Ibadan Electricity Distribution Company Plc

Financial Statements -- December 31 2014

Together with Directors' and Auditor's Reports

Contents

Corporate Information

Registration Number RC. 638633

Directors:	Dr. Olatunde Ayeni, CON. F.IoD Captain (Dr) Wells Idahosa Okunbo Mr. Olatunde Ikuerowo Engr. Joseph Makoju Mr. Garth Dooley Dr. Olusola Ayandele Engr. Fortunato Leynes Mrs Bolanle Onagoruwa
Registered and Principal Address:	Capital Building , 115 Ring Road Ibadan, Oyo State
Legal Adviser:	G. Elias and Co. Solicitors & Advocates, 6, Broad Street, Lagos State
Auditor:	Deinde Odusanya and Co. (Chartered Accountants) 6B, Ireti Street, Yaba. P. O. BOX 50563, Falomo-Ikoyi Lagos State.
Bankers:	Skye Bank Plc United Bank for Africa Plc First City Monument Bank Limited Keystone Bank Limited Diamond Bank Plc Heritage Bank Limited First Bank Plc Stanbic IBTC Bank Plc

Directors' Report

For the year ended December 31, 2014

The Directors present their annual report on the affairs of Ibadan Electricity Distribution Company Plc (" IBEDC or the Company"), together with the financial statements and auditor' report for the year ended December 31, 2014.

Legal Form

The Company was incorporated on November 8, 2005 as a public company limited by shares with registration number RC 638633.

Principal Activities

The principal activities of the company are the distribution and marketing of electricity within the franchise areas of Oyo State, Ogun State, Osun State, Kwara State, parts of Kogi, Ekiti and Niger State.

The Company earned revenue of N 50.45 billion as at December 31, 2014 (2013: N 49.10 billion). The Company reported a loss before taxation of N 17.80billion for the year ended December 31, 2014 (2013: N 8.26 billion).

State of Affairs

In the opinion of the Directors, the state of the Company's affairs is satisfactory and there has been no material change since the balance sheet date, which would affect the financial statements as presented.

Reporting Framework

Following the directives of the Financial Reporting Council of Nigeria ("FRCN"), the Company had adopted the International Financial Reporting Standards (IFRS) in preparing its account for the year ended 2014 and 2013.

	Dec 31, 2014	Dec 31, 2013
	₦'000	₦'000
Revenue	50,452,107	49,100,316
Loss for the year	(17,799,985)	(8,257,893)
Taxation	6,423,502	-

Dividend

The Directors did not recommend to members the payment of dividend in respect of the year ended 31 December 2014.

Directors and their interests

The Directors in office during the year are listed below:

Name	Nationality	Designation	(Resigned)/ Appointed
Dr. Olatunde Ayeni, CON, F.IoD	Nigerian	- Chairman	Appointed
Captain (Dr) Wells Idahosa Okunbo	Nigerian	- Director	Appointed
Mr. Olatunde Ikuerowo	Nigerian	- Director	Appointed
Engr. Joseph Makoju	Nigerian	- Director	Appointed
Mr. Garth Dooley	Jamaican	- Director	Appointed
Dr. Olusola Ayandele	Nigerian	- Director	Appointed
Engr. Fortunato Leynes	Filipino	- Director	Appointed
Mrs Bolanle Onagoruwa	Nigerian	- Director	(resigned)

Directors' shareholding and interest

None of the Directors held ownership interest in the Company during the period under review. None of the directors has notified the Company for the purpose of Section 277 of the Companies & Allied Matters Act 1990 of their direct or indirect interest in the contracts or proposed contracts with the Company during the year.

Analysis of shareholding

The shareholding structure of the Company is as follows:

	Number of ordinary shares issued of 50k	
Shareholder	2014	2013
Integrated Energy Distribution and Marketing Limited	6,000,000	6,000,000
Bureau of Public Enterprise	4,000,000	3,200,000
Federal Ministry of Finance Incorporated	-	800,000
	10,000,000	10,000,000

Charitable gifts and Donation

The Company made no charitable donations during the year (2013: Nil). In compliance with section 38(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donations or gift to any political party, political association or for any political purpose in the course of the year under review (2013: Nil).

Employment of disabled persons

The company operates a non-discriminatory policy on recruitment. Applications by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged for them. it is the policy of the company that the training, as far as practicable be identical with that of the other employees.

Health, safety and welfare at work

The company places considerable importance on the health, safety and welfare of its employees in their place of work and has various forms of insurance policies, including workmen's compensation and group life assurance, to adequately secure and protect their interests. Protective clothing and footwear and fire fighting equipment are provided at the stations, in offices and other operational locations where required.

