Ibadan Electricity Distribution Company Plc

Annual Report

December 31, 2015

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Corporate Information

Registration Number RC. 638633

Directors:	Dr. Olatunde Ayeni, CON. F.IoD Captain (Dr) Wells Idahosa Okunbo Mr. Olatunde Ikuerowo Mr. Garth Dooley Dr. Olusola Ayandele Mr. Dan D. Kunle Mr. John Donnachie
Registered and Principal Address:	Capital Building 115 Ring Road Ibadan, Oyo State
Company Secretary:	Oluseye Alayande 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

Directors' report

For the year ended December 31, 2015

The Directors present their annual report on the affairs of Ibadan Electricity Distribution Company Plc ("the Company"), together with the financial statements and auditor's report for the year ended December 31, 2015.

Legal form

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

Principal activity 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.

The Company earned revenue of ₦61.38 billion for the year ended December 31, 2015 (2014: ₦50.45 billion). The Company reported a loss before taxation of ₦20.06 billion for the year ended December 31, 2015 (2014: ₦17.80 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 December 31, 2015.

Operating results

The following is a summary of the Company's operating results:

	2015	**2014**
	₦'000	**₦'000**
Revenue	61,378,229	50,452,107
Results from operating activities	(16,945,998)	(17,664,222)
Loss before taxation	(20,060,921)	(17,799,985)
Taxation	6,123,468	6,423,502
Loss for the year	(13,937,453)	(11,376,483)

Dividend

No dividend has been recommended by the directors in respect of the year ended December 31, 2015 (2014: Nil).

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	(Resigned)
Mr. Garth Dooley	Jamaican	-	Director	Appointed
Dr. Olusola Ayandele	Nigerian	-	Director	Appointed
Engr. Fortunato Leynes	Filipino	-	Managing Director	(Resigned)
Mr. Dan D. Kunle	Nigerian	-	Director	Appointed
Mr. John Donnachie	South African	-	Managing Director	Appointed

Directors' shareholding and interest

The directors do not have any interests required to be disclosed under Section 275 of the Companies and Allied Matters Act of Nigeria.

In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interests in contracts with the Company.

Analysis of shareholding

The shareholding structure of the Company is as follows:

	Number of ordinary shares issued of 50k	
Shareholder	**2015**	**2014**
Integrated Energy Distribution and Marketing Limited	6,000,000	6,000,000
Bureau of Public Enterprise	4,000,000	4,000,000
	10,000,000	10,000,000

Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 13 to these financial statements.

Charitable donations

The Company made donations to charitable organisations amounting to ₦2.93 million during the year (2014: Nil). In compliance with Section 38(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year (2014: Nil).

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, 2015 and on the loss for the year ended on that date which have not been adequately provided for or disclosed in these financial statements.

Employment and employees

(a) **Employee consultation and training**

The Company places considerable value on the involvement of its employees in major policy matters and keeps them informed on matters affecting them as employees and on various factors affecting the performance of the Company. This is achieved through regular meetings with employees and consultations with their representatives.

Management, professional and technical expertise are the Company's major assets. The Company continues to invest in developing such skills. The Company has in-house training facilities, complemented, when and where necessary, with external and overseas training for its employees. This has broadened opportunities for career development within the organization.

(b) **Dissemination of information**

In order to maintain shared perception of our goals, the Company is committed to communicating information to employees in a fast and effective manner as possible. This is considered critical to the maintenance of team spirit and high employee morale.

(c) **Employment of physically challenged persons**

The Company has no physically challenged persons in its employment. However, applications for employment by physically challenged persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

(d) **Employee health, safety and welfare**

The Company places a high premium on the health, safety and welfare of its employees in their places of work. To this end, the Company has various forms of insurance policies, including workmen's compensation and group life insurance to adequately secure and protect its employees.

The Company has a well-established Environmental Health and Safety (EH&S) management system, which formalises EH&S processes, procedures and programmes and provides for integration of EH&S issues into business planning and operations.

Auditors

In accordance with section 357(2) of the Companies and Allied Matters Act of Nigeria, the auditor, Messrs Deinde Odusanya and Co., have expressed their willingness to continue in office as auditors of the Company.

BY ORDER OF THE BOARD

Oluseye

Lagos, Nigeria
December 13, 2016

Oluseye Alayande

Statement of directors' responsibilities in relation to the financial statements for the year ended December 31, 2015

The directors accept responsibility for the preparation of the annual financial statements 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 and the Financial Reporting Council of Nigeria Act, 2011.

