January 2022		477,877	643,080
Cash and cash equivalents at 31 December 2022		**461,643**	**477,877**

The notes on pages 18 to 38 form an integral part of the financial statements

ACCOUNTING POLICY AND NOTES
NOTES TO THE FINANCIAL STATEMENTS 2022

8.1 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.

8.1.1 Basis for Preparation
The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) using the accrual basis of accounting. Best practices and all relevant legislation were applied in the preparation of these financial statements.

The financial statements cover the reporting period from 1 January 2022 to 31 December 2022, with comparative information presented for the year ended 31 December 2021.

The financial statements are presented in Gambian Dalasi (GMD), which is the Company's functional and presentation currency. All amounts are stated in thousands of GMD], unless otherwise indicated.

8.1.2 Inventories
Inventories are valued at the lower of cost and net realizable 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.

8.1.3. Property, Plant and Equipment
Property, plant and equipment are initially recognized at cost. 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, at annual rates calculated to write off the cost of each asset over its estimated useful life on a straight-line basis as follows:

Asset Category	Rate
Building	2%
Plant and machinery	4%
Plant and machinery	10%
Furniture and equipment	20%
Vehicles	20%
Electricity Network	2.50%
Water and Sewerage Network	2.50%
Intangibles	10%

8.1. Accounting Policies (continued)

8.1.4 Intangible Assets

Intangible assets are initially recognized at cost. Cost includes all costs incurred in acquiring the asset plus all directly attributable costs incurred to have the assets in its present economic status and subsequently amortized over a period of 10 years.

Amortization is provided on intangible assets, at annual rates calculated to amortize the cost of each asset over its estimated useful life on a straight-line basis.

8.1.5 Valuation of Fixed Assets

The company is required to perform impairment assessment of its tangible and intangible assets (Cash flow generating units) minimum on a yearly basis to assess valuation of the assets recognized in its books. If the assessment indicates that the book value of the asset is less than the amount recoverable based on the testing, impairment expense is recognized. For the case of the impairment in the accounts for 2022, it relates to replacement of the asbestos pipes which were later replaced due to wear and tear.

8.1.6 Revenue Recognition

Revenue represents the amount of bills issued (both prepaid and postpaid) for the financial year for electricity, water and sewerage services provided to the public.

Revenue is recognized on an accrual basis, when the services are provided and control is transferred to the customer, and not when cash is received. For postpaid customers, revenue is recognized based on metered consumption, including estimates for services provided but not yet billed at the reporting date.

8.1.7 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.

8.1.8 Government Grants

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

8.1.9 Contingent Liabilities

Contingent liabilities are recognized in the financial statements when it is more likely than not that the outcome of an incident or situation will result in financial cash outflow from the company in the future. If the probability of future cash outflow is lower, the matter is disclosed in the notes to the financial statements.

8.1. Accounting Policies (continued)

8.1.10 Taxation

The tax charged in the income statement is calculated in accordance with the income tax laws of The Gambia. It is the higher of 1% of turnover or 27% of taxable profits. In 2022, NAWEC was notified that Corporate Income Tax is mandatory, and as a result, a provision was made for the tax liability based on 1% of taxable turnover since NAWEC is a loss-making entity.

Where applicable, NAWEC is liable to pay other forms of taxes or levies such as Value Added tax (VAT), Capital Gains Tax (CGT) and deduction of tax at source from the earnings of its employees (PAYE)

8.1.11 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.

8.1.12 Pension Scheme

Effective 1 January 2004, the company contributes 15% of employees gross salaries to the Social Security and Housing and Finance Corporation Pension Fund.

8.1.13 Government Subsidies

Government subsidies are recognized in the period in which the conditions for their receipt are met and the entity has reasonable assurance that the subsidy will be received. If the subsidy is intended to compensate for expenses or losses already incurred, it should be recognized as income in the period in which the expenses or losses are recognized.

This aligns with the general principles of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

8.1.14 Fixed and Current Asset Investments

Income from equity and other investments are recognized 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.

8.1.15 Financial Discount

Section 4.25.2 of the Service rules states that

a) Employees with properties in their names who require normal electricity/water service connection shall be charged 50% of the charge required for such connection.

8.1. Accounting Policies (continued)

b) Employees under category I to II with properties in their names who required water/electricity service extension to such property shall have the service extended at no cost to the employee if such extension is deemed technically feasible.
c) Employees shall be entitled to such extensions only once.