Employee training and development

As a strategy to develop its employees, the company organises various in-house, local and overseas training courses. It also provides programes of developmental /work assignments for employees overseas.

Events after the reporting period

There were no events after the reporting date which could have had a material effect on the state of affairs of the Company as at December 31, 2014 which have not been adequately disclosed or provided for in these financial statements.

Auditors

In accordance with Section 357 (2) of the Companies and Allied Matters Act, Deinde Odusanya and Co. chartered accountants have indicated their willingness to continue in office as external auditors to the company.

By order of the Board

August 3, 2016

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2014

The directors accept responsibility for the preparation of the financial statements set out on pages 7 to 39 that give a true and fair view in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria 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.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the years ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Signature	Signature
J. O. AYENI, CON	John A. Donwatie
Name	Name
August 3, 2016	August 3, 2016
Date	Date

Lagos Office:
6, Iwi Street, Yaba,
P. O. Box 50563, Falomo, Ikoyi, Lagos.
Tel: 01-8426673, 01-7590699, 01-3423985

Abuja Office:
Block 13, Flat 4, 7th Street,
Games Village, Abuja FCT.
Tel: 07-6240095

Deinde Odusanya & Co.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of **Ibadan Electricity Distribution Company Plc**

Report on the Financial Statements

We have audited the accompanying individual financial statements of Ibadan Electricity Distribution Company Plc (IBEDC or "the Company), which comprises the statement of financial position as at December 31, 2014; the statement of comprehensive income; the statement of changes in equity; and the statement of cash flows for the same year ended along with a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view of the state of affairs of the Company in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria (CAMA) 1990, the Financial Reporting Council of Nigeria (FRCN) Act, 2011, Electricity Power Sector Reform Act (EPSRA) 2005, Nigeria Electricity Regulatory Commission (NERC) Circulars and for such internal control as determined necessary by the directors, to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurances whether the financial statements are free from material misstatements.

Basis of opinion

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view 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. Also, an audit includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of IBEDC as at December 31, 2014, and of its financial performance and cash flows for the year ended in accordance with IFRS, EPSRA and in the manner required by CAMA and relevant Nigeria Electricity Regulatory Commission circulars.

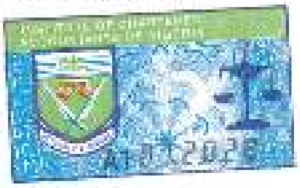
Report on Other Legal Regulatory Requirements

Compliance with the requirements of schedule 6 of Companies and Allied Matters Act of Nigeria

In our opinion, IBEDC has kept proper books of account, so far as it appears from our examination of the Company's statement of financial position and its statement of comprehensive income, which are in agreement with the books of account.

Signed:

Oladeinde Odusanya, FCA
FRC/2013/ICAN/00000003192
For: Deinde Odusanya & Co. (Chartered Accountants)
March 2, 2016.
Lagos, Nigeria.



Statement of Financial Position
As at December 31, 2014

	Notes	31 Dec 2014	31 Dec 2013
Assets		N'000	N'000
Non-Current Assets			
Property, plant and equipment	18	110,139,550	112,973,785
Total non-current assets		110,139,550	112,973,785
Current Assets			
Inventories	19.	1,385,190	1,434,926
Trade and other receivables	20.	2,488,271	3,659,219
Prepayment		152,082	-
Cash and cash equivalents	21.	2,714,400	2,708,939
Total Current Assets		6,739,943	7,803,084
Total Assets		116,879,493	120,776,869
Equity			
Share capital		5,000	5,000
Revaluation reserves	26.	47,434,358	47,434,358
Retained earnings	27.	33,741,925	45,118,408
Total Equity		81,181,283	92,557,766
Non-Current Liabilities			
Deferred tax	17.	13,021,290	20,329,011
Total Non-Current Liabilities		13,021,290	20,329,011
Current Liabilities			
Trade and other payables	22.	21,535,232	7,714,795
Deferred income	23.	257,469	175,297
Current income tax	17.	884,219	-
Total Current Liabilities		22,676,920	7,890,092
Total liabilities		35,698,210	28,219,103
Total Equity and Liabilities		116,879,493	120,776,869

Dr. Olatunde Ayeni, CON, F.IoD
Chairman, Board of Directors
FRC/2013/IODN/00000001738

John Dennachie
Managing Director / CEO

Aderonke Owotumo
Financial Controller
FRC/2015/ICAN/00000013338

The notes on pages 11 to 42 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2014

