



National Water and Electricity Company Limited

Draft Annual Report and Financial Statements
for the year ended 31 December 2018

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General Information

Directors	Mr. Ousman Muhammed Cham	Chairperson - from Jan 2019
	Mr Aki Allen Jeremiah	Chairman – from Aug 2017 to Aug 2018
	Mr Crispin Grey Johnson	Vice Chairman – form Jul 2019
	Mr Crispin Grey Johnson	Member from Jan 2019 to Jun 2019
	Mr William Shola Joiner	Vice Chairman- from Apr 2017 to Aug 2018
	Mr Momodou p Bah	Vice Chairman- Jan 2019 to Jun 2019
	Mr. Nani Juwara	NAWEC Managing Director - from Jul 2020
	Mr Alpa Robinson	NAWEC Managing Director – from Jul 2019 to Jun 2020
	Mr Baba Fatajo	NAWEC Managing Director- from Mar 2017 to Jun 2019
	Secretary General Office of the President	Member
	Permanent secretary Ministry of Finance	Member
	Permanent Secretary Ministry of Petroleum and Energy -	Member
	Mr Gumbo Touray	Member from Jan 2019
	Mr Kebba Sanyang	Member from Jan 2019
	Mrs Neneh M Ndiaye	Member from May 2020
	Mr Dodou S Gaye	Member from May 2020
	Mrs. Fatou Ceesay	Member from Mar 2017 to Aug 2018
	Mr Tijan Bahoum	Member from Apr 2017 to Aug 2018
	Mr Buba Janneh	Member from Apr 2017 to Aug 2018
	Mr Charles Mbye	Member from Apr 2017 to Aug 2018

Secretary Mrs. Sukai Bangura

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 2018.

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

Secretary

A handwritten signature in blue ink, appearing to read "H. B. ...", is written over the printed name of the Secretary.

Date......2021

Independent Auditor's Report

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

Disclaimer of Opinion

We have audited the financial statements of National Water and Electricity Company Limited (NAWEC) for the year ended 31st December 2018, set out on pages 11 to 26, which comprise the statement of financial position as at 31 December 2018, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Disclaimer of Opinion

Comparative Financial Information

Comparatives presented in these financial statements are those figures reported in the previous year's financial statements. In our report dated 26th November 2019, we issued a qualified opinion on those financial statements as we could not ascertain adequate audit evidences on the following account balances:

- Inventory
- Borrowings
- Cash and Bank
- Opening balances differences

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

Since opening inventories, borrowings, cash and bank and retained earnings enter into the determination of the financial performance and cash flows for the current year, we were unable to determine whether adjustments might be necessary to the profit for the year ended 31 December 2017 reported in the statement of comprehensive income and to the net cash flows from operating activities reported in the statement of cash flows. Furthermore, our opinion on the current year's financial position is qualified because of the possible effect of this matter on the comparability of the current year's financial position with that of the prior year.

Receivables

As detailed in note 13 of these financial statements, net receivable balance was D1,027.24 millions at the year end. During our test, we could not confirm the Valuation of receivable balances amounting to D229 million due to absence of evidence relating to invoices issued to and payments made by customers. These balances could therefore not be substantiated for our review.

Independent Auditor's Report Continued

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

Trade and other Payables

Note 14 of the financial statements, included trade creditors of D1, 239 million. We sent confirmations to a sample of payables and noted differences between the balance recorded on the general ledger and reply received from Gambia National Petroleum Corporation as detailed below;

Supplier Name	GL Amount	Confirmation Amount	Difference
GNPC	691,384,789.37	758,968,312.95	67,583,523.58

The difference of D67.58 million was not reconciled or adequately supported; we therefore could not ascertain the completeness and valuation of the Trade Creditors balance reported in the financial statements.

Other Accruals

Note 14 of the financial statements, included Other Accruals of D110.13 million; the breakdown was not provided for our review. Without relevant and sufficient evidence from Management, we were unable to ascertain completeness of the account balance.