8.1.16 Foreign Exchange Gains and Losses

Realized foreign exchange gains and losses in NAWEC' s financial context refers to the actual profits or losses incurred during the settlement of invoices and payments for borrowed funds in foreign currencies. The primary contributing factor to these costs is the variance between the Central Bank of The Gambia (CBG) rates, utilized for accounting purposes, and the rates at which NAWEC acquires foreign currency, especially from Money Transfer Operators (MTOs) in the market.

Unrealized foreign currency gains and losses, on the other hand, result from the revaluation of assets and liabilities denominated in foreign currency at the end of the reporting period. This adjustment is made to reflect the fair value of the assets and liabilities concerned.

8.1.17 On-lending Loans from the Government of The Gambia

The Company has foreign currency denominated on-lending loan arrangements with the Government of The Gambia under which funds are provided to the Company to finance specific development projects. Under these arrangements, the Company is obligated to service both interest and principal repayments to the Government of the Gambia.

Interest expense on these on-lending loans is recognized on an accrual basis in the statement of profit or loss. At the end of each financial year, the foreign currency balances are converted at the balance sheet rates and the gains and losses during the year recognized in the statement of financial position in accordance with the terms of the on-lending agreements.

8.2a Revenue	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Prepaid Electricity Sales through third Parties	2,426,396	2,338,708
Prepaid Electricity Sales through NAWEC Offices	1,231,642	1,559,139
Sales Bills Collection (Water and Electricity)	1,347,192	345,568
Revenue from Sewerage Services	14,915	3,464
Service Application Revenue	1,247	1,911
Service Connection Revenue	291,304	192,272
Service Extension Revenue	1,036	1,016
Bulk Water Revenue	113	108
Financial Discount	(14,192)	(400)
	5,299,653	**4,441,786**

Financial Discount

Financial discounts apply where staff benefit from 50% cost of service connections as per section 4.25.2 of the service rules. Additionally, where projects through the support of the Government of the Gambia and/or the development community sponsor part of the cost-of-service connection, this is then applied to the contributions for the communities.

8.2b Other Operating Income	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Income from Grants	160,453	38,888
Reconnection fees	1,167	286
Surcharges and Penalties	7,814	6,483
Meter transfers fees	823	1,412
Income from Sales of Tender Documents	(45)	1,066
Others Income	-	8,191
	170,212	**56,326**

Income from Grants

Grant income relates mainly from Gambia Electricity Restoration and Modernization Project (GERMP) for 30,000 electricity meters, Kotu Power station rehabilitation project from the Danish/Dutch government and the World bank support for the Integrated Management System (IMS) project.

8.3a Direct Costs - Fuel and Lubricant Expenses	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Heavy Fuel Oil	1,326,124	1,485,468
Light Fuel Oil	113,448	235,082
Lubricants	22,820	54,663
	1,462,392	**1,775,213**

8.3b Direct Costs - Energy Purchased from third parties	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Breakdown of Energy Purchase:		
Energy Purchased from Senelec	1,928,471	206,855
Energy Purchased from Karpower	1,774,086	1,719,758
	3,702,557	**1,926,613**

8.3c Direct Costs - Materials for Service Connections	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Service Connection-Water	167,533	70,078
Service Connection-Electricity	916	81,028
Service Extension- Water	(308)	-
Service Extension-Electricity	-	100
	168,141	**151,206**

8.3d Direct Costs- Other Direct Materials and Services	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Chemicals	479	2,303
Pipework's and fittings Expenses	13,356	41,196
Mechanical and Electrical Equipment's Repairs	25,570	7,532
Hire of Equipment & Plant & Machinery	3,254	30,870
Repair & Maintenance of Plant and Machinery	1,766	-
Pumps and Motors	8,933	-
Water and Sewerage Maintenance and Repairs	75,139	48,939
Electricity Generation Maintenance and Repairs	203	2,785
	128,700	**133,625**

8.3e Direct Costs- External Transmission Expenses	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Cost of OMVG Transmission Line	44,119	-
	44,119	**-**

These costs represent the key expenditure that NAWEC must incur to discharge its core responsibilities, generation of electricity and water. Key amongst them are the costs paid to Senelec and Karpower for the Supply and importation of electricity.

The D44.1 million cost of OMVG transmission line relate to accrued wheeling cost as per the OMVG framework agreement.

8.4 Employee Cost

	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Employment Costs	441,115	369,045
Pension Scheme	39,433	36,141
Expatriate Salaries	9,471	7,188
	490,019	**412,374**

Expatriate Salaries

Expatriate salaries amounting to D9.47 million were incurred during the year and paid to Energy Management Solutions, which provided technical support to the Kotu Power Station, and Abdou Rida Grais, who served as a consultant for the Brikama I Power Station, in respect of specialized technical and advisory services provided.

