



# National Water and Electricity Company Limited

Draft Annual Report and Financial Statements  
for the year ended 31 December 2017

# Contents

<b>GENERAL INFORMATION .....</b>	<b>3</b>
<b>DIRECTORS' REPORT .....</b>	<b>4</b>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>6</b>
<b>INCOME STATEMENT .....</b>	<b>10</b>
<b>BALANCE SHEET .....</b>	<b>11</b>
<b>STATEMENT OF CHANGES IN EQUITY .....</b>	<b>12</b>
<b>STATEMENT OF CASH FLOWS .....</b>	<b>13</b>
<b>NOTES (FORMING PART OF THE FINANCIAL STATEMENTS) .....</b>	<b>14</b>
2 Revenue .....	16
3 Other operating income .....	16
4 Profit before tax .....	16
5 Staff number and costs .....	17
6 Interest Expenses and similar charges .....	17
8 Grant Income .....	17
9 Cost of Sales .....	18
10 Property Plant and Equipment .....	19
11 Intangible Asset - Billing Software .....	20
12 Inventory .....	20
13 Trade and other receivables .....	20
14 Trade and other payables .....	21
15 Borrowings .....	21
16 Deferred revenue .....	23
17 Share capital .....	24
18 Statement of movement in reserves .....	24
19 Analysis of the balances of cash as shown in the balance sheet .....	24
20 Administrative Expenses .....	25
21 Subsequent events after the year end .....	26

# General information

## Directors

Mr. Alhagie E.F. Conteh  
Mr. Aki Jeremiah  
Mr. Ousman Muhammed Cham  
Mr. Momodou P. Bah  
Secretary General  
Permanent secretary  
Mr. Ebrima Sanyang  
Mr. Baba Fatajo  
Permanent secretary  
Tijan Bahoum  
Buba Janneh  
Charles Mbye

Mr William Shola Joiner  
Mr Mod K Ceesay  
Mr. Saihou Omar Sallah  
Ms.Mariane George  
Hon. Bintanding Jarju  
Mr. Crispin Grey Johnson  
Mr. Kebba Sanyang  
Mr. Gumbo Touray  
Mr. Lamin Camara  
Mr.Alhagie Nyagado

Board Chair - Upto July 2017  
Board Chair - From August 2017  
Board Chair - From January 2019  
Vice Chairperson – From January 2019  
Office of the President  
Ministry of Finance  
NAWEC Managing Director - Up to March 2017  
NAWEC Managing Director - From March 2017  
Ministry of Energy Ex officio  
Mechanical Engineer - From April 2017  
Financial Expert - From April 2017  
Representative from the Private Sector - From April 2017  
Civil Engineer - From April 2017  
Member - From December 2017  
Member - Up to April 2017  
Ministry of Justice - Up to April 2017  
Member - Up to April 2017  
Member  
Member  
Member  
PS, Ministry of Petroleum and Energy -Member  
Director of Monitoring & Evaluation OP-Member

## Secretary

Mr. Momodou Dampha

## Auditors

DT Associates  
1 Paradise Beach Place, Kololi  
P.O Box 268  
Banjul, The Gambia

## Bankers

Zenith Bank (Gambia) Limited  
Trust Bank (Gambia) Limited  
Arab Gambian Islamic Bank Limited  
Guaranty Trust Bank (Gambia) Limited  
Mega Bank Gambia Limited  
Standard Chartered Bank (Gambia) Limited  
First International Bank Limited  
Access Bank (Gambia) Limited  
Ecobank (Gambia) Limited  
Reliance Financial Services  
Bank Sahelo-Sahanienne Pour L'industrie et Commerce (BSIC)  
Central Bank of The Gambia  
Skye Bank (Gambia) Limited

## 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 2017.

## **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.

## **Property, plant and equipment**

The property, plant and equipment of the company are as detailed in note 10 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 statement.

### **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.

### **Auditors**

The auditors, DT Associates, who were appointed by the National Audit Office and having indicated their willingness, will continue in office pursuant section 342 (2) of the Companies Act 2013.

### **By Order of the Board of Directors**

A handwritten signature in blue ink, appearing to read "J. D. Singh", is written over the "By Order of the Board of Directors" heading.