	Notes	31 Dec 2014	31 Dec 2013
		₦'000	₦'000
Revenue	6.	50,452,107	49,100,316
Direct costs	8.	(36,913,235)	(37,305,028
Gross profit		13,538,872	11,795,288
Other income	7.	165,625	3,660,552
		13,704,497	15,455,840
Distribution expenses	9.	(6,344,216)	(8,782,962
Billing and collection expenses	10.	(18,433,164)	(1,874,538
Customer service expenses	11.	(1,957,420)	(5,405,106
Administrative expenses	12.	(4,633,919)	(7,65[illegible],127
Loss from operating activities		(17,664,222)	(8,257,893
Finance income	13.	4,729	-
Finance costs	13.	(140,492)	-
Net finance (costs)/income		(135,763)	
Loss before taxation		(17,799,985)	(8,257,893)
Taxation	17.	6,423,502	-
Loss after taxation		(11,376,483)	(8,257,893
Other comprehensive income:			
Revaluation of property, plant and equipment	27.	-	67,763,369
Tax on other comprehensive income	27.	-	(20,329,011
Other comprehensive income for the year		-	47,434,358
Total comprehensive income for the year		(11,376,483)	39,176,465

The notes on pages 11 to 42 are an integral part of these financial statements.

Statement of Changes in Equity

	Share capital ₦'000	Revaluation reserve ₦'000	Federal Government funding ₦'000	Retained earnings ₦'000	Consumer contribution ₦'000	Total N'000
Balance as at 1 January, 2013	5,000	47,844,022	17,290,583	(22,021,737)	781,277	43,899,145
Derecognition of previous revaluation surplus / other reserves	-	(47,844,022)	(17,290,583)	65,915,882	(781,277)	-
	5,000	-	-	43,894,145	-	43,899,145
Revaluation of Property, plants and equipment	-	47,434,358	-	-	-	47,434,358
Transfer of pre-takeover reserves	-	-	-	53,376,301	-	53,376,301
Adjustment during the year	-	-	-	(43,894,145)	-	(43,894,145)
Loss for the year	-	-	-	(8,257,893)	-	(8,257,893)
Balance as at 31 December, 2013	**5,000**	**47,434,358**	**-**	**45,118,408**	**-**	**92,557,766**
Balance as at 1 January, 2014	5,000	47,434,358	-	45,118,408	-	92,557,766
Loss for the year	-	-	-	(11,376,483)	-	(11,376,483)
Balance as at 31 December, 2014	**5,000**	**47,434,358**	**-**	**33,741,925**	**-**	**81,181,283**

The notes on pages 11 to 42 are an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December

	Note	31 Dec 2014	31 Dec 2013
		N'000	N'000
Cash flows from operating activities:			
Loss before tax		(17,799,985)	(8,257,893)
Adjustment:			
Depreciation	14.	3,778,317	3,121,241
Employee benefits		-	2,107,208
Impairment	20.	17,979,513	1,797,604
		3,957,845	(1,231,840)
Changes in:			
(Increase)/Decrease in inventories		49,736	1,452,198
(Increase)/Decrease in trade & other receivables		(16,808,565)	34,191,825
(Increase)/Decrease in prepayment		(152,082)	4,297,449
Increase/(Decrease) in trade and other payables		13,820,437	(48,102,150)
Increase/(Decrease) in deferred income		82,172	
Cash generated from/(used in) operating activities		949,543	(9,392,518)
Income taxes paid		-	-
Net cash from/(used in) operating activities		949,543	(9,392,518)
Cash flows from investing activities:			
Acquisition of property, plant and equipment	18	(944,082)	3,808,426
Net cash from/(used) in investing activities		(944,082)	3,808,426
Net increase/(decrease) in cash and cash equivalents		5,463	(5,584,092)
Cash and cash equivalents at 1 January		2,708,939	8,293,031
Cash and cash equivalents at 31 December		2,714,400	2,708,939

The notes on pages 11 to 42 are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Ibadan Electricity Distribution Plc ("IBEDC" or "the Company") was incorporated in Nigeria under the Companies and Allied Matters Act CAP (C20) as a public limited liability company on 8 November 2005. It is domiciled in Nigeria with its operating and financial decisions being controlled by its Board of Directors.

a. Principal activities and business review

The principal activities of the company are the distribution and marketing of electricity within the franchise areas of Oyo State, Ogun State, Osun State, Kwara State, parts of Kogi, Ekiti and Niger State.

b. Composition of financial statements

The financial statements are drawn up in Naira, the functional currency of Ibadan Electricity Distribution Company Plc, in accordance with IFRS accounting presentation. The financial statements comprise of:

- Statement of financial position
- Statement of comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements

2. Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") which is a collective term that includes all International Accounting Standards and related interpretations, promulgated by the International Accounting Standard Board ("IASB"). These financial statements comply with the Companies and Allied Matters Act of Nigeria, Financial Reporting Council Act of Nigeria. The IFRS accounting policies have been consistently applied to all periods presented. IFRS comprises of International Financial Reporting Standards, International Accounting Standards and interpretations originated by the International Financial Reporting Interpretation Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC").