Workforce Breakdown

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

	31-Dec-22 No.	31-Dec-21 No.
Executive director (Senior Management Team)	10	10
General staff (including contract staff)	1,804	1,941
	1814	**1,951**

Staff number by Gender	31-Dec-22 No.	31-Dec-21 No.
Male	1,570	1665
Female	244	286
	1,814	**1,951**

8.5 Other Staff Cost

	GMD'000	GMD'000
Staff Project Allowance	6,412	21,569
Staff Honorarium	5,444	3,185
Staff Medical Insurance	31,482	24,227
Staff Welfare Expenses	42,058	54385
Staff Memberships and Subscriptions	170	737
Other Employee Benefits	479	9,346
	86,045	**113,450**

8.6 Other Staff Related Costs

	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Overseas Training/Studies	2,004	20,513
Local Training/Studies	15,093	486
Overseas Travel	9,591	15,816
Local Travel	10,355	11,572
Consumables	14,280	11,048
Consumables Expense	**51,323**	**59,435**

Consumable's expense comprises costs incurred for the purchase of office provisions and other low-value operational items used in the normal course of business. This includes petty cash retirements for various directorates to facilitate day-to-day administrative and operational needs. Consumables are recognized as an expense in the period in which they are incurred or consumed.

8.7. Repair and Maintenance Expenses

	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Building Maintenance and Repairs	10,728	3,689
Office Equipment Maintenance and Repairs	45,032	23,811
Maintenance and Repairs of Motor Vehicles	1,139	3,303
Vehicle Spares	5,556	5,930
Vehicle Fuel	42,474	13,175
Vehicle Oil	373	54
Sand & Gravel - Electricity Pool Repairs	144	1,705
Cement - Electricity Pool Repairs	924	1,754
	106,370	**53,421**

8.8. Administrative Expenses

	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Board of Directors Expenses	1,922	3,375
Rental for Building	1,408	822
Hire and Lease of Motor Vehicle	19,588	3,411
Hire and Lease of Office Equipment	168	52
Insurance- Motor Vehicles	6,000	1,877
Insurance- Plant and Machinery	6,972	13,048
Management /Consulting fees	2,459	9,511
Project Related Expense	60,382	-
Outsourced Services	15,359	493
Legal & Professional fees	355	8,343
Corporate Entertainment	1,704	-
Advertisement	3,095	4,041
Telephone & Data Expenses	29,701	18,705
Donations	35	3,814
Stationery &Printing	10,675	8,152

Local & Statutory Taxes	22,275	11,994
Postage, stamps &Courier	15,859	6,435
Fees to external auditors	800	900
Increase / (Decrease) in Provision for Trade Debtors debts	79,277	-
Other Materials Supplies	-	7,811
Timber and Plywood	7	125
Tools	1,944	4,855
Stock Adjustment	(2,374)	231,249
Regulatory Fees - PURA	8,000	6,000
Subscription to West African Power Pool	3,952	2,991
	289,563	**348,004**

8.9 Utility Cost	**31-Dec-22 GMD'000**	**31-Dec-21 GMD'000**
Own Consumption - Water	2,809	3,000
Own Consumption - Electricity	135,924	107,760
	138,733	**110,760**

8.10 Interest Expense and Similar Charges	**31-Dec-22 GMD'000**	**31-Dec-21 GMD'000**
Interest on long term loans	1,348	31,774
Bank charges and commissions	14,562	14,838
Interest on short term borrowings	118,981	66,082
	134,891	**112,694**

Net Realized Foreign Exchange Loss (-)	(256,533)	(10,639)
Net Unrealized Foreign Exchange Loss (-)	(964,935)	(222,570)
Net Foreign exchange gain/ (loss)	**(1,221,468)**	**(233,209)**

Realized foreign exchange gains and losses in NAWEC' s financial context refers to the actual profits or losses incurred during the settlement of invoices and payments for borrowed funds in foreign currencies. The primary contributing factor to these costs is the variance between the Central Bank of The Gambia (CBG) rates, utilized for accounting purposes, and the rates at which NAWEC acquires foreign currency, especially from Money Transfer Operators (MTOs) in the market.

Unrealized foreign currency gains and losses, on the other hand, result from the revaluation of assets and liabilities denominated in foreign currency at the end of the reporting period. This adjustment is made to reflect the fair value of the assets and liabilities concerned

Stock Adjustments

During the year, NAWEC conducted a stock count at its Kanifing Store No. 1 and noted discrepancies between recorded inventory and physical stock. The resulting adjustment created a negative stock value of GMD 2.3 million. This was primarily due to spare parts used for vehicle maintenance being returned to the store without proper recording through a Goods Received Note (GRN).