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 year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Signature	Signature
JOHN D. DONNACHIE	J. O. AYENI, CON
Name	Name
Date: December 13, 2016	Date: December 13, 2016

Lagos Office:
6, Ireti Street, Yaba,
P. O. Box 50563, Falomo, Ikoyi, Lagos.
Tel: 01-3426673, 01-7630599, 01-3423985

Abuja Office:
Block 13, Flat 4, 7th Street,
Games Village, Abuja FCT.
Tel: 09-6240095

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, 2015; 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 CAP C20 LFN 2004, 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, 2015, 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 CAP C20 LFN 2004

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)
February 21, 2017.
Lagos, Nigeria.

Statement of financial position
As at December 31,

	Notes	2015	2014
		₦'000	**₦'000**
ASSETS			
Property, plant and equipment	*13*	109,622,690	110,139,550
Intangible assets	*14*	74,033	-
Non-current assets		**109,696,723**	**110,139,550**
Inventories	*15*	1,278,192	1,385,190
Trade and other receivables	*16*	12,944,414	2,488,271
Prepayments	*17*	728,466	152,082
Cash and cash equivalents	*18*	5,170,673	2,714,400
Current assets		**20,121,745**	**6,739,943**
Total assets		**129,818,468**	**116,879,493**
EQUITY			
Share capital	*19(a)*	5,000	5,000
Retained earnings		22,606,806	33,741,925
Revaluation reserve	*19(b)*	47,434,358	47,434,358
Total Equity		**70,046,164**	**81,181,283**
LIABILITIES			
Loans and borrowings	*22*	30,443,915	1,072,179
Deferred tax liability	*12(e)*	6,897,822	13,021,290
Non-current liabilities		**37,341,737**	**14,093,469**
Current Liabilities			
Deferred income	*21*	373,849	257,469
Trade and other payables	*20*	22,056,718	20,463,053
Current tax liabilities	*12(d)*	-	884,219
Current liabilities		**22,430,567**	**21,604,741**
Total liabilities		**59,772,304**	**35,698,210**
Total Equity and Liabilities		**129,818,468**	**116,879,493**

These financial statements were approved by the Board of Directors on December 13, 2016 and signed on its behalf by:

Dr. Olatunde Ayeni, CON. F.IoD)	Chairman, Board of Directors *FRC/2013/IODN/00000001738*
John Donnachie)	Managing Director / CEO
Additionally certified by: Aderonke Owotomo)	Chief Financial Officer *FRC/2015/ICAN/00000013338*

The notes on pages 12 to 40 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31,

	Notes	2015	2014
		₦'000	**₦'000**
Revenue	*7*	61,378,229	50,452,107
Direct costs	*9(a)*	(44,662,437)	(36,913,235)
Gross profit		**16,715,792**	**13,538,872**
Other income	*8*	399,079	165,625
Distribution expenses	*9(b)*	(6,588,486)	(6,344,216)
Billing and collection expenses	*9(c)*	(21,441,500)	(18,433,164)
Customer service expenses	*9(d)*	(1,945,017)	(1,957,420)
Administrative expenses	*9(e)*	(4,085,866)	(4,633,919)
Loss from operating activities		**(16,945,998)**	**(17,664,222)**
Finance income	*10*	498,405	4,729
Finance costs	*10*	(3,613,328)	(140,492)
Net finance costs	*10*	(3,114,923)	(135,763)
Loss before taxation	*11*	**(20,060,921)**	**(17,799,985)**
Taxation	*12(d)&(e)*	6,123,468	6,423,502
Loss after taxation		**(13,937,453)**	**(11,376,483)**
Other comprehensive income:			
Other comprehensive income, net of tax		-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		**(13,937,453)**	**(11,376,483)**

The notes on pages 12 to 40 are an integral part of these financial statements.

Statement of Changes in Equity

	Share capital	Revaluation reserve	Retained earnings	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**
Balance at January 1, 2014	5,000	47,434,358	45,118,408	92,557,766
Total comprehensive income				
Loss for the year	-	-	(11,376,483)	(11,376,483)
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**(11,376,483)**	**(11,376,483)**
Transaction with owners	-	-	-	-
Balance at December 31, 2014	**5,000**	**47,434,358**	**33,741,925**	**81,181,283**
Balance as at January 1, 2015	5,000	47,434,358	33,741,925	81,181,283
Total comprehensive income				
Loss for the year	-	-	(13,937,453)	(13,937,453)
De-recognition of prior year tax provision	-	-	884,219	884,219
Reversal of value added tax on bad debts	-	-	1,918,115	1,918,115
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**(11,135,119)**	**(11,135,119)**
Transaction with owners	-	-	-	-
Balance at December 31, 2015	**5,000**	**47,434,358**	**22,606,806**	**70,046,164**

The notes on pages 12 to 40 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended December 31, 2015