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for Property, Plant and Equipment that has been reported based on revaluation model. The method used to measure fair values for initial recognition and disclosure purposes are discussed further in Note 5.

Notes to the financial statements

c. Financial period

These financial statements cover a 12 months period ended December 31, 2014.

d. Functional and presentation currency

The financial statements of the Company are prepared in the currency that mostly reflects their business environment. This is referred to as the functional currency. These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira have been rounded to the nearest thousand unless stated otherwise.

Use of estimates and judgements

The preparation of the financial statements is in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

I. Recognition of deferred tax assets requires an assessment of future taxable profits. Deferred tax assets are only recognised to the extent that it is probable that the future taxable profits will be available against which deductible temporary differences can be utilised. The availability of future taxable profits depends on several factors including the Company's future financial performance and if necessary implementation of tax planning strategies.

Notes to the financial statements

3. Adoption of new and revised standards

a. Accounting standards and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

Effective for the financial year commencing 1 January 2014

• Defined Benefit Plans : Employee Contributions (Amendments to IAS 19)

• IFRIC 21 *Levies*

Effective for the financial year commencing 1 January 2018

• IFRS 9 *Financial Instruments*

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

IFRS 10, IFRS 12 and IAS 27 amendment Investment entities, Recoverable Amount Disclosures for Non-Financial Assets (Amendment to IAS 36), Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39), Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) are not applicable to the business of the entity and will therefore have no impact on future financial statements. The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

Amendments to IAS 19 Defined Benefit Plans : Employee Contributions

The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedient if they are:

• set out in the formal terms of the plan

• linked to service; and

• independent of the number of years of service

When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered. The Company's defined benefit plan meets the requirement and consequently the company intends to apply this amendment and will recognise the contributions as reduction of the service costs in the period in which the related service is rendered.

IFRS 9 Financial Instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cashflow. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening statement of financial position as at January 1, 2012 for the purposes of the transition to IFRS, unless otherwise indicated.

a. Revenue recognition

Revenue is derived principally from sale of energy and is measured at the fair value of consideration received or receivable, after deducting discounts, value added tax and any estimated. Revenue from sale of energy is stated at the invoiced amount which is net of value added taxes and discounts.

Revenue is recognised to the extent that it is possible that the economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue comprises primarily the use of energy system income. Revenue includes an assessment of the volume of unbilled energy distributed to customers between the date of the last meter reading and the period end.

b. Financial instruments

i. Non-derivative financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Notes to the financial statements

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Company has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Short-term receivables that do not attract interest are measured at original invoice amount where the effect of discounting is not material. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash balances with banks and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

II. Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Notes to the financial statements

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Company has the following non-derivative financial liabilities: loans and borrowings, trade and other payables.

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. Short-term payables that do not attract interest are measured at original invoice amount where the effect of discounting is not material.

iii. Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

c. Impairment

i. Non-derivative financial assets (including receivables)

A financial asset not carried at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired, if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

Notes to the financial statements

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset where applicable continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Notes to the financial statements

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

d. Property, plant and equipment

Property, plant and equipment held for use in the production of supply of services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any revaluation increase arising from the revaluation of such property, plant and equipment is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same assets previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and building is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserves relating to a previous revaluation of that assets.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets on the same basis as other property assets, commences when the assets are ready for their intended use.

Notes to the financial statements

i. Recognition and measurement

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use including, where applicable, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

iii. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Items of property, plant and equipment are depreciated from the date that they are available for use or, in respect of self constructed assets, from the date that the assets is completed and ready for use.

Notes to the financial statements

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful lives for the current and comparative periods are as follows:

Land	Not Depreciated
Building	50 years
Plant and machinery	35 years
Furniture, fittings and equipment	10 years
Motor - cars	5 years
Motor - operational lorries	10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate. Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

e. Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Notes to the financial statements

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

f. Employee benefits

i. Post-employment benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan (pension fund) under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

In line with the provisions of the Pension Reform Act 2004, the Company has instituted a defined contribution plan for its employees. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recognized in profit or loss as employee benefit expense in the periods during which services are rendered by employees. Up till 30 June 2014, the Company and employees respectively contributed 7.5% each of the employees basic salary, transport and housing allowances to the Fund on a monthly basis. Following the enactment of the Pension Reform Act 2014, effective 1 July 2014, employees contribute 8 % each of their basic salary, transport and housing allowances to the Fund on a monthly basis and the Company's contribution is 10% of each employee's basic salary, transport and housing allowances.