8.11a Fixed Assets Schedule

	Assets Under Construction	Land	Building	Plant and Machinery	Motor Vehicles	Office Equipment & Furniture	Electricity Network	Water Network	Sewerage Network	Total
	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000	GMD'000
Cost										
At January 1, 2022	**2,247,516**	**108,930**	**125,846**	**4,788,657**	**223,446**	**111,353**	**3,245,227**	**1,873,745**	**4,895**	**12,729,616**
Additions (New Purchases)	250,488	528	-	131,171	13,527	36,790	25,867	-	-	**458,371**
Additions (Transfers from WIP to PM and EN)	(2,151,992)	-	91,196	990,045	11,885	-	245,012	813,855	-	-
Prior year corrections	-	**16,257**	(16,257)	-	-	-	-	-	-	-
At 31 December 2022	**346,012**	**125,715**	**200,785**	**5,909,873**	**248,858**	**148,143**	**3,516,106**	**2,687,600**	**4,895**	**13,187,987**
Accumulated Depreciation										
At January 1, 2022	-	-	**(78,670)**	**(2,801,596)**	**(167,377)**	**(73,014)**	**(605,060)**	**(689,670)**	**(337)**	**(4,415,723)**
Charges for the year	-	-	(5,111)	(373,189)	(30,990)	(16,056)	(100,286)	(76,063)	(122)	**(601,818)**
Prior year corrections	-	-	29,412	(12,444)	389	(57)	12,449			**29,749**
At 31 December 2022	-	-	**(54,368)**	**(3,187,228)**	**(197,977)**	**(89,128)**	**(692,897)**	**(765,733)**	**(459)**	**(4,987,791)**
Net Book Value										
At 31 December 2022	**346,012**	**125,715**	**146,416**	**2,722,645**	**50,880**	**59,016**	**2,823,210**	**1,921,867**	**4,436**	**8,200,196**
At 31 December 2021	**2,247,516**	**108,930**	**47,176**	**1,987,061**	**56,069**	**38,339**	**2,640,167**	**1,184,075**	**4,559**	**8,313,893**

8.11b Intangible Assets

	31-Dec-2022 GMD'000	31-Dec 2021 GMD'000
Cost 1 January	15,432	15,432
Additions	540,310	-
Cost as at 31 December	**555,742**	**15,432**
Accumulated amortization 1 January	(15,432)	(14,031)
Less amortization for the year	(62,952)	(1,401)
Accumulated depreciation as at 31 December	**(78,384)**	**(15,432)**
Net Book Value as at 31 December	**477,358**	**-**

During the year 2021, the Company acquired an Integrated Management System (IMS) through a World Bank grant. The migration to the new system, Microsoft Dynamics AX, began in October 2021, but the system only became fully functional in 2022. The cost associated with this software is the only addition recorded as of 2022.

8.12. Inventories

	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Electricity Service Connection Material	33,456	104,576
Water Service Connection Material	105,604	76,946
Electricity Maintenance Material	11,286	4,071
Generators Spare Parts	180,143	124,347
Tools	20,136	192
Water Maintenance Materials	23,782	8,914
Vehicle Spares	501	2,798
Stationery and Consumables	23,089	22,053
	397,997	**343,897**
Provision for obsolescence	(80,928)	(17,960)
	317,069	**325,937**
Fuel and lubricants	213,133	276,790
	530,202	**602,727**

NAWEC; due to the nature of its operations is expected to have in stock a wide range of materials which include generator parts, electricity, and water equipment. Inventory of high value such as different grades of fuel are kept enabling our technical staff smoothly execute their duties towards the generation and distribution of the required services.

8.13 Trade and Other Receivables

	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Trade receivables	976,096	734,749
Staff receivables	36,876	36,213
Other receivables from Government	-	11,952
Receivable from AGIB Bank: Service Connection Agreement	-	19,961
Other receivables	88,442	9,001
Prepayments	19,370	4,256
	1,120,784	**816,132**
Provision for bad debt	(178,225)	(161,917)
Provision for Staff Loans	(3,744)	(3,744)
	938,815	**650,472**

8.14 Cash and cash equivalents

	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Cash at bank	425,905	358,191
Restricted Cash	-	112,845
Project Related Cash	25,436	6,007
Cash in hand	10,301	836
Total	**461,642**	**477,879**