	Note	**31 Dec 2015**	**31 Dec 2014**
		₦'000	**₦'000**
Cash flows from operating activities:			
Loss before tax		(20,060,921)	(17,799,985)
Adjustment:			
- depreciation	*13*	3,937,503	3,778,317
- bad debts	*9(c)*	18,827,385	-
- impairment allowance on receivables	*9(c)*	1,675,932	17,979,513
		4,379,899	**3,957,845**
Changes in:			
Decrease in inventories		106,998	49,736
Increase in trade & other receivables		(30,959,460)	(16,808,565)
Increase in prepayment		(576,384)	(152,082)
Decrease in trade and other payables		1,593,665	13,820,437
Decrease in deferred income		116,380	82,172
Cash (used in) / generated from operating activities		**(25,338,902)**	**949,543**
Reversal of output value added tax on bad debts		1,918,115	-
Net cash (used in) / generated from operating activities		**(23,420,787)**	**949,543**
Cash flows from investing activities:			
Acquisition of property, plant and equipment	*13*	(3,420,642)	(944,082)
Acquisition of Intangible Asset	*14*	(74,033)	-
Net cash used in investing activities		**(3,494,675)**	**(944,082)**
Cash flows from financing activities:			
Loans and borrowings	*22*	29,371,736	-
Net cash generated from financing activities		29,371,736	-
Net increase in cash and cash equivalents		2,456,273	5,461
Cash and cash equivalents at 1 January		2,714,400	2,708,939
Cash and cash equivalents at 31 December	*18*	**5,170,673**	**2,714,400**

The notes on pages 12 to 40 are an integral part of these financial statements.

Notes to the financial statements

1 Reporting entity

Ibadan Electricity Distribution Plc ("the Company") is a public liability company incorporated on November 8, 2005 to take over as a going concern, the electricity distribution activities and related business of the Power Holding Company of Nigeria (PHCN) within the franchise areas of Oyo State, Ogun State, Osun State, Kwara State, parts of Kogi, Ekiti and Niger State. The Company is domiciled in Nigeria and has its registered office address at Capital Building, 115 Ring Road, Ibadan, Oyo state.

The Company supplies electricity within the captive regions above based on a licence granted to it by the Nigerian Electricity Regulatory Commission (NERC). The licence is for a period of 15 years and expires in 2028 with an option to renew for another 10 years. Based on the terms and conditions of the licence and regulations as contained in the Electrical Power Sector Reform Act (EPSRA) 2005, the Company is a monopoly within its geographical coverage area and operates under a price control regime known as the Multi Year Tariff Order (MYTO). As a result of the privatization of the power sector, the business activity of the Company during the year was governed by "the Interim Electricity Market Rules for the period between completion of privatization and the start of the Transitional Electricity Market (TEM) of the Nigerian Electricity Supply Industry (NESI)", and the TEM Rules which became effective from February 1, 2015.

2 Basis for accounting

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011. The financial statements were authorised for issue by the Board of Directors on December 13, 2016.

Details of the Company's accounting policies are included in Note 5.

Going concern basis of accounting

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations for at least twelve months from the year end. See Note 26 for more details.

3 Functional and presentation currency

These financial statements are presented in Nigerian Naira (NGN), which is the Company's functional currency. All amounts stated in NGN have been rounded to the nearest thousand, unless otherwise indicated.

4 Use of judgments and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's 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 estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 13 – Property, plant and equipment

Notes to the financial statements

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments in the year ending 31 December 2015 is included in the following notes:

Notes 7 and 21 **-** *Revenue Recognition – Estimation of deferred revenue from prepaid customers and unbilled revenue from Post-paid customers*

Note 12(e) – Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used

Note 27(a) **-** *Impairment of trade receivables*

Note 24 – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

5 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue

Revenue primarily represents the sales value of electricity and other related energy services supplied to customers during the year and excludes Value Added Tax. The Company generally recognizes revenue upon delivery of goods to customers or upon completion of services rendered. Delivery is deemed complete when the risks and rewards associated with ownership have been transferred to the buyer as contractually agreed i.e. the electricity has been consumed by the customers, compensation has been contractually established and collection of the resulting receivable is probable. Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of electricity to post-paid customers is the value of the volume of units supplied during the year including an estimate of the value of volume of units supplied to these customers between the date of their last meter reading (which coincides with the last invoice date) and the year-end. In case of prepaid meter customers, an estimate is made for unearned revenue as at year-end and this is included in the statement of financial position as deferred revenue.

In line with the applicable tariff framework, prices charged by the Company for electricity distribution are regulated. However, the Company is allowed to recover excess costs incurred through future price increases charged on future deliveries. Similarly, where current regulated rates are determined to be excessive, the Company may be subject to a rate reduction in the future against future deliveries. The Company does not recognise an asset or liability, as the case may be, on account of under-recovery or over-recovery except where it is obligated to provide future services at a loss in which case a provision is recognised.