Cash and Bank

The company reported cash balance of D207.9 million and overdrawn balance of D136.5 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 items amounting to D177.8 million that were not cleared or adequately supported. We were unable to confirm the completeness and valuation of the cash balances. If these reconciling items are adjusted, it is likely to affect other account balances in the financial statement.

Revenue

Included in Note 2 of the financial statements is Revenue of D3, 225.44million. Of this amount D3,058 million related to revenue from billing. During our audit test on revenue relating to Electricity and Water sales, we noted a difference of D93,929,878 and D79,388,424 respectively between our expectation and the amounts recorded in the general ledger. The difference was not reconciled or supported. We could not perform further necessary audit tests as the current billing system has limitation in providing historical records relating to the transactions previously posted in the general ledger in 2018.

Retained earnings

We encountered limitation in ascertaining the completeness and valuation of the closing retained earnings balance of D6,406.43 million recorded in note 18 of these financial statements as adequate supporting documents for the adjustments posted into reserves amounting to D308.9 million was not provided for our review. There were no other audit procedures we could adopt to ascertain the completeness and valuation of this account balance.

Independent Auditor's Report - Continued

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

Material Uncertainty Related to Going Concern

We draw attention to Note 18 in the financial statements which indicates that the Company incurred cumulative losses at the year ended 31 December 2018 of 6.4 billion, negative net assets of D4.7 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 increased liquidity risk.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 2013. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Auditor's Responsibilities for the Audit of the Financial Statements

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and the requirements of the Companies Act 2013 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

Independent Auditor's Report Continued

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

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.

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

26th February, 2021

Income Statement

(In thousands of Gambian Dalasi)
for the year ended 31 December 2018

	Notes	31-Dec-18 D.000	31-Dec-17 D.000
Revenue	2, 1.4	3,225,437	2,819,907
Cost of sales	9	(2,277,044)	(1,548,677)
Gross profit		948,393	1,271,230
Administration costs		(747,448)	(629,834)
Depreciation charge	10,11, 1.3	(338,101)	(320,471)
Release of capital grants	8, 1.10	21,627	21,627
Other operating income	3	49,213	16,032
Net operating expenses		(1,014,709)	(912,646)
Operating (loss)profit		(66,316)	358,584
Interest expense and similar charges	6	(177,761)	(241,121)
Loss on Foreign Exchange Translation	20	(21,711)	(99,300)
(Loss)Profit for the year		(265,788)	18,163

Statement of Financial Position

as at 31 December 2018
(In thousands of Gambian Dalasi)

	Notes	31-Dec-18 D'000	31-Dec-17 D'000
Assets			
Noncurrent assets			
Property, plant and equipment	10, 1.3	5,989,120	5,219,439
Intangibles	11	4,203	5,655
		5,993,323	5,225,094
Current assets			
Inventories	12, 1.2	708,709	616,823
Trade and other receivables	13	1,027,236	977,850
Cash at bank and in hand	19	209,065	146,087
		1,945,010	1,740,760
Total assets		7,938,333	6,965,855
Equity and liabilities			
Capital and reserves			
Share capital	17	68,466	68,466
Revaluation reserve	18	1,581,375	1,581,375
Retained earnings	18	(6,406,439)	(5,831,730)
		(4,756,598)	(4,181,889)
Non current liabilities			
Deferred capital grants	16, 1.10	531,405	553,032
Borrowings	15.	9,578,753	8,692,699
		10,110,158	9,245,731
Current liabilities			
Trade and other payables	14	1,986,282	1,350,504
Loans	15	461,999	521,621
Bank Overdraft	19	136,492	29,887
		2,584,773	1,902,012
		7,938,333	6,965,855

These financial statements were approved by the Board of Directors on 26/02/2021 2021 and were signed on its behalf by:


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Director

Director

Statement of changes in equity

for the year ended 31 December 2018

	Share capital	Revaluation reserve	Retained earnings	Total
	D'000	D'000	D'000	D'000
As at 1 January 2017	68,466	1,581,375	(5,696,306)	(4,046,468)
Profit for the year			18,168	18,168
Prior year adjustment			(153,589)	(153,589)
At 1 January 2018	68,466	1,581,375	(5,831,727)	(4,181,886)
Adjustment in Reserves(Note 1.12)	-	-	(308,924)	(308,924)
Loss for the year	-	-	(265,788)	(265,788)
At 31 December 2018	68,466	1,581,375	(6,406,439)	(4,756,598)

Statement of cash flows

for the year ended 31 December 2018
(In thousands of Gambian Dalasi)

	Notes	31-Dec-18 D'000	31-Dec-17 D'000
Cash flows from operating activities			
Operating (loss)/Profit		(66,316)	358,584
Prior year Adjustment in reserves		(308,924)	2,213
Opening balance difference		-	(153,589)
Depreciation and amortization	10,11	338,101	320,471
Release of capital grants	8	(21,627)	(21,627)
Changes In Working Capital:			
Changes in inventories	12	(91,886)	(201,544)
Changes in trade receivables	13	(49,386)	(174,126)
Changes in trade payables	14	635,780	488,123
Cash generated from operations		435,742	618,505
Interest paid	6	(177,761)	(241,121)
Exchange loss		(21,711)	(99,300)
Net cash generated from operating activities		236,270	278,084
Cash flows from investing activities			
Purchase of noncurrent assets	10	(1,106,330)	(607,064)
Development Funding Aqua		-	5,500
Net cash used by investing activities		(1,106,330)	(601,564)
Cash flows from financing activities			
Loans received		826,433	400,386
Net cash generated from financing activities		826,433	400,386
(Decrease)/increase in cash and cash equivalents	19	(43,627)	76,906
Cash and cash equivalents at the beginning of the year	19	116,199	39,293
Cash and cash equivalents at the end of the year	19	72,572	116,199

Notes (forming part of the financial statements)

1. Accounting policies

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

1.1. Accounting convention

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

1.2. Inventories

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

1.3. Property, plant and equipment

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

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

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

1.4. Revenue recognition

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

1.5. Foreign currencies

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

1.6. Pension scheme

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

1.7. Government subsidies

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

1.8. Fixed and current asset investments

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

1.9. Surcharge income

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

1.10. Government grants

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

1.11. Taxation

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

1.12. Adjustment in Reserves

NAWEC has had significant challenges with the timely recording of financial data in the past and at the beginning of 2017 had a backlog of many years of accounting data which were neither recognised nor reconciled. The process of clean up was kicked off in 2018 with detailed review of the situation and adoption of recommendations and plan for implementation of necessary improvement.



Practical work started in 2019 with updating of records as far back as 2014. The process has yielded significant results and has led to material improvement in NAWEC's financial records as of 2018, however limitations still exist in the accounting system and its capacity, lack of supporting documentation for transactions recorded in the bank accounts was still significantly prevalent in 2018, mainly due to the time that has elapsed between the time the transaction was performed to the date of the recording and the processes and procedures around financial reporting and storage of accounting data were still heavily manual and therefore carried significant risk of loss of documentation.

The adjustment in the reserve account represents therefore, the net effect of the transactions, debit and credit which were recorded in the company's accounts but for which the company could not locate supporting documentation because the narration in the bank statements make this process almost impossible to complete retrospectively.

2. Revenue

All revenue arose in The Gambia from the following activities:

	31-Dec-18 D'000	31-Dec-17 D'000
Billing revenue	3,058,943	2,708,243
Service connections	14,408	4,392
Service extensions	152,086	107,271
	3,225,437	2,819,907

3. Other Operating Income

	31-Dec-18 D'000	31-Dec-17 D'000
Reconnection fees	538	750
Sundry General Trading income	-	62
Surcharge income	2,786	3,553
Water in revenue	158	88
Meter transfers	707	586
Reconnection fees – Electricity	45	105
Sewerage unblock age – GBA	-	437
Other Marginal Activities	7,969	1,969
Other Exceptional Income 3a.	34,965	927
Penalty on Returned Cheques	140	9
Retirement of imprest	144	61
Gain on disposal	1,462	-
Others	299	7,488
	49,213	16,033

3a. Other operating income went up significantly due to payments received by NAWEC in 2018 following a claim relating to major breakdown on Wartsila Engine at Brikama II.