8.15 Long-term Borrowings

Description of Loan	**Curr.**	**Lender**	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Loan for Brikama II Generator Set	GMD	SSHFC	80,519	80,398
Kotu Power Generation Expansion Project	USD	MoFEA-GoTG	738,319	632,880
Upgrade & Expansion of Network in GBA	USD	MoFEA-GoTG	1,188,201	1,019,936
Brikama II Generator Set	USD	MoFEA-GoTG	382,890	330,939
Brikama Power Project	ID	MoFEA-GoTG	454,437	386,802
Kotu Power Generation Expansion Project	USD	MoFEA-GoTG	540,555	468,742
20 MW Brikama Power Station (Leasing)	USD	MoFEA-GoTG	1,519,563	1,193,069
India-Electrification Expansion Project for GBA	USD	MoFEA-GoTG	1,270,733	868,587
			6,175,217	**4,981,353**
Repayable in one year			(292,679)	(292,679)
Total			**5,882,538**	**4,688,673**

Repayment Schedule for External Borrowings		Total	Due within One (1) year	Due after One (1) year
		GMD'000	GMD'000	GMD'000
Description of Loan	*Curr.*			
Loan for Brikama II Generator S	GMD	80,519	5,881	74,638
Kotu Power Generation Expansion Project	USD	738,319	42,192	696,127
Upgrade & Expansion of Network in GBA	USD	1,188,201	77,352	1,110,849
Brikama II Generator Set	USD	382,890	35,188	347,702
Kotu Power Generation Expansion Project	USD	540,555	-	540,555
20 MW Brikama Power Station (Leasing)	USD	1,519,563	93,777	1,425,786
India-Electrification Expansion Project for GBA	USD	1,270,733	-	1,270,733
		5,720,780	**254,390**	**5,466,390**

1. OFID-Kotu Power Generation Expansion Project

This is Loan Number 1 under the on-lending agreement between NAWEC and MoFEA, signed on May 10, 2019. The principal loan amount is $12 million, with an interest rate of 1.25% per annum, and a semi-annual repayment schedule. The project focused on constructing an 11MW power generation facility, funded by the OPEC Fund for International Development (OFID) with additional contributions from the government through NAWEC.

2. BANDES Upgrade and Expansion of Network in Greater Banjul Area

Loan Number 2, signed on May 10, 2019, under the on-lending agreement between NAWEC and MoFEA, is referred to as the Venezuelan project. The principal loan amount is $22 million, though it was not fully disbursed at the time of the agreement. It carries an interest rate of 1% per annum with a semi-annual repayment schedule, subject to a two-year grace period. The loan was designated for upgrading, rehabilitating, refurbishing, and expanding the existing LV and MV network in the Greater Banjul Area.

3. IDB-Brikama Gen Set (Leasing)

Loan Number 3 is part of the Brikama II set of loans, with a principal amount of $10 million. The loan agreement includes an interest rate of 6-month LIBOR plus 135 basis points per annum and follows a semi-annual repayment schedule after a two-year grace period. This loan, funded by the Islamic Development Bank (IDB), supported the engineering, purchase, and installation of a 9MW heavy fuel-oil engine under an EPC contract with Wartsila.

4. Brikama Power Station IDB Loan

Loan Number 4, part of the Brikama II project, involved a principal loan amount of ID 4.3 million with a service fee of 281.232. The loan is subject to a semi-annual repayment schedule with a two-year grace period. The Islamic Development Bank (IDB) funded this loan to support the extension of the Brikama II project, specifically for the construction of a 20MW power station featuring twin 10MW diesel engines.

5. BADEA-Kotu Power Generation and Expansion Project
Loan Number 5 in the on-lending agreement, with a principal amount of $9 million, was signed with a 1% interest rate and a semi-annual repayment schedule after a two-year grace period. This loan is part of the OFID project, aimed at the design, supply, installation, testing, and commissioning of Doosan Engines for the 11MW power generation facility.

6. 20MW Brikama Power Station
Loan Number 6, also known as the second phase of the leasing component of the ISDB loan, had an initial principal amount of $17.4 million. The loan carries an interest rate of 6-month LIBOR plus 135 basis points per annum and follows a semi-annual repayment schedule after a two-year grace period. This loan was designated for the Brikama III project, which involved constructing a 20MW power station.

7. EXIM - Electricity Expansion Project in Greater Banjul Area (GBA)
Loan Number 7 was signed with a principal amount of $22 million and an interest rate of 1.75% per annum. The loan follows a semi-annual repayment schedule with a two-year grace period. Funded by the Exim Bank of India, this loan was allocated for the expansion of the electricity network in the Greater Banjul Area, implemented in two phases.