Revenue from rendering of services is recognised when such services are rendered.

(b) Finance income and finance costs

Finance income comprises interest income on short-term deposits with banks and foreign exchange gains. Interest income on short-term deposits is recognised using the effective interest method. In addition, day-one-gain on recognition of CAPMI loan at fair value is recognized as finance income.

Finance costs comprise interest expense on interest bearing borrowings, unwinding discount from CAPMI and foreign exchange losses. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

Foreign exchange gains and losses are recognised on net basis.

Notes to the financial statements

(c) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in the functional currency (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 translated to the functional currency at the rates of exchange prevailing at that date.

Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(d) Property, plant and equipment

i Recognition and measurement

Land, buildings and distribution network assets are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Increases in the carrying amount arising on revaluation of land, buildings and distribution network assets are credited to other comprehensive income (OCI) and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the profit or loss.

Assets under construction are stated at cost which includes cost of materials and direct labour and any costs incurred in bringing it to its present location and condition.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal or derecognition of an item of property, plant and equipment is recognised in profit or loss.

Contributions by customers of items of property, plant and equipment, which require an obligation to supply goods to the customer in the future, are recognised at the fair value when the Company has control of the item. The Company assesses whether the transferred item meets the definition of an asset, and if so recognizes the transferred asset as PPE. At initial recognition, its cost is measured at fair value, and a corresponding amount is recognized as income when the Company has no future performance obligations. If the Company is yet to discharge the future performance obligation, the corresponding amount is recognized as a deferred income pending the performance of the obligation.

ii Subsequent expenditure

Subsequent expenditure is included in the asset's carrying amount or recognized as a separate asset as appropriate, only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Notes to the financial statements

iii Depreciation

Depreciation is calculated to write off the cost or fair value of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful life of items of property, plant and equipment are as follows:

	Life (years)
Land	Not depreciated
Buildings	50
Distribution network assets	35
Motor - cars	5
Motor - operational lorries	10
Furniture, fittings and equipment	10

Capital work in progress is not depreciated until when the asset is available for use and transferred to the relevant category of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv Derecognition of PPE

The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The gains or loss arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised.

(e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring to use the specific software.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortization

Amortization is calculated to write-off the cost of intangible assets less the estimated residual values using the straight line method over their estimated useful lives and is generally recognized in profit or loss. The estimated useful life of intangible assets (Computer software) is 5 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Financial instruments

The Company classifies non-derivative financial assets as loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

Notes to the financial statements

i Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables on the date when they are originated. Financial assets and financial liabilities are initially recognised on the trade date.

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 in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial 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 them on a net basis or to realise the asset and settle the liability simultaneously.

ii Non-derivative financial assets – measurements

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. They are included in current assets, except for non-trade receivables that have maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

iii Non-derivative financial liabilities – measurements

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. Non-derivative financial liabilities with maturity date more than twelve months from the year end are classified as non-current. Otherwise they are classified as current.

(g) Statement of cash flows

The cash flow statement is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as other non-cash items, have been eliminated for the purpose of preparing the statement. Interest paid is included in financing activities whilst finance income is included in investing activities.

(h) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(i) Government grants

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. They are then recognised in profit or loss as other income on a systematic basis over the useful life of the associated asset.

Notes to the financial statements

Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on weighted average cost principle. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

(k) Leases

i Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. At inception or on reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

ii Leased assets

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

iii Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(l) Impairment

i Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

• 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;
• adverse changes in the payment status of borrowers or issuers;

Notes to the financial statements

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the estimated recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

ii Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets 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 CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. 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 recognised.

(m) Employee benefits

i Short term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid 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.

ii Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in future payments is available.

Notes to the financial statements

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for all staff effective from July 1, 2014. 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. Employees contribute 8% each of their basic salary, transport and housing allowances to the Fund on a monthly basis. The Company's contribution is 10% of each employee's basic salary, transport and housing allowances.

iii Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(n) Provisions and contingent liabilities

Provisions

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 recognized 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.

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 that has occurred on the assets dedicated to 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 recognized 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 recognized 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.

(o) Minimum tax

Minimum tax is recognised where the revenue for the year is in excess of five hundred thousand Naira and the Company has no taxable income as a result of allowable expenses for a tax year being more than the taxable income, or the income tax computed is less than the minimum tax. It is measured in line with the provisions of the Company Income Tax Act.

Notes to the financial statements

(p) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

***(i)* Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income tax, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset if the Company:
- has legal enforceable right to set off the recognised amount; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

***(ii)* Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and 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, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:
- has legal enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

6 Measurement of fair values

Some of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. The Chief Finance Officer (CFO) has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Audit Committee and Board of Directors.