4. Profit before tax

The profit for the year before tax is stated:

	31-Dec-18 D'000	31-Dec-17 D'000
after charging		
Auditors remuneration	870	870
Depreciation	338,103	320,471
Directors remuneration	122	339
	339,095	659,280

5. Staff number and costs

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

	31-Dec-18	31-Dec-17
Executive director	1	1
General staff	1854	1854
	1855	1855

The aggregate payroll costs were as follows:

	31-Dec-18 D'000	31-Dec-17 D'000
salaries and wages	232,454	219,356
	232,454	219,356

6. Interest Expenses and similar charges

	31-Dec-18 D'000	31-Dec-17 D'000
Interest on long term loans	142,363	218,763
Bank charges and commissions	16,595	22,358
Mark Up (Interest On Loan)	18,803	-
	177,761	241,121

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-18 D'000	31-Dec-17 D'000
Amortisation of Dutch grant	16,573	16,573
Amortisation of Danish grant	5,055	5,055
	21,628	21,628

9. Cost of Sales

	31-Dec-18 D'000	31-Dec-17 D'000
Chemicals	724	2,486
Service connection –water	39,496	53,461
Oils & Lubricants	88,099	162,103
Vehicle & Equipment Spares	8,307	7,710
Service Connection – Electricity	36,671	41,927
Service Extension – water	13,008	2,501
Service Extension – Electricity	5,025	340
Discount on Scratch Card	-	12
Heavy Fuel	649,116	914,983
Light fuel oil	172,438	200,436
Spare parts water equipment	2,956	2,264
Generator parts	3,154	148,776
Purchase of Energy from Karpower 9a.	1,184,928	-
Purchase of Energy from Senelec	73,122	11,678
	2,277,044	1,548,677

9a. 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.



10. Property, plant and equipment

	Assets under construction	Land and building	Plant and machinery	Motor vehicle	Office equipment & furniture	Electricity network	Water & Sewerage network	Total
	D'000	D'000	D'000	D'000	D'000	D'000	D'000	D'000
Cost								
At 1 January 2018	1,751,250	232,733	3,525,154	141,088	68,785	1,529,285	624,983	7,873,278
Additions	1,006,236	4,342	30,723	41,602	8,720	14,593	115	1,106,331
At 31 December 2018	2,757,486	237,075	3,555,877	182,690	77,505	1,543,878	625,098	8,979,609
Depreciation								
At 1 January 2018	-	(53,510)	(1,863,199)	(114,515)	(39,185)	(324,406)	(259,025)	(2,653,840)
Charge for the year	-	(6,708)	(213,565)	(18,244)	(9,471)	(59,267)	(29,394)	(336,649)
At 31 December 2018	-	(60,218)	(2,076,764)	(132,759)	(48,656)	(383,673)	(288,419)	(2,990,489)
Net book value At 31 December 2018	2,757,486	176,857	1,479,113	49,931	28,849	1,160,205	336,679	5,989,120
At 31 December 2017	1,751,253	179,223	1,661,956	26,572	29,600	1,204,879	365,957	5,219,440

11. Intangible Asset - Billing Software

	31-Dec-18 D'000	31-Dec-17 D'000
Balance as at 1 Jan 2018	5,655	9,320
prior year adjustment	-	(2,213)
Less amortization	(1,452)	(1,452)
Balance as at 31 Dec 2018	4,203	5,655

12. Inventory

	31-Dec-18 D'000	31-Dec-17 D'000
Inventory comprises		
Electrical spares	457,403	450,186
Water equipment spares	74,947	56,145
Vehicles spares	4,351	3,855
Stationery	31,747	8,084
	568,448	518,270
Less: Provision for obsolescence	(17,943)	(17,943)
	550,505	500,327
Fuel and lubricants	158,205	116,496
	708,710	616,823