8. Brikama II Generator Set
SSHFC - Loan for Brikama II Generator Set, Social Security and Housing Finance Corporation (SSHFC) procured the services of an engineering firm to purchase ancillary materials, install, test and commission two existing generators DEUTZ BV 16m 640 - 600 RPM, 6590 KWM at the Brikama Power Plant. Cost to SSHFC at the time in 2010 was €1.8m. The repayment of the loan is done through an offsetting agreement between the two institutions.

8.16. Capital Grants

	GESP Grant	**Dutch Grant**	**Danish Grant**	**Organization of Islamic Conference (OIC) Grant**	**GERMP Grant**	**Total**
	GMD'000	**GMD'000**	**GMD'000**	**GMD'000**	**GMD'000**	**GMD'000**
Net Book Value 1 January 2022	406,897	464,064	2,455	28,119	-	**901,535**
Addition	-	-	-	23,307	501,509	**524,816**
Disposal		-	-			**-**
Amortized to income statement	(17,260)	(16,573)	(2,455)	-	(49,148)	**(85,436)**
At 31 December 2022	**389,637**	**447,491**	**-**	**51,426**	**452,361**	**1,340,915**

8.17. Trade and Other payables

	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Trade Creditors	3,051,880	1,313,699
Accruals & Other Payables	97,661	244,580
Vat Payable	(5,432)	60,546
Withholding Tax Payable to GRA on Local Contractors	643	716
Advanced Payment from Prepayment Super vendors	58,234	56,813
	3,202,986	**1,676,354**

The Provision for other liabilities relates to NAWEC Budget support to the GERMP projects for people affected by the project and/or Resettlement Action Plan (RAP) for compensation of victims

8.18 Short-term Borrowing

	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Ecobank USD Line of Credit	242,280	-
International Trade Finance Corporation (ITFC) HFO Facility	1,472,178	1,448,745
External Loan Due within 12 months	292,679	292,679
Short-term Bank Loan	182,520	-
	2,189,657	**1,741,424**

8.19 Tax Payable

	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Opening Balance as of 1st January	-	-
Tax liability Payable (1% of the taxable turnover)	49,685	-
Less Tax paid during the year	-	-
Due Tax Liability as of 31st December	49,685	-

8.20 Impairment

	31-Dec-22 GMD'000	31-Dec-21 GMD'000
Impairment	(13,449)	-

As part of the Exim Bank-funded Asbestos Pipe Replacement and Water Supply Rehabilitation and Expansion Project, NAWEC replaced asbestos pipelines with uPVC pipes, which were capitalized as part of the water network infrastructure and are being depreciated over a 40-year useful life. Technical audits conducted in June 2022 and August 2023 raised concerns about the quality and durability of several project components, particularly the pumps and motors used in the water distribution system. Although the asbestos replacement itself was not directly impaired, the broader issues of poor workmanship and substandard materials present a potential risk of future impairment. As of 31 December 2022, the following impairment assessments were made: the Production Borehole Pumps, valued at GMD 1.491 million, were fully impaired due to confirmed defects and operational failure; the Transfer Pumps (15 units) were impaired by 50% of their initial value, with the remaining balance depreciated over a revised 5-year useful life; the Aerator Tank, valued at GMD 4.741 million, was found defective but repaired by the contractor, and therefore no impairment was recognized; and the SCADA System, valued at GMD 49.3 million, was not impaired, but its useful life was revised to 5 years due to risks related to software licensing and lack of support agreements. While the asbestos pipe replacement remains unimpaired, NAWEC management notes that ongoing quality concerns and insufficient documentation pose a material risk to the long-term reliability of the assets installed under this project. These risks will continue to be monitored, and any future indications of impairment will be evaluated in accordance with IAS 36 – Impairment of Assets.

DISCLOSURE NOTES

9.1 Going Concern:

The financial statements for the year ended 31 December 2022 have been prepared on a going concern basis, notwithstanding the fact that NAWEC continues to operate as a loss-making entity. The company incurred a net loss during the year, primarily due to Structural and operational bottlenecks, high operating costs caused by external factors, and tariff levels that do not fully reflect the cost-of-service delivery.

Management has assessed the company's ability to continue as a going concern and believes that, based on ongoing government support and planned operational improvements, NAWEC will be able to meet its obligations as they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

In 2022, NAWEC faced significant financial challenges driven by the global energy crisis triggered by the Russia-Ukraine conflict. The surge in oil and gas prices sharply increased fuel costs for power generation, even though most of our engines were not operational. These rising costs severely impacted profitability, resulting in substantial realized losses.