Defined benefit plan

For defined benefit plans, the cost of providing benefit is determined using the projected unit credit method, with actuarial valuations being carried out periodically so that a provision for the present value of the estimated cost for liabilities due at the reporting date in respect of employee's terminal gratuities based on qualifying years of service and applicable emoluments as per operating collective agreement is being made in the statement of financial position.

ii. Termination benefits

Termination benefits are recognized as an expense and liability at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring that is within the scope of IAS 37 Provisions, contingent liabilities and contingent assets and involve the payment of termination of benefits. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

iii. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonuses if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

g. Foreign currency transactions

Transactions denominated in foreign currencies during the year are translated and recorded in Nigerian Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the financial statements

h. Income and deferred tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent of items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax asset is recognised in profit or loss account except to the extent that it relates to a transaction that is recognised directly in equity. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

i. Loans and borrowings

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Loans and borrowings, for which the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date, are classified as non-current liabilities.

Notes to the financial statements

j. Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance costs paid is also included in financing activities while finance income is included in investing activities.

5. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i. Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. For short-term trade receivables, no disclosure of fair value is presented when the carrying amount is a reasonable approximation of fair value.

ii. Trade and other payables

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For short term trade payables, no disclosure of fair value is presented when the carrying amount is a reasonable approximation of fair value.

iii. Property, plant and equipment

The fair value of property, plant and equipment was determined using the direct sale comparison and the depreciated replacement cost method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location, or condition of the specific property.

Notes to the financial statements

6. Revenue

	31 Dec 2014	31 Dec 2013
	₦'000	₦'000
Residential	26,544,458	24,244,494
Commercial	7,825,299	7,460,249
Industrial	16,036,455	17,153,863
Street lighting	45,895	241,710
	50,452,107	49,100,316

7. Other income

	31 Dec 2014	31 Dec 2013
	₦'000	₦'000
Government subsidy	-	2,733,956
Customer contribution	-	46,657
Reconnection fee	105,821	196,402
Interest income	-	1,283
Commission received	-	515,760
Others	59,804	166,494
	165,625	3,660,552

Commission received represents accrued commission income on legacy trade receivables collected on behalf of NELMCO. Pursuant to Section 3.3 of the Deed of Assignment of Pre-completion receivables between the Nigerian Electricity Liability Management Company Ltd (NELMCO) and IBEDC, all money collected by IBEDC in respect of pre-completion receivables shall forthwith be paid to NELMCO and the latter shall pay IBEDC a sum equivalent to 20% of the amount collected. Remittance of collection to NELMCO is expected to be net of the commission.

Notes to the financial statements (continued)

8. Direct costs

	31 Dec 2014	31 Dec 2013
	N'000	N'000
Cost of energy	36,913,235	37,305,028
	36,913,235	37,305,028

9. Distribution expenses

	31 Dec 2014	31 Dec 2013
	N'000	N'000
Salaries and wages	2,175,661	4,502,388
Repairs and maintenance	458,330	1,101,150
Reserve for obsolescence	-	51,929
Depreciation- plant & machinery	3,625,703	3,022,174
Other direct expenses	84,522	105,322
	6,344,216	8,782,962

This represents expenses related to the core distribution activities of IBEDC Plc including salaries and other staff costs of staff responsible for these activities and various maintenance of the power lines and other equipment for distributing electricity.

10. Billing & collection expenses

	31 Dec 2014	31 Dec 2013
	N'000	N'000
Meter reading	38,205	59,542
Collection fees	255,564	
Doubtful debts	17,979,513	1,797,604
Repairs & maintenance	30,896	17,392
Other collection expense	128,986	
	18,433,164	1,874,538

11. Customer service expenses

	31 Dec 2014	31 Dec 2013
	N'000	N'000
Salaries and wages	1,883,757	5,331,344
Advert and Publicity	3,405	
Repairs and maintenance	52,446	42,925
Transport and travelling	17,481	30,837
Miscellaneous expenses	331	
	1,957,420	5,405,106

Notes to the financial statements (continued)