Notes to the financial statements

The CFO regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the CFO assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Audit Committee and Board of Directors. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Notes to the financial statements

7 Revenue

Revenue comprise amounts derived from delivering of electricity and other related activities across the Company's distribution network within the franchise areas of Oyo State, Ogun State, Osun State, Kwara State, parts of Kogi, Ekiti and Niger State.

The Company records collections from pre-paid customers as unearned income and recognises them as deferred revenue in the month of collection. The amount recognised as deferred revenue is then recognised as fully earned revenue in the subsequent month. As at year end, the amount recognised as deferred revenue was wholly the December 2015 collections from pre-paid customers (Note 21).

The breakdown of revenue based on the consumption of electricity by customers is as follows:

	2015	2014
	₦'000	₦'000
Residential	32,117,532	26,544,458
Commercial	10,545,390	7,825,299
Industrial	18,670,218	16,036,455
Street lighting	45,089	45,895
	61,378,229	50,452,107

8 Other income

	2015	2014
	₦'000	₦'000
Reconnection fee	315,122	105,821
Others	83,957	59,804
	399,079	165,625

9 Expenses by nature

(a) ***Cost of sales***

	2015	2014
	₦'000	₦'000
Cost of energy	44,662,437	36,913,235
Total cost of sales	44,662,437	36,913,235

(b) ***Distribution expenses***

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.

	2015	2014
	₦'000	₦'000
Salaries and wages	2,075,494	2,175,661
Repairs and maintenance	682,455	458,330
Reserve for obsolescence	14,073	-
Depreciation- plant & machinery	3,718,643	3,625,703
Other distribution expenses	97,821	84,522
Total distribution expenses	6,588,486	6,344,216

Notes to the financial statements

(c) ***Billing and collection expenses***

	2015	2014
	₦'000	₦'000
Meter reading	48,989	38,205
Collection fees	772,217	255,564
Impairment allowance on receivables (Note 27(a))	1,675,932	17,979,513
Bad debts	18,827,385	-
Repairs and maintenance	28,436	30,896
Other collection expense	88,541	128,986
Total billing and collection expenses	21,441,500	18,433,164

(d) ***Customer service expenses***

	2015	2014
	₦'000	₦'000
Salaries and wages	1,838,675	1,883,757
Advert and publicity	16,119	3,405
Repairs and maintenance	69,935	52,446
Transport and travelling	17,649	17,481
Miscellaneous expenses	2,639	331
Total customer service expenses	1,945,017	1,957,420

(e) ***Administrative expenses***

	2015	2014
	₦'000	₦'000
Staff cost	1,094,638	1,197,312
Directors' cost	64,166	32,800
Entertainment	24,599	25,549
Transport and accommodation	121,442	80,583
Motor vehicle running and repairs	56,318	54,088
Advertisement and publicity	27,830	50,078
Printing and stationeries	53,370	60,462
Repairs and maintenance	157,731	104,251
Subscription and fees	84,473	5,498
Bank charges	35,892	101,759
Rent and rates	44,558	37,543
Security expenses	327,561	339,212
Telephone and postages	-	39,982
Training expenses	19,416	44,458
Employee welfare	12,976	45,742
Technical service fees	1,093,192	1,892,400
Consulting and other professional fees	194,894	112,112
Medical expenses	48,794	31,016
ITF contribution	41,219	54,896
Insurance	88,370	61,475
Audit fee and expenses	18,850	7,325

Notes to the financial statements

Depreciation	218,859	152,614
Electricity and Other utilities	49,697	-
Donation	2,925	-
Business development	41,243	79,695
Pre-privatization cost (NELMCO)	157,151	-
Other miscellaneous expenses	5,702	23,069
Total administrative expenses	4,085,866	4,633,919
Total expenses	78,723,306	68,281,954

10 Net finance cost

	2015	2014
	₦'000	**₦'000**
Finance income		
Interest income	498,405	4,729
	498,405	4,729
Finance cost		
Interest expense	(3,613,328)	(140,492)
	(3,613,328)	(140,492)
Net finance cost	(3,114,923)	(135,763)

11 Loss before taxation

(a) Loss before taxation is stated after charging:

	2015	2014
	₦'000	**₦'000**
Depreciation (Note 13)	3,937,503	3,778,317
Staff costs	5,008,807	5,256,730
Impairment of trade receivables	1,675,932	17,979,513
Directors' remuneration	64,166	32,800
Auditor's remuneration	18,850	7,325

(b) Staff costs

(i) Staff costs include:

	2015	2014
	₦'000	**₦'000**
Salaries and wages	4,602,969	4,826,206
Employer's pension contribution	405,838	430,524
	5,008,807	5,256,730