The crisis also caused volatility in foreign exchange markets, leading to considerable unrealized losses on NAWEC's foreign currency-denominated liabilities. The depreciation of the Gambian dalasi against major global currencies further amplified these exchange losses, putting additional strain on the company's financial position.

9.2 Contingent Liabilities

As of the end of 2022, NAWEC is involved in several legal disputes which, depending on the outcome, may result in financial liabilities. The most significant cases are summarized below:

i. **Muhammed Saho v. NAWEC – Land Dispute**
The Plaintiff, Muhammed Saho, claims ownership of land in dispute, alleging he purchased it from Lamin Bojang and refused to sell it to NAWEC. NAWEC contends that the seller, Lamin Bojang, lacked authority to sell the land, which belongs to the Bandeh Kunda Kabilo of Jambur Village. NAWEC asserts that the land was allocated to it for the construction of a water plant intended for community benefit. The case remains ongoing. Depending on the court's ruling, NAWEC may incur financial liabilities for compensation if the judgment is in favor of the Plaintiff.

ii. **Momodou Jammeh v. NAWEC – Declaration of Title to Land at Farato**
The Plaintiff claims ownership of land in Farato, where a NAWEC power plant is located, and has presented documentation including a rejected tree-felling application and a magistrate judgment in his favor. However, NAWEC was not a party to the original suit and has evidence that the Plaintiff does not possess proper title to the land, which falls under forest land allocated to NAWEC by the Ministry of Lands and the Department of Forestry. Although negotiations are ongoing, there is potential exposure if the court rules in favor of the Plaintiff, despite NAWEC's

assertion of title and an existing Memorandum of Understanding (MOU) regarding the land.

iii. **GAMWIND v. NAWEC – Breach of Contract**
GAMWIND has initiated legal proceedings against NAWEC for breach of contract related to a Power Purchase Agreement (PPA). In 2013, an Executive Order from the then President resulted in the shutdown of the Plaintiff's wind turbine site. GAMWIND is now claiming for breach of contract and recovery of sums allegedly owed, despite no electricity supply being provided to NAWEC during the shutdown. Both parties are currently engaged in negotiations to settle the matter out of court. Depending on the outcome, NAWEC may incur financial liabilities for breach of contract and related claims.

Legal Provisions
NAWEC is continuously evaluating the potential financial impact of these legal disputes. At this point, no provisions have been made in the 2022 financial statements for any of these cases, as the outcomes are uncertain and negotiations are ongoing.

9.3 Environmental Impact of Tech World Filing Station
NAWEC has identified a potential environmental and operational risk arising from the construction of a new petrol station in close proximity to the Sukuta Water Treatment Plant (WTP), one of NAWEC's largest water treatment facilities. In April and August 2024, NAWEC formally raised concerns with the Public Utilities Regulatory Authority (PURA) regarding the risk of groundwater contamination, disruption to water treatment operations, and restricted access to critical infrastructure. As of the reporting date, construction remains ongoing and unresolved, and NAWEC continues to engage with regulatory bodies to assess the environmental impact and determine appropriate mitigation measures. In accordance with IAS 37_ Provisions, Contingent Liabilities and Contingent Assets, this situation is disclosed as a contingent liability due to the uncertainty of outcome and the inability to reliably measure the financial impact at this stage; no provision has been recognized.

9.4 Impairment of Asbestos-Related Assets
As part of the Exim Bank-funded Asbestos Pipe Replacement and Water Supply Rehabilitation and Expansion Project, NAWEC replaced asbestos pipelines with uPVC pipes, which were capitalized as part of the water network infrastructure and are being depreciated over a 40-year useful life. Technical audits conducted in June 2022 and August 2023 raised concerns about the quality and durability of several project components, particularly the pumps and motors used in the water distribution system. Although the asbestos replacement itself was not directly impaired, the broader issues of poor workmanship and substandard materials present a potential risk of future impairment. As of 31 December 2022, the following impairment assessments were made: the Production Borehole Pumps, valued at **GMD 1.491 million**, were fully impaired due to confirmed defects and operational failure; the Transfer Pumps (15 units) were impaired by 50% of their initial value, with the remaining balance depreciated over a revised 5-year

useful life; the Aerator Tank, valued at **GMD 4.741 million**, was found defective but repaired by the contractor, and therefore no impairment was recognized; and the SCADA System, valued at GMD 49.3 million, was not impaired, but its useful life was revised to 5 years due to risks related to software licensing and lack of support agreements.