12. Administrative expenses

	31 Dec 2014	31 Dec 2013
	N'000	N'000
Salaries and wages	1,230,112	3,483,607
Entertainment	25,549	62,532
Hotel and accommodation	30,202	65,754
Transport and travelling	50,381	108,698
Motor vehicle running and repairs	54,088	108,385
Advertisement and publicity	50,078	17,622
Printing and stationeries	60,462	138,069
Repairs and maintenance	104,251	100,222
Subscription and fees	5,498	25,560
Bank charges	101,759	87,147
Provison for retirement benefit	-	2,107,208
Rent and rates	37,543	70,250
Security expenses	339,212	167,782
Telephone and postages	39,982	16,589
Training expenses	44,458	8,335
Employee welfare	45,742	113,360
Technical service fees	1,892,400	315,400
Long service award	-	27,961
Consulting and other professional fees	112,112	-
Medical expenses	31,016	136,942
ITF contribution	54,896	144,835
Workmen's compensation contribution	-	144,835
Insurance	61,475	-
Audit fee and expenses	7,325	13,742
Depreciation	152,614	99,067
Company income tax written off		55,395
Business development	79,695	-
Other miscellaneous expenses	23,069	31,828
	4,633,919	7,651,127

13. Finance income and cost

	31 Dec 2014	31 Dec 2013
	N'000	N'000
Interest income	(4,729)	
Interest costs	140,492	-
Net finance (costs)/income	135,763	-

Notes to the financial statements (continued)

14. Depreciation

	31 Dec 2014	31 Dec 2013
	₦'000	₦'000
Depreciation (Admin)	152,614	99,067
Depreciation (Cost of sales/Direct cost)	3,625,703	3,022,174
	3,778,317	3,121,241

15. Operating profit/(Loss) before minimum and income taxes

The following items have been charged in arriving at operating loss:

	2014	2013
	₦'000	₦'000
Depreciation of fixed assets (Note 18)	3,778,317	3,121,241
Staff costs (Note 16)	5,289,530	13,317,339
Impairment of trade receivables	17,979,513	1,797,604
Auditors' remuneration	7,325	13,742

16. Employee benefit expense

(i) Employee benefit expense during the year comprise:

	2014	2013
	₦'000	₦'000
Salaries and wages	4,859,006	13,239,772
Pension costs	430,524	77,567
	5,289,530	13,317,339

(ii) The table below shows the number of employees of the Company whose duties were wholly or mainly discharged in Nigeria, who received remuneration during the year in the following ranges:

			2014	2013
			Number	Number
₦ 200,001	-	₦ 800,000	518	527
₦ 800,001	-	₦ 1,400,000	463	494
₦ 1,400,000	-	₦ 2,000,000	505	517
₦ 2,000,000	-	₦ 3,000,000	626	684
₦ 3,000,000	-	₦ 4,000,000	127	203.00
₦ 4,000,000	-	₦ 5,000,000	40	186.00
₦5,000,000 and above			72	72.00
			2,351	2,683

Notes to the financial statements (continued)

(ii) The average number of full time persons employed during the year (other than executive directors) was as follows:

	2014	2013
	Number	Number
Operations	2,024	2,158
Administration	327	525
	2,351	2,683

Directors

The Director's remuneration for the period is Nil

17. **Taxation**

a **Current tax liabilities**

	2014	2013
	₦'000	₦'000
Balance at the beginning of the year	-	-
Income tax charge	477,301	-
Prior year under provision	406,918	
Balance at the end of the year	884,219	-

b **Defered tax**

	2014	2013
	₦'000	₦'000
Deferred tax asset b/f	20,329,011	-
Charge/(credit) for the year	(7,307,721)	20,329,011
Deferred tax asset at the end	13,021,290	20,329,011

c **Current tax expense**

	2014	2013
	₦'000	₦'000
Income Tax	884,219	-
Defered Tax	(7,307,721)	20,329,011
Total Tax Expense	(6,423,502)	20,329,011

Notes to the financial statements (continued)

18 Property, plant and equipment

	Land	Building	Plant & Machinery	Furniture, Fittings & Equipment	Motor Vehicles	Capital Work-in-progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost:							
At January 1, 2014	3,676,057	1,866,438	106,424,937	190,293	500,663	315,398	112,973,785
Written off							-
Additions			727,166	151,027	40,868	25,021	944,082
At December 31, 2014	3,676,057	1,866,438	107,152,103	341,320	541,530	340,419	113,917,867
Accumulated Depreciation:							
At January 1, 2014	-	-	-	-	-	-	-
Written off	-	-	-	-	-	-	-
Charge for the period	-	37,329	3,625,703	16,169	99,115	-	3,778,317
At December 31, 2014	-	37,329	3,625,703	16,169	99,115	-	3,778,317
Net book value:							
At December 31, 2013	3,676,057	1,866,438	106,424,937	190,293	500,663	315,398	112,973,785
At December 31, 2014	3,676,057	1,829,109	103,526,400	325,151	442,415	340,419	110,139,550

The Company uses the revaluation model for all classes of its property, plant and equipment . The Company engaged Oni Ibitoye and Co (Estate Surveyors), an accredited independent valuer who has valuation experience for similar properties in Nigeria to determine the fair value of its property, plant and equipment. Valuations are based on active market prices, significantly adjusted for differences in the nature location or condition of the specific property. The date of the most recent valuation was 31 December 2013.