### **Secretary**

Date 26<sup>th</sup> November 2019

## Independent Auditor's Report

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

#### Qualified Opinion

We have audited the financial statements of National Water and Electricity Company Limited (NAWEC), set out on pages 10 to 26, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss, 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.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly the financial position of National Water and Electricity Company Limited (NAWEC), as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles (GAAP), and in the manner required by the Companies Act, 2013.

#### Basis of Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in The Gambia and we have fulfilled our other responsibilities in accordance with IFAC Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Qualified Opinion

The prior year financial statements were also qualified with respect to the matters below:

##### Inventory

As detailed in note 12 of the financial statement, inventory is stated at carrying value of D616.8 million as at 31 December 2017. From our audit work, we noted a difference of D4.9 million between the stock valuation report and the General Ledger Balance. The difference was not supported, reconciled or corrected by Management.

Due to the above, we could not ascertain the valuation and existence of the inventory balance in the financial statement. Consequently, we could not determine the possible adjustments if any that might have been necessary for the year ended 31 December 2017.

# Independent Auditor's Report (Continued)

## **Borrowings**

GMD9.2 billion is reported as long term loans in note 15 of the financial statement. GMD 5.4 billion of this balance could not be supported either through independent direct confirmations by us or loan agreements. Without sufficient evidence from Management, we were unable to ascertain the completeness, existence and valuation of the unsupported loan balance.

## **Cash and Bank**

The Company reported cash balance of D146.1 million and overdrawn bank balance of D29.9 million as detailed in note 19 of the financial statement. From our audit test on cash and bank balances, we noted long reconciling items in the bank reconciliation amounting to D288.8 million that were not cleared or supported up to the time of reporting. We were therefore unable to confirm the completeness and valuation of the cash balances. If these reconciling items are adjusted, it is like to affect other account balances in the financial statement.

## **Opening Balance Differences**

During our review of the retained earnings opening balance we noted that there was a difference of D153.6 million between the previous years' audited accounts closing balance and the current year's opening balance. Management provided us with the adjustments relating to these differences however, these adjustments could not be adequately supported. We are thus unable to confirm the valuation of the opening balance.

## **Material Uncertainty Related to Going Concern**

We draw attention to Note 18 in the financial statements which indicates that the Company incurred cumulative losses of D5.8 billion as at the year end, negative net assets of D4.2 billion and equal deficit in shareholders' equity. These conditions as set forth in the financial statements indicate the existence of uncertainty regarding the Company's ability to continue as a going concern and an increased liquidity risk. The Government of The Gambia through its representative, the Ministry of Finance has signed a memorandum on 9th March 2018 to assume responsibility for 77.5% of the loans to enable the entity to continue to operate and meet its obligations. Our opinion is not qualified in respect of this matter.

## **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.

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.

# Independent Auditor's Report (Continued)

## 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.

## Auditor's Responsibilities for the Audit of the Financial Statements

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 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.



## Independent Auditor's Report (Continued)

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

*25th November* 2019

# Income Statement

(In thousands of Gambian Dalasi)  
for the year ended 31 December 2017

	Notes	31-Dec-17 D.000	31-Dec-16 D.000
Revenue	2, 1.4	<b>2,819,907</b>	2,887,635
Cost of sales	9	<b>(1,548,677)</b>	(1,484,324)
<b>Gross profit</b>		1,271,230	1,403,311
Administration costs	20	<b>(629,834)</b>	(656,884)
Depreciation charge	10,11, 1.3	<b>(320,471)</b>	(322,824)
Release of capital grants	8, 1.10	<b>21,627</b>	21,628
Other operating income	3	<b>16,032</b>	(15,427)
<b>Net operating expenses</b>		(912,641)	(973,507)
<b>Operating profit</b>		358,584	429,804
Interest expense and similar charges	6	<b>(241,121)</b>	(299,061)
Loss on Foreign Exchange Translation		<b>(99,300)</b>	(18,329)
<b>(Loss)/profit for the year</b>		<b>18,163</b>	112,414

The notes form part of these financial statements.