13. Trade and other receivables

	31-Dec-18 D'000	31-Dec-17 D'000
Trade debtors	1,172,332	1,116,622
Staff debtors	26,710	24,153
Other Debtors	7,602	6,886
	1,206,644	1,147,662
Provision for bad debt	(175,850)	(167,493)
Provision for staff loans	(3,558)	(2,319)
	1,027,236	977,850

14. Trade and other payables

	31-Dec-18 D'000	31-Dec-17 D'000
Trade creditors	1,239,158	911,778
Interest payable	510,934	370,894
Other Accruals	110,136	70,516
Vat Payable	128,846	(1,963)
10% Withholding tax	(2,793)	(721)
	1,986,282	1,350,504

14a. VAT figure reported in the prior year is negative due to over payment during last year and it is being regularized.



15. Borrowings

		31-Dec-18 D'000	31-Dec-17 D'000
Gambia Government Loans	15.a	2,668,551	2,694
NAWEC Bond	15.d	1,709,360	1,713,801
EBID Loan for RE P Extention	15.h	635,671	346,030
Badea Loan for Kotu Power Station Expansion	15.i	719,747	569,613
SSHFC Loans	15.b	929,443	957,903
ING Bank loan	15.f	220,163	268,898
Opec Fund for International Development	15.j	467,526	349,237
IDB Loans	15.e	1,349,678	1,362,879
Electricity Expansion (Exim) Loan	15.c	212	-
Guaranty Trust Bank Loan		8	8
BSIC Bank Loan		(18)	32
AGIB Loans	15.k	1,247	60,849
Venezuela Loan	15.g	900,260	868
Mega Bank Loan		-	(2)
AGIB Lubricant Loan/service connection	15.k	350	-
AGIB Loan Service connecton	15.k	897	-
Asbestors Water Supply Expansion Loan	15.n	227	-
		9,603,322	5,632,808
Repayable in one year		(461,999)	(556,767)
		9,141,323	5,076,041

Loan repayment schedule

	Total D'000	Due within 1 year D'000	Due within 2 - 5 years D'000
Gambia Government Loans	2,668,551		2,668,551
NAWEC Bond	1,709,360	304,224	1,405,136
EBID Loan for RE P Extention	635,671		635,671
Badea Loan for Kotu Power Station Expansion	719,747		719,747
SSHFC Loans	929,443	60,000	869,443
ING Bank loan	220,163	96,538	123,625
Asbestors Water Supply Expansion Loan	226,916		226,916
Opec Fund for International Development	467,526		467,526
IDB Loans	1,349,678		1,349,678
EXIM Bank Loan			
Electricity Expansion (Exim) Loan	212,200		212,200
Guaranty Trust Bank Loan	8	8	-
BSIC ING Loan	(18)	(18)	-
AGIB Loans	1,247	1,247	-
Venezuela Loan	900,260		900,260
	10,040,752	461,999	9,578,753

- 15.a 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.b 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.c The Loan from EXIM Bank of India was acquired for the Electricity and Water expansion in the Greater Banjul Area and the Provinces.
- 15.d 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.e 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.f 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.g 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.h EBID LOAN This is a loan for the Rural Electrification Expansion Project and it is ongoing.
- 15.i 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 completed and commissioned in August 2018.
- 15.j 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 completed and commissioned in August 2018.
- 15.k AGIB This was a loan to purchase operational vehicles and cash power meters.
- 15.l GTB LOAN This Loan was acquired to purchase Management Vehicles as per Gambia Government Senior Management Vehicle Policy.
- 15. m BSIC LOAN This was taken to repay ING Loan for the Brikama Water Treatment Plant.
- 15.n The Loan from EXIM Bank of India was acquired for the Electricity and Water expansion in the Greater Banjul Area and the Provinces.
- 15.o 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	530,351	22,681	553,032
Amortised to income statement	(16,572)	(5,055)	(21,628)
At end of the year	513,779	17,626	(531,404)

16a. The Danish Government represents capital grants to Finance the purchase of generator No. 6 at Kotu, Ten (10) kilometer Transmission Line from Kotu to Banjul (Mile2), Switch Gear and Transformer in Banjul (Mile 2) and Refurbishment of Generators No. 1 and No. 2 . An amount of D5,055,000 has been recognized to Profit and Loss account as deferred revenue 2018 ref Note 8.