(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:

Notes to the financial statements

	2015	2014
	Number	**Number**
₦ 200,001 - ₦ 800,000	500	518
₦ 800,001 - ₦ 1,400,000	510	463
₦ 1,400,000 - ₦ 2,000,000	535	505
₦ 2,000,000 - ₦ 3,000,000	668	626
₦ 3,000,000 - ₦ 4,000,000	145	127
₦ 4,000,000 - ₦ 5,000,000	46	40
₦5,000,000 and above	71	72
	2,475	2,351

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

	2015	2014
	Number	**Number**
Operations	2,029	2,024
Administration	446	327
	2,475	2,351

(c) Directors' remuneration

Directors' remuneration paid during the year is analysed as follows:

	2015	2014
	₦'000	**₦'000**
Fees as directors	50,000	32,800
Other emoluments	14,166	-
	64,166	32,800

The directors' remuneration shown above includes:

	2015	2014
	₦'000	**₦'000**
Chairman	17,875	
Highest paid director	17,875	8,200

The number of directors (excluding the Chairman and highest paid director) who received emoluments excluding pension contributions and certain benefits were within the following

	2015	2014
	Number	**Number**
₦10,000,000 - ₦40,000,000	1	-

12 Taxation

(a) The Company will not be assessed based on the minimum tax legislation as the company is within its first four years of operation.The company tax assessment for the year ended December 31, 2015 is Nil (2014: Nil).

Notes to the financial statements

(b) The Company is subject to tax under the Companies Income Tax Act as amended to date. Companies Income Tax and Tertiary Education Tax was not charged during the year as the Company did not have taxable or assessable profit for the year ended December 31, 2015 (2014: Nil). No deferred tax has been recorded on loss incurred to date by the Company because of the uncertainties around the recoverability of the losses (Note 12(e)).

(c) **Reconciliation of effective tax rates**

The tax on the Company's loss before tax differs from the theoretical amount as follows:

		2015		**2014**
	%	**₦'000**	%	**₦'000**
Loss before minimum tax and income tax		(20,060,921)		(17,799,985)
Income tax using the statutory tax rate	30	(6,018,276)	30	(5,339,996)
Effect of:				
Movement in unrecognized deferred tax assets	-	-	-	-
Non-deductible expenses	(30)	6,018,276	(30)	5,339,996
Total income tax expense		-		-

(d) **Movement in current tax liability**

	31 Dec 2015	**31 Dec 2014**
	₦'000	**₦'000**
Balance at January, 1	884,219	-
Charge for the year (minimum tax (Note 12(a)))	-	477,301
Prior year under provision	-	406,918
Reversal of prior year provision	(884,219)	-
Balance at December, 31	-	884,219

(e) **Deferred tax liabilities / (assets)**

	31 Dec 2015	**31 Dec 2014**
	₦'000	**₦'000**
Balance at January, 1	13,021,290	20,329,011
Credit for the year	(6,123,468)	(7,307,721)
Balance at December, 31	6,897,822	13,021,290

Notes to the financial statements

13 Property, plant and equipment

(a) The movement in the account is as follows:

	Land	Buildings	Distribution network assets	Furniture, Fittings & Equipment	Motor vehicles	Capital work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost or valuation							
Balance at 1 January 2015	3,676,057	1,866,438	107,152,103	341,320	541,530	340,419	113,917,867
Additions	-	-	2,751,323	149,873	442,826	76,620	3,420,642
Transfers	-	-	183,852	-	-	(183,852)	-
Balance at 31 December 2015	3,676,057	1,866,438	110,087,278	491,193	984,356	233,187	117,338,509
Depreciation							
Balance at 1 January 2015	-	37,329	3,625,703	16,169	99,116	-	3,778,317
Charge for the year	-	37,329	3,718,643	28,640	152,890	-	3,937,503
Balance at 31 December 2015	-	74,658	7,344,346	44,809	252,006	-	7,715,820
Carrying amounts							
At 31 December 2014	3,676,057	1,829,109	103,526,400	325,151	442,414	340,419	110,139,550
At 31 December 2015	3,676,057	1,791,780	102,742,932	446,384	732,350	233,187	109,622,690

(b) Capital commitments

The Company did not have any capital expenditure commitments during the year (2014: Nil).

(c) Capital work-in progress represents costs incurred in respect of property, plant and equipment (PPE) items in store and ongoing works with respect to substations. These costs will be transferred to the various asset classes on completion.