# Balance Sheet

as at 31 December 2017  
(In thousands of Gambian Dalasi)

		31-Dec-17 D'000	31-Dec-16 D'000
<b>Assets</b>	Notes		
<b>Non current assets</b>			
Property, plant and equipment	10, 1.3	5,219,439	4,931,393
Intangibles	11	5,655	9,320
Investments		-	5,500
		<b>5,225,094</b>	<b>4,946,213</b>
<b>Current assets</b>			
Inventories	12, 1.2	616,823	415,279
Trade and other receivables	13	977,850	803,724
Cash at bank and in hand	19	146,087	181,734
		<b>1,740,760</b>	<b>1,400,737</b>
<b>Total assets</b>		<b>6,965,854</b>	<b>6,346,950</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	17	68,466	68,466
Revaluation reserve	18	1,581,375	1,581,375
Retained earnings	18	(5,831,730)	(5,696,309)
		<b>(4,181,889)</b>	<b>(4,046,467)</b>
<b>Non current liabilities</b>			
Deferred capital grants	16, 1.10	553,032	574,659
Borrowings	15a	8,692,699	8,257,167
		<b>9,245,731</b>	<b>8,831,826</b>
<b>Current liabilities</b>			
Trade and other payables	14	1,350,504	862,382
Loans	15a	521,621	556,767
Bank Overdraft	19	29,887	142,442
		<b>1,902,012</b>	<b>1,561,591</b>
		<b>6,965,854</b>	<b>6,346,950</b>

These financial statements were approved by the Board of Directors on ..... 28<sup>th</sup> Nov 2019  
and were signed on its behalf by:

Director

Director

The notes form part of these financial statements

# Statement of changes in equity

for the year ended 31 December 2017

	Share capital	Revaluation reserve	Retained earnings	Total
	D'000	D'000	D'000	D'000
At 1 January 2017	68,466	1,581,375	(5,696,309)	<b>(4,046,468)</b>
Opening balance difference	-	-	(153,589)	<b>(153,589)</b>
Profit for the year	-	-	18,168	<b>18,168</b>
<b>At 31 December 2017</b>	<b>68,466</b>	<b>1,581,375</b>	<b>(5,831,730)</b>	<b>(4,181,889)</b>

The opening balances differences were as a result of a clean-up exercise with the consultant for issues raised in previous years. This was discussed in detail with the audit team and was posted as prior year adjustment and mention in the financial disclosure.

The notes form part of these financial statements.

# Statement of cash flows

for the year ended 31 December 2017  
(In thousands of Gambian Dalasi)

	Notes	31-Dec-17 D'000	31-Dec-16 D'000
<b>Cash flows from operating activities</b>			
Operating(loss)/ profit		358,584	429,804
Depreciation and amortisation	10,11	320,471	322,824
Release of capital grants	8	(21,627)	(21,628)
Changes in inventories	12	(201,544)	5,134
Changes in trade receivables	13	(174,126)	104,867
Changes in trade payables	14	488,123	(108,659)
Prior year adjustment		2,213	-
Opening balance difference		(153,589)	816
<b>Cash generated from operations</b>		<b>618,504</b>	<b>733,158</b>
Interest paid	6	(241,121)	(299,061)
Exchange gains		(99,300)	(18,329)
<b>Net cash generated from operating activities</b>		<b>278,088</b>	<b>415,768</b>
<b>Cash flows from investing activities</b>			
Purchase of non current assets	10	(607,064)	(429,096)
Development Funding Aqua		5,500	(3,500)
<b>Net cash used by investing activities</b>		<b>(601,564)</b>	<b>(432,596)</b>
<b>Cash flows from financing activities</b>			
Loans received		400,386	80,752
<b>Net cash generated from financing activities</b>		<b>400,386</b>	<b>80,752</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	19	<b>76,905</b>	<b>63,924</b>
<b>Cash and cash equivalents at the beginning of the year</b>	19	<b>39,293</b>	<b>(24,631)</b>
<b>Cash and cash equivalents at the end of the year</b>	19	<b>116,198</b>	<b>39,293</b>

The notes form part of these financial statements.