16b. The Dutch (Netherlands Govt) Grant represents capital grant to part finance the Greater Banjul Water Supply Project in Brikama. An amount of D16,573,000 has been recognized to the Profit and Loss account as deferred revenue 2018 ref Note 8.

17. Share capital

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

18. Statement of movement in reserves

	Retained earnings	Revaluation reserves	Total
	D'000	D'000	D'000
At beginning of the year	(5,831,727)	1,581,375	(4,250,352)
Adjustment in reserves	(308,924)	-	(308,924)
Profit for the year	(265,788)	-	(265,788)
At end of the year	(6,406,439)	1,581,375	(4,825,064)

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

	31-Dec-18 D'000	31-Dec-17 D'000	Changes D'000
Cash at bank	207,925	176,760	31,166
Cash in Hand	1,140	4,974	(3,834)
	209,065	181,734	27,331
Bank overdraft	(136,492)	(142,442)	5,950
	72,573	39,292	33,281

20. Exchange loss

	31-Dec-18 D'000	31-Dec-17 D'000
Exchange Gain	68,698	5,225
Exchange Loss	(90,409)	(104,525)
	(21,711)	(99,300)

21. Administrative Expenses

	31-Dec-18 D	31-Dec-17 D
Personnel expenses	232,454	219,354
Building rentals	3,383	1,767
Hire of equipment and plant	11,355	20,587
Repairs & maintenance	14,638	16,878
Insurance – vehicles	1,425	1,005
Insurance - fire & machine breakdown	95	21
Training expenses	21,729	18,610
Management & consultancy	10,668	3,225
Legal & professional fees	7,328	7,487
Expatriate salaries	11,511	13,684
Advertisements	2,320	2,108
Donations & subscriptions	5,269	5,045
Travelling expenses	33,296	28,060
Stationery & printing	6,358	6,242
Cement	840	606
Other local taxes	1,540	2,429
vehicle maintenance	26,043	19,133
Postage, stamps & courier	1,634	2,506
Telephone, telex & fax	16,399	21,283
Sundry expenses	43,073	53,300
Board allowances	121	339
Consumables	9,916	6,058
Restaurant/entertainment/hotel	3,880	1,647
PURA fees	4,000	4,000
Increase in provision for obsolete stock	-	4,270
Increase in Provision for trade Debtors	8,357	32,435
Decrease in Provision for Staff Loans	-	(1,259)
Rental for Building (including charges)	507	1,245
Pipes and Fitting	12,156	10,841
Mechanical & Electricity Supplies	868	607
Timber	124	56
Other Material & suppliers	17,825	14,709
Tools	1,376	1,708
Medical Insurance	17,670	12,889
Sand & Gravel	3,506	3,156
Own consumption	167,619	95,765
Stock Adjustment	45,995	(1,962)
Honorarium Expenses	2,750	-
Project Expenses	(580)	-
	747,448	629,834

22. Subsequent events after the year end

NAWEC's Total Debt Outstanding as of 31st December 2017 was D9.2 billion and a number of which are yet to be fully utilized, consequently the amount of the Company's debt outstanding is expected to increase yearly to fund ongoing capital investments.

NAWEC's financial indebtedness was incurred without consideration to the Company's repayment capacity and although the vast majority of the debt was contracted under concessional terms by GoTG, NAWEC does not have the financial resources to pay the debt.

The Government of The Gambia and NAWEC, were committed to undertake actions required to turn NAWEC into a financially viable company and to set it into the path of long-term sustainability. To achieve this, NAWEC signed an MOU with GoTG to restructure 75% of its debt especially Water and Rural Electrification Project Loans as a Financial Recovery Strategy.

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

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