Notes to the financial statements (continued)

19. Inventories

	31 Dec 2014	31 Dec 2013
	N'000	N'000
Distribution	511,481	716,454
Cables and conductors	58,914	81,994
Capital items	54,700	136,224
General stores	700,697	452,246
Lubricants	3,536	466
Stationeries	10,661	11,829
Tools	10,034	9,254
Meter receipts & issue	152,267	143,558
Write-down of inventories	(117,100)	(117,100)
	1,385,190	1,434,926

Inventories consists of materials and supplies used in the power distribution and services segments. The excess of cost over net realisable value relating to inventories consists of collective and specific provisions. The cost of inventories is written down whenever the net realisable value become lower than the cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The lower of cost or net realisable value of inventories is reviewed on a periodic basis. Inventories items identified to be obsolete and unusable are written off and charged as expenses in the income statement.

20. Trade and other receivables

	31 Dec 2014	31 Dec 2013
	N'000	N'000
Federal government ministries and agencies	885,065	109,295
State government ministries and agencies	204,338	76,151
Local government authorities	100,432	32,125
Private consumers	21,060,532	5,238,361
Other receivables	15,021	891
Impairment (20a)	(19,777,117)	(1,797,604)
	2,488,271	3,659,219

a. Impairment

This account represents billed amounts due from electricity customers. An allowance for non-recovery is established to restate the balance to a net realisable value based on the review of the outstanding balance as at 31 December, 2014.

Notes to the financial statements (continued)

21. Cash and cash equivalents

	31 Dec 2014	31 Dec 2013
	N'000	₦'000
Cash at bank	2,714,000	2,297,876
Imprest - undertaking	-	410,863
Petty cash	400	200
	2,714,400	2,708,939

22. Trade and other payables

	31 Dec 2014	31 Dec 2013
	₦'000	₦'000
Trade payable (Market operator)	16,672,318	5,760,600
Amount due to related parties	276,404	49,117
Accrued expenses	1,286,475	409,046
CAPMI meters	1,072,179	620,000
Other creditors	2,227,856	876,032
	21,535,232	7,714,795

23. Deferred income

	31 Dec 2014	31 Dec 2013
	N'000	₦'000
Prepaid power sales	257,469	175,297

24. Financial instruments

Financial risk management overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Notes to the financial statements (continued)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

a. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other related parties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	31 Dec 2014	31 Dec 2013
		N'000	N'000
Trade receivables	20	2,488,271	3,659,219
Cash and cash equivalents	21	2,714,400	2,708,939
		5,202,671	6,368,158

There are no collaterals associated with these transactions.

Trade and other receivables

Based on the collective assessment of the other receivable balances of the Company, indication of impairment was identified, hence, impairment loss was recognised as follows:

	31 Dec 2014	31 Dec 2013
	₦'000	₦'000
Movement in the allowance for doubtful debts	1,797,604	-
Impairment losses recognised during the year	17,979,513	1,797,604
	19,777,117	1,797,604

Notes to the financial statements (continued)

The aging of trade receivables at the end of the reporting period was as follows:

	₦'000
1 - 30 days	10,140,576
31 - 60 days	1,727,948
61 - 180 days	3,766,774
More than 180 days	6,615,069
	22,250,367

Cash and cash equivalents

The Company held cash and cash equivalents of ₦ 2.714 billion as at 31 December 2014 (2013: ₦ 2.708 billion. The cash and cash equivalents are held by banks and financial institutions in Nigeria.

b. **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has a clear focus on ensuring sufficient access to capital to finance growth. A part of the liquidity management process, the Company has various credit arrangements with its related parties which can be utilised to meet its liquidity requirements.

Typically the credit terms with customers are more favourable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Notes	Carrying amount	Contractual cash flows	6 months or less
		₦'000	₦'000	₦'000
Non-derivative financial liabilities				
31 December 2014				
Trade payables	22	21,535,232	21,535,232	21,535,232
		21,535,232	21,535,232	21,535,232
31 December 2013				
Trade payables	22	7,714,795.20	7,714,795	7,714,795
		7,714,795	7,714,795	7,714,795

Notes to the financial statements (continued)

c. **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company manages market risks by keeping costs low through various cost optimization programs. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary.

d. **Capital risk management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities less cash and cash equivalents.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirement.