# Notes (forming part of the financial statements)

## 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

All revenue arose in The Gambia from the following activities:

	31-Dec-17 D'000	31-Dec-16 D'000
Billing revenue	2,708,244	2,673,639
Service extensions	4,392	5,810
Service connections	107,271	208,186
	<b>2,819,907</b>	<b>2,887,635</b>

## 3 Other operating income

	31-Dec-17 D'000	31-Dec-16 D'000
Reconnection fees	750	907
Sundry General Trading income	62	123
Surcharge income	3,553	3,084
Water in bulk revenue	88	116
Meter transfers	586	496
Reconnection fees - Electricity	105	97
AQUA Gambia	-	61
Sewerage unblockage - GBA	437	-
Other Marginal Activities	1,969	(13,361)
Other Exceptional Income	927	518
Penalty on Returned Cheque	9	20
Others	61	-
	<b>7,485</b>	<b>(7488)</b>
	<b>16,032</b>	<b>(15,427)</b>

## 4 Profit before tax

The profit for the year before tax is stated:

	31-Dec-17 D'000	31-Dec-16 D'000
after charging		
Auditors remuneration	870	870
Depreciation	320,471	322,824
Directors remuneration	339	450



## 5 Staff number and costs

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

	31-Dec-17 D'000	31-Dec-16 D'000
Executive director	1	1
General staff	<b>1854</b>	1854
	<b>1855</b>	1855

The aggregate payroll costs were as follows:

	31-Dec-17 D'000	31-Dec-16 D'000
salaries and wages	<b>219,356</b>	221,163
	<b>219,356</b>	221,163

## 6 Interest Expenses and similar charges

	31-Dec-17 D'000	31-Dec-16 D'000
Interest on long term loans	<b>218,763</b>	277,926
Bank charges and commissions	<b>22,358</b>	21,135
	<b>241,121</b>	299,061

## 7 Taxation

The Government of The Gambia has granted National Water and Electricity Company (NAWEC) Ltd exemption from the payment of Yearly corporate tax to the Gambia Revenue Authority through the Public Enterprise Act Cap, 87:01 through the Utilities Holding Corporation Act (Revocation) order in Section 3.

## 8 Grant Income

	31-Dec-17 D'000	31-Dec-16 D'000
Amortisation of Dutch grant	<b>16,572</b>	16,573
Amortisation of Danish grant	<b>5,055</b>	5,055
	<b>21,627</b>	21,628

## 9 Cost of Sales

	31-Dec-17 D'000	31-Dec-16 D'000
Chemicals	2,486	1,196
Service connection –water	53,461	28,200
Oils & Lubricants	162,103	112,684
Vehicle & Equipment Spares	7,710	6,461
Service Connection – Electricity	41,927	36,735
Service Extension – water	2,501	1,931
Service Extension – Electricity	340	7,239
Discount on Scratch Card	12	3,231
Heavy Fuel	914,983	1,037,254
Light fuel oil	200,436	150,689
Spare parts water equipment	2,264	-
Generator parts	148,776	98,704
Purchase of Energy	11,678	-
	<b>1,548,677</b>	<b>1,484,324</b>

## 10 Property Plant and Equipment

	Assets under constructio n D'000	Land and building D'000	Plant and machinery D'000	Motor vehicle D'000	Office equipment & furniture D'000	Electricity network D'000	Water & Sewerage network D'000	Total D'000
<b>Cost</b>								
At 1 January 2017	<b>1,198,820</b>	<b>232,733</b>	<b>3,507,023</b>	<b>124,510</b>	<b>61,415</b>	<b>1,517,141</b>	<b>624,572</b>	<b>7,266,214</b>
Additions	552,430	-	18,131	16,578	7,370	12,144	411	<b>607,064</b>
Transfer								-
<b>At 31 December 2017</b>	<b>1,751,250</b>	<b>232,733</b>	<b>3,525,154</b>	<b>141,088</b>	<b>68,785</b>	<b>1,529,285</b>	<b>624,983</b>	<b>7,873,278</b>
<b>Depreciation</b>								
At 1 January 2017	-	46,801	1,656,606	101,771	30,542	269,458	229,643	<b>2,334,821</b>
Charge for the year	-	6,709	206,593	12,745	8,644	54,947	29,382	<b>319,019</b>
<b>At 31 December 2017</b>	<b>-</b>	<b>53,510</b>	<b>1,863,199</b>	<b>114,516</b>	<b>39,186</b>	<b>324,405</b>	<b>259,025</b>	<b>2,653,840</b>
<b>Net book value</b>								
<b>At 31 December 2017</b>	<b>1,751,250</b>	<b>179,223</b>	<b>1,661,955</b>	<b>26,572</b>	<b>29,600</b>	<b>1,204,880</b>	<b>365,958</b>	<b>5,219,439</b>
At 31 December 2016	1,198,820	185,932	1,850,418	22,739	30,873	1,247,683	394,929	4,931,393