Notes to the financial statements

14 Intangible assets

Intangible assets comprise the cost of computer software acquired. The movement in the account during the year is as follows:

	Computer software licences	
	31 Dec 2015	**31 Dec 2014**
	₦'000	**₦'000**
Cost		
Balance at 1 January	-	-
Additions	74,033	-
Balance at 31 December	74,033	-
Accumulated amortisation		
Balance at 1 January	-	-
Charge for the year	-	-
Balance at 31 December	-	-
Carrying amount		
At 31 December	74,033	-

15 Inventories

Inventories comprise:

	31 Dec 2015	**31 Dec 2014**
	₦'000	**₦'000**
Distribution	491,849	511,481
Cables and conductors	61,869	58,914
Capital items	150,669	54,700
General stores	563,218	700,697
Lubricants	677	3,536
Stationeries	16,068	10,661
Tools	13,749	10,034
Meter	93,764	152,267
Write-down of inventories	(113,671)	(117,100)
	1,278,192	1,385,190

16 Trade and other receivables

	31 Dec 2015	**31 Dec 2014**
	₦'000	**₦'000**
Trade receivables	27,823,959	22,250,367
Less :Allowance for impairment	(21,453,049)	(19,777,117)
Trade receivables, net *	6,370,910	2,473,250
Due from related parties (Note 16(a))	4,704,162	-
Other receivables (Note 16(b))	1,869,342	15,021
	12,944,414	2,488,271

Notes to the financial statements

Information about the Company's exposure to credit and market risks, for trade and other receivables is included in Note 27.

* Included in trade receivables, net, is a write-off of bad debts from Ministries, Departments and Agencies (MDAs) of government and private consumers amounting to ₦18.83 billion (2014: Nil).

(a) Due from related parties comprises:

	31 Dec 2015	31 Dec 2014
	₦'000	₦'000
Integrated Energy Distribution and Marketing Limited	4,704,162	-

During the year, the Company gave a loan of ₦4.40 billion to its parent, Integrated Energy Distribution and Marketing (IEDM) Limited. The loan has a term of two (2) years. Interest has been computed on the loan at a market rate of 10%.

(b) Other receivables comprises:

	31 Dec 2015	31 Dec 2014
	₦'000	₦'000
Recoverable legacy debts (Note 16(b(i)))	1,857,936	-
Employee receivables	11,406	15,021
	1,869,342	15,021

(i) Recoverable legacy debts represent debts owed to gas producers and the Nigerian Gas Company Limited by the Power Holding Company of Nigeria (PHCN), before the acquision of 60% of the shareholding structure by the Company's parent, Integrated Energy Distribution and Marketing Limited (IEDML). The gas companies were reluctant to provide more gas to the privatised distribution companies, until all or some of these debts were settled. During the year, the Central Bank of Nigeria (CBN) settled these legacy debts on behalf of the Company from the intervention loan given to distribution companies. The debts are expected to be recovered from subsequent billings to customers.

17 Prepayments

	31 Dec 2015	31 Dec 2014
	₦'000	₦'000
Rent	48,822	6,822
Insurance	48,822	44,124
Vendors	595,157	75,891
Others	35,665	25,245
	728,466	152,082

18 Cash and cash equivalents

	31 Dec 2015	31 Dec 2014
	₦'000	₦'000
Bank balances	5,170,209	2,714,000
Cash on hand	464	400
	5,170,673	2,714,400

Notes to the financial statements

19 Share capital and reserves

(a) Share capital

	31 Dec 2015	31 Dec 2014
	₦'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

(b) Revaluation reserve

	31 Dec 2015	31 Dec 2014
	₦'000	₦'000
Asset recapitalisation- plant & machinery	47,434,358	47,434,358

20 Trade and other payables

	31 Dec 2015	31 Dec 2014
	₦'000	₦'000
Trade payables (Note 20(a))	17,744,531	16,672,318
Due to related parties	-	276,404
Accruals	1,750,354	1,286,475
Other payables	172,790	-
	19,667,675	18,235,197
Statutory deductions	2,389,043	2,227,856
	22,056,718	20,463,053

The Company's exposure to liquidity and market risks for trade and other payables is included in Note 27 (b) and (c).

(a) Trade payables comprise amount due to the Nigerian Bulk Electricity Trading Plc (NBET) and the Operator of the Nigerian Electricity Market (ONEM). Following the commencement of the Transitional Electricity Market (TEM), NBET became the supplier of power to the Company and bills for the cost of energy while other administrative charges incidental to the cost of energy are billed by ONEM.