The adjusted net debt to equity ratio was as follows;

	31 Dec 2014	31 Dec 2013
	N'000	N'000
Total liabilities	35,698,210	28,219,103
Less: cash and cash equivalents (Note 21)	(2,714,400)	(2,708,939)
Net debt	32,983,810	25,510,164
Total Equity	81,181,283	92,557,766
Net debt to equity ratio	0.41	0.28

e. **Fair values**

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Notes to the financial statements (continued)

		Loans and receivables
		₦'000
December 31, 2014		
Financial assets		
Trade and other receivables	20	2,488,271
Cash and cash equivalents	21	2,714,400
		5,202,671
Financial liabilities		
Trade and other payables	22	21,535,232
		21,535,232

		Loans and receivables
		₦'000
December 31, 2013		
Financial assets		
Trade and other receivables	20	3,659,219
Cash and cash equivalents	21	2,708,939
		6,368,158
Financial liabilities		
		₦'000
Trade and other payables	22	7,714,795
		7,714,795

The Company's financial instruments are categorised as follows:

Trade receivables and trade payables are the Company's short-term financial instruments. Accordingly, management believes that their fair values are not expected to be materially different from their carrying values.

The Company had no capital commitment as at the reporting date.

Notes to the financial statements (continued)

26. Share capital

	Dec 31, 2014	Dec 31, 2013
	₦'000	₦'000
Authorised:		
10,000,000 ordinary shares of ₦0.50 each	5,000	5,000
Issued and fully paid:		
10,000,000 ordinary shares of ₦0.50 each	5,000	5,000
Issued and fully allotted:		
10,000,000 ordinary shares of ₦0.50 each	5,000	5,000

27. Revaluation reserve

	Dec 31, 2014	Dec 31, 2013
	₦'000	₦'000
Asset recapitalisation- plant & machinery	47,434,358	(55,918)
Revaluation surplus	-	67,819,287
Deferred tax	-	(20,329,011)
	47,434,358	47,434,358

Deferred tax was charged at 30% on the Revaluation surplus which would be the net amount of the asset recapitalisation - Plant & Machinery and the revaluation surplus.

28. Related party transactions

	Dec 31, 2014	Dec 31, 2013
	₦'000	₦'000
1. Integrated Energy Distribution and Marketing Limited	276,404	49,117
	276,404	49,117

29. Contingent liabilities

The Company had no disclosable contingent liability as at year end (2014: Nil).

30. Segment reporting

There was no segment information to be disclosed for the period

Notes to the financial statements (continued)

31. **Events after the reporting date**

    There were no significant events after the end of the reporting date which could have had a material effect on the state of affairs of the Company as at December 31, 2014 which have not been adequately provided for or disclosed in the financial statements.

Other Financial Information

Value Added Statement

For the year ended 31 December

	2014 ₦'000	%	2013 ₦'000	%
Revenue	50,452,107		49,100,316	
Brought in materials and services				
- Local	(46,201,478)		(40,919,629)	
	4,250,629		8,180,687	
Finance income	4,729		-	
	4,255,358	100	8,180,687	100
To employees:				
- Wages, salaries and other staff costs	5,289,530	124	13,317,339	163
To providers of finance:				
- Finance cost and similar charges	140,492	3	-	-
To government as:				
- Taxes	6,423,502	151	-	-
Retained in the business:				
To maintain and replace:				
- Property, plant and equipment	3,778,317	89	3,121,241	38
- To augment/(deplete)reserve	(11,376,483)	(267)	(8,257,893)	(101)
	4,255,358	100	8,180,687	100

Financial Summary

Statement of profit or loss and other comprehensive income

	2014	2013	2012
	₦'000	₦'000	₦'000
Revenue	50,452,107	49,100,316	41,133,117
Profit /(loss) before income tax	(17,799,985)	(8,257,893)	(9,500,225)
Profit/(loss) for the year	(11,376,483)	(8,257,893)	(9,555,732)
Total comprehensive income for the year	(11,376,483)	39,176,465	(9,555,732)

Statement of financial position

	31 Dec 2014	31 Dec 2013	31 Dec 2012
	₦'000	₦'000	₦'000
Employment of funds			
Property, plant and equipment	110,139,550	112,973,785	52,232,499
Deferred tax assets/(liabilities)	(13,021,290)	(20,329,011)	
Employee retirement benefit	-	-	(7,178,090)
Net current (liabilities)/assets	(15,936,977)	(87,008)	(1,155,264)
Net assets/(liabilities)	81,181,283	92,557,766	43,899,145
Funds employed			
Share capital	5,000	5,000	5,000
Revaluation reserves	47,434,358	47,434,358	-
Retained earnings	33,741,925	45,118,408	43,894,145
	81,181,283	92,557,766	43,899,145

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior years has not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.