## 11 Intangible Asset - Billing Software

	Note	31-Dec-17	31-Dec-16
		D'000	D'000
Balance as at 1 Jan 2017	11.a	9,320	10,848
Prior Year Adjustment		(2,213)	-
Less amortization		(1,452)	(1,528)
Balance as 31 Dec 2017		<u>5,655</u>	<u>9,320</u>

11.a Prior year adjustment was done to clear differences between commercial and Finance department during which accumulated bill adjustments were not captured by Finance Department. Intangible Assets were grouped and amortize over a period and later separated accordingly and the difference was posted as prior year adjustment to cater for the ones that were fully amortized.

## 12 Inventory

Inventory comprises	31-Dec-17	31-Dec-16
	D'000	D'000
Electrical spares	450,186	258,770
Water equipment spares	56,145	106,849
Vehicles spares	3,855	2,350
Stationery	8,084	4,805
	<u>518,270</u>	<u>372,774</u>
Less: Provision for obsolescence	<u>(17,943)</u>	<u>(13,673)</u>
	500,327	359,101
Fuel and lubricants	116,496	56,178
	<u>616,823</u>	<u>415,279</u>

## 13 Trade and other receivables

	31-Dec-17	31-Dec-16
	D'000	D'000
Trade debtors	1,116,622	907,328
Staff debtors	24,153	29,529
Other Debtors	6,887	4,905
	<u>(167,493)</u>	<u>(135,058)</u>
Provision for bad debt	(2,319)	(2,980)
Provision for staff loans		
	<u>977,850</u>	<u>803,724</u>

## 14 Trade and other payables

	Notes	31-Dec-17 D'000	31-Dec-16 D'000
Trade creditors		911,778	671,166
Interest payable		370,894	166,098
Other Accruals		70,516	82,233
Vat Payable	14.a	(1,963)	(57,330)
10% Withholding tax		(721)	214
		<b>1,350,504</b>	<b>862,381</b>

**14.a** VAT figure is negative due to over payment during last year and it is being regularized

## 15 Borrowings

	Notes	31-Dec-17 D'000	31-Dec-16 D'000
Gambia Government Loans	15.a	2,693,835	2,645,890
NAWEC Bond	15.d	1,713,801	1,717,608
EBID Loan for RE P Extention	15.h	346,030	208,683
Badea Loan for Kotu Power Station Expansion	15.i	569,613	425,009
SSHFC Loans	15.b	957,903	999,764
ING Bank loan	15.f	268,898	401,705
Opec Fund for International Development	15.j	349,237	281,588
IDB Loans	15.e	1,362,879	1,159,936
ELECTRICITY EXPANSION (EXIM) LOAN	15.c	9,549	-
Guaranty Trust Bank Loan		8	1,809
BSIC Bank Loan		32	4
AGIB Loans	15.k	60,849	73,078
Venezuela Loan	15.g	867,580	867,580
Mega Bank Loan		-	31,281
Asbesestors Water Supply Expansion Loan		14,104	-
		<b>9,214,318</b>	<b>8,813,935</b>
Repayable in one year		<b>(521,619)</b>	<b>(556,767)</b>
		<b>8,692,699</b>	<b>8,257,168</b>