9.5 Debt Relief

As part of the cleanup exercise for NAWEC's account, in 2019, NAWEC had a memorandum of understanding with MoFEA. Under the Memorandum of Understanding (MoU) with the Ministry of Finance and Economic Affairs (MoFEA). The relief covers multiple loans, including ITFC and EFGA repayments (SSHFC loans), NAWEC Bond, and loans for energy access, rural electrification, and water supply projects. These liabilities were converted into equity.

9.6 Prior Year Adjustment:

In 2022, NAWEC identified errors from previous periods caused by misclassified and understated payables during system migration and account postings. Corrections included recognizing invoices for service connection materials **(€184,486.89** or GMD **11.84 million),** reversing misclassified Powercon payables (net **GMD 396,642),** adjusting an understatement for Best Option **(GMD 2.16 million),** and fixing migration errors related to WAPP payables **(USD 14,702** or **GMD 894,176).** Following IAS 8 requirements, these adjustments have been recorded as prior year corrections, reducing opening equity by GMD 14.89 million to ensure accurate reporting of liabilities and retained earnings.

9.7 Share Capital and Reserves

NAWEC's shareholding structure is primarily controlled by the Government of The Gambia, holding **97%** of total shares valued at **GMD 2,632,925.85.** Minority shareholders include SSHFC, Gambia Ports Authority, and GAMTEL, each holding 1% (GMD **27,143.57).** Total issued shares amount to **GMD 2,714,357**, representing **100%** ownership.

Shared Holding Structure		
Name of Shareholders	**Shares Holding in Value (GMD)**	**Shares in Percentage**
Government of The Gambia	2,632,925.85	97%
Social Security and Housing Finance Corporation (SSHFC)	27,143.57	1%
Gambia Ports Authority	27,143.57	1%
Gamtel Telecommunications Company Ltd (GAMTEL)	27,143.57	1%
Total Shares	**2,714,357**	**100%**

9.8 Borrowings:

1) SSHFC - Loan for Brikama II Generator Set, Social Security and Housing Finance Corporation (SSHFC) procured the services of an engineering firm to purchase ancillary materials, install, test and commission two existing generators DEUTZ BV 16m 640 - 600 RPM, 6590 KWM at the Brikama Power Plant. Cost to SSHFC at the time in 2010 was **€1.8m**. The repayment of the loan is done through an offsetting agreement between the two institutions.

2) Kotu Power Generation Expansion Project. The principal lender of this loan is the OPEC Fund for International Development (OFID). The loan purpose is for the expansion of the Kotu Power Generation Plant. Total value is US$12m at an interest of **1.25%.** Repayment is bi-annually at **US$400,000** per instalment. The loan is expected to be fully repaid in July 2036.

3) Upgrade and Expansion of Network in Greater Banjul Area. This was a loan of **US$22m** issued by the Government of Venezuela for the upgrade and expansion of the Greater Banjul electricity network. Interest is at 1.25% per annum. It has a two tranches repayment of **US$733,333** per annum. Final repayment of the loan is scheduled for December 2034.

4) Brikama II Generator Set and Brikama II Power Station Project. The two loans were lumped in the 2020 Financial Statement but split in the 2021 figures. Both loans are for the procurement and installation of the new Generator Set in Brikama II Power Station the Islamic Development Bank (IsDB) issued loan in ID (Special drawing rights) 4,320,000 to acquire generators for the Brikama II Power Station. ID120,000 is repaid towards the loan bi-annually with completion scheduled for December 2038. The other loan of US$10.8m from the Islamic Development Bank (IsDB). Interest is based on 6 months LIBOR plus 135 basis points per annum. It has a bi-annual repayment plan of **US$363,000**. The loan is expected to be fully repaid in September annum. It has a two tranches repayment of **US$733,333** per annum. Final repayment of the loan is scheduled for December 2034.

5) KOTU Power Generation Expansion. This loan is for the expansion of the Kotu Power Plant amounting to **US$9m** was acquired from the Arab Bank for Economic Development in Africa (BADEA). Interest is 1% per annum. Repayment on this loan starts in 2024. **US$204,000** will be repaid on the principal bi-annually rising to **US$248,000**. Full repayment is scheduled for March 2041.

6) India Electricity Expansion Project for GBA. This refers to a loan of US$22.5m acquired from the India Export-Import (EXIM) Bank for the expansion of the electricity network within the Greater Banjul Area. Interest is at **1.75%** per annum **US$750,000** is payable bi-annually. Final repayment is scheduled for March 2038.