## 15. Loan repayment schedule

		<b>Total</b>	Due within 1 year	Due within 2 - 5 years
	Notes	<b>D'000</b>	D'000	D'000
Gambia Government Loans	15.a	<b>2,693,835</b>	-	2,693,835
NAWEC Bond	15.b	<b>1,713,801</b>	304,224	1,409,577
EBID Loan for RE P Extention	15.h	<b>346,030</b>	-	346,030
Badea Loan for Kotu Power Station Expansion	15.i	<b>569,613</b>	-	569,613
SSHFC Loans	15.b	<b>957,903</b>	60,000	897,903
ING Bank loan	15.f	<b>268,898</b>	96,538	172,360
Mega Bank Loan	15.l	<b>14,104</b>	-	14,104
Opec Fund for International Development	15.j	<b>349,237</b>	-	349,237
IDB Loans	15.e	<b>1,362,879</b>	-	1,362,879
ELECTRICITY EXPANSION (EXIM) LOAN		<b>9,549</b>	-	9,549
Guaranty Trust Bank Loan	15.m	<b>10</b>	10	-
BSIC ING Loan	15.n	<b>32</b>	-	32
AGIB Loans	15.k	<b>60,849</b>	60,849	-
Venezuela Loan	15.g	<b>867,580</b>	-	867,580
		<b>9,214,320</b>	<b>521,621</b>	<b>8,692,699</b>

- 15.1a The Gambia Government Loans are as a result of Generators acquired for Kotu Power Station and payments made by Central Government to ITFC, Venezuela, ING Bank etc. on behalf of NAWEC for HFO, interest on Water and Electricity projects respectively at critical times when NAWEC was unable to pay
- 15.1b 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.
- 15.1c The Loan from EXIM Bank of India was acquired for the Electricity and Water expansion in the Greater Banjul Area and the Provinces.
- 15.1d NAWEC 5 YEAR BOND (REVISED TO 7 YEAR) 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 EAGL and NAWEC exposures to commercial Banks and NAWEC's liabilities to EAGL to a Five (5) year NAWEC Bond at an interest rate 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. However, this Bond was revised on 29th August 2017 at an interest rate of 12% annual over a period of seven years.
- 15.1e 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.

- 15.1f ING LOAN (GBA WATER PROJECT) This Loan was as a result of a loan in Euros for the Brikama Water Treatment Plant to supply Brikama, Jambajelly down to Brusubi along the Coastal Area. This project was implemented from 1996 to 2006 and the Loan is paid bi-annually with an amount of Euro 855,000.00.
- 15.1g VENEZUELA LOAN This was a \$22 million loan acquired by government on behalf of NAWEC for the rehabilitation of the T&D in the GBA.
- 15.1h EBID LOAN This is a loan for the Rural Electrification Expansion Project and it is ongoing.
- 15.1i BADEA LOAN This was a loan for the Kotu Expansion Project for the acquisition of an 11 MW HFO Generator jointly funded with OPEC. This Project is expected to be completed in March 2018.
- 15.1j OPEC Fund Loan This was a loan for the Kotu Expansion Project for the acquisition of an 11 MW HFO Generator jointly funded with BADEA. This Project is expected to be completed in March 2018.
- 15.1k AGIB This was a loan to purchase operational vehicles and cash power meters.
- 15.1l MEGA BANK LOAN This was a loan taken in June 2016 to repay ITFC facility for a period of 18months.
- 15.1m GTB LOAN This Loan was acquired to purchase Management Vehicles as per Gambia Government Senior Management Vehicle Policy.
- 15.1 n BSIC LOAN This was taken to repay ING Loan for the Brikama Water Treatment Plant.
- 15.1o A Memorandum of Understanding was signed between NAWEC and Ministry of Finance & Economic Affairs (MOFEA).

## 16 Deferred revenue

	The Dutch grant	Danish Govt grant	Total
	D'000	D'000	D'000
At beginning of the year	546,924	27,736	574,660
Amortised to income statement	(16,573)	(5,055)	(21,628)
<b>At end of the year</b>	<b>530,351</b>	<b>22,681</b>	<b>(553,032)</b>

## 17 Share capital

	No of shares	31-Dec-17 D'000	31-Dec-16 D'000
Authorised:			
Ordinary shares of D10 each	50,000,000	500,000	500,000
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	No of shares	D'000	D'000
Issued and fully paid			
Ordinary shares of D10 each	6,846,600	68,466	68,466
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## 18 Statement of movement in reserves

	Retained earnings D'000	Revaluation reserves D'000	Total D'000
At beginning of the year	(5,696,307)	1,581,375	(4,114,932)
Adjustment in reserves	(153,591)	-	(153,591)
loss for the year	18,168	-	18,168
<hr/>			
At end of the year	(5,831,730)	1,581,375	(4,250,355)
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## 19 Analysis of the balances of cash as shown in the balance sheet

	31-Dec-17 D'000	31-Dec-16 D'000	Changes D'000
Cash at bank	145,097	176,760	(31,663)
Cash in Hand	990	4,974	(3,984)
	146,087	181,734	(35,647)
Bank overdraft	(29,887)	(142,442)	112,555
	116,198	39,292	76,906
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## 20 Administrative Expenses

	31-Dec-17	31-Dec-16
	D'000	D'000
Personnel expenses	219,354	221,163
Building rentals	1,767	1,717
Hire of equipment and plant	20,587	20,654
Repairs & maintenance	16,878	14,755
Insurance - vehicles	1,005	900
Insurance - fire & machine breakdown	21	127
Training expenses	18,610	16,069
Management & consultancy	3,225	11,139
Legal & professional fees	7,487	8,012
Expatriate salaries	13,684	13,049
Advertisements	2,108	2,899
Donations & subscriptions	5,045	4,730
Travelling expenses	28,060	18,016
Stationery & printing	6,242	6,725
Cement	606	1,231
Other local taxes	2,429	32,736
vehicle maintenance	19,133	23,824
Postage, stamps & courier	2,506	1,335
Telephone, telex & fax	21,283	19,951
Sundry expenses	53,300	39,330
Board allowances	339	450
Consumables	6,058	5,970
Own consumption	95,765	1,657
Restaurant/entertainment/hotel	1,647	4,000
PURA fees	4,000	6,977
Decrease in provision for obsolete stock	35,446	880
Decrease in Provision for trade Debtors	-	(20,586)
Increase in Provision for Staff Loans	-	871
Rental for Building (including charges)	1,245	10,763
Pipes and Fitting	10,841	1,467
Mechanical & Electricity Supplies	607	89
Timber	56	15,376
Other Material & suppliers	14,709	607
Tools	1,708	10,720
Medical Insurance	12,889	3,217
Sand & Gravel	3,156	155,798
Stock Adjustment	(1,962)	266
	<b>629,834</b>	<b>656,884</b>

## **21 Subsequent events after the year end**

### **21.1 Karpower**

In February 2018 NAWEC signed a two-year contract with Karpower International for the purchase of 30 MW on a take or pay basis with fuel as a pass-through. The contract is denominated in US\$ and NAWEC pay approximately US\$3.5 million per month.

### **21.2 MW Solar Project**

NAWEC shall undertake the full implementation of a 10MW Solar Project. The Contract has been signed and works was expected to start in the second quarter of 2017 but because of land issues and few challenges with the civil works hopefully it will be cleared in the first quarter of 2019.

### **21.3 SENELEC**

In July 2017 NAWEC signed an agreement with Senelec of Senegal for the supply of electricity up to 10 MW renewable every year. Operation started in Farafenni and Barra in August 2017 and April 2018 respectively.

### **21. 4 Electricity Expansion and Rehabilitation Project in the GBA**

The US \$22.5 million project signed in October 2014 envisages the expansion of GBA Network from Kalagi to Kwinella with "T: at Sankandi to Keneba. Eighty (80) communities will be covered by the project in GBA, WCR and LRR. Scope: 2x5MVA, 33/11Kv Primary Substations, 350 kM of 33kV Line, 125 Km of 11 kV Line, over 900 kM of LV Line and 80 Distribution Transformers for 80 Communities. This project is finance by Exim Bank of India.

### **21.5 Asbestos Replacement and Water Network Expansion Project GBA**

This project involves Seventy-Six (76) KM of Asbestos to be replaced in GBA and Rural Area, eight (8) new Boreholes and Reservoir, two (2) Elevated Tanks including Transmission and Distribution Water Network. Construction Works is to last for eighteen (18) Months. EPC Contract negotiation was held in Banjul and the contract was successfully negotiated and signed with most responsive Bidder on the 14th and 15th March, 2018.

### **21.6 Kotu Power Plant Expansion Project**

This project is US\$22.32 million funded by BADEA & OFID. The scope of works includes Design Review, Material Procurement, Construction, Installation and Commissioning of an 11MW Slow Speed Engine at KPS and lasted for twenty-four (24) Months. The Engine was successfully commissioned in May, 2018.