21 Deferred income

	31 Dec 2015	31 Dec 2014
	₦'000	₦'000
Collections from prepaid customers (Note 7)	373,849	257,469

Notes to the financial statements

22 Loans and borrowings

	31 Dec 2015	31 Dec 2014
	₦'000	**₦'000**
CAPMI payables (Note 22(a))	3,280,296	1,072,179
Power intervention fund (Note 22(b))	27,163,620	-
	30,443,916	1,072,179

(a) In a bid to bridge the metering gap and to reduce estimated billings, NERC introduced the Credited Advance Payment for Metering Implementation (CAPMI) scheme. The CAPMI scheme allows willing customers to advance funds to the distribution companies for meter procurement and installation. Amounts advanced by a customer under this scheme plus a one off nominal interest of 12% less cost of installation, is refundable to the customer in monthly instalments based on each customer's fixed charge but on the condition that the repayment shall not exceed 3 years.

During the year, the fixed charge on tariff rates was abolished which resulted in a change in the estimated cash flow considered in the refund of the advance payment made by some customers as the Company now assumed that all repayments would occur over 3 years. Under the previous model some customers would have been repaid in less than 3 years.

(b) The Power Intervention Fund (PIF) represents interest bearing commercial loan facility provided by Central Bank of Nigeria (CBN) and NERC to enable the Company cushion interim period revenue shortfall and repay certain identified legacy gas debts owed by Nigerian Electricity Supply Industry (NESI) players which accrued up to the 1 November 2013 handover date. This loan facility with a ten (10) year tenor is expected to be recovered from customers over the same period through the electricity retail tarrif. The terms of the loan agreement provide for a moratorium period of 12 months on principal/loan disbursed during which interest shall accrue and be paid on a monthly basis.

	31 Dec 2015	31 Dec 2014
	₦'000	**₦'000**
Drawdowns	20,204,992	-
	20,204,992	-

23 Related party transactions

(a) Parent and ultimate controlling party

Integrated Energy Distribution and Marketing Limited (IEDML) acquired a majority of the Company's shares from BPE and Ministry of Finance on 1 November 2013. As a result, the parent company is Integrated Energy Distribution and Marketing Limited.

(b) Transactions with key management personnel

Key management personnel compensation comprised:

	31 Dec 2015	31 Dec 2014
	₦'000	**₦'000**
Directors' emoluments	50,000	32,800
Salaries	20,625	-
Other short-term benefits	21,749	-
	92,374	32,800

Notes to the financial statements

Other than as detailed above, in terms of compensation, there were no transactions between key management personnel and the Company. From time to time directors of the Company, or their related entities, may purchase energy from the Company. These purchases are on the same terms and conditions as those entered into by other Company employees and customers.

24 Contingent liabilities

(a) Transfer of pre-acquisition liabilities and trade receivables

As part of the privatisation completion, the Company, through the Bureau of Public Enterprises, signed a deed of assignment of pre-acquisition receivables and liabilities with the Nigerian Electricity Liability Management Company Limited (NELMCO) effective 31 October 2013.The Company and NELMCO are yet to agree on the individual trade debtors and liabilities transferred as at 1 November 2013.

The Directors, based on independent legal advice obtained, as well as their understanding of the Share Purchase Agreement between IEDML, BPE and the Ministry of Finance Incorporated are of the opinion that all trade receivables and pre-acquisition liabilities as at 31 October 2013 have been effectively transferred. The Company does not have an estimate of those debtors and liabilities since in its view this is the responsibility of NELMCO. The Company believes that it will neither realise those receivables nor settle any liabilities existing as at 31 October 2013 and as such, no recognition of provision is required. If in the process of agreeing the individual trade debtors and liabilities, certain items are identified and agreed to be borne by the Company, the amounts would be recorded in the period they were identified.

(b) Litigations and claims

The Company is involved in certain litigations and claims (separate from those taken over by NELMCO). Maximum exposure based on the damages being claimed by the litigants amounts to ₦10.32 billion (2014: ₦0.30 billion). Based on the claims the Company is currently involved in, the Directors are of the opinion that the Company is not exposed to any material loss and as such no provision has been made accordingly.

25 Events after the reporting period

(a) Tariff increase: MYTO 2015

Effective 1 February 2016, the Company initiated the implementation of the MYTO 2015 IBEDC tariff order released on 21 December 2015. The order abolishes the fixed charge element of the previous tariff rates and only allows a variable charge. The fixed charge has now been built into the variable tariff determination model. The MYTO 2015 tariff results in an average increase of 49% in 2016 tariff over 2015 tariff rates across all customer category. There have been continuous objections to the increased rates by Labour Unions, Manufacturers Association of Nigeria (MAN) and other stakeholders, but as at the date of approval of these financial statements, the rates are still in force.

(b) Valuation of inventories

Subsequent to year end, the Company engaged an external valuer, ESV. Abiodun Oni (FRC/2015/NIESV/012607) of Oni, Ibitoye & Co., to value the inventories belonging to the Company as at 31 December 2015. Based on the valuation report concluded as at 20 June 2016, the value of the inventories of the Company amounted to ₦1,592,553,140. Also, the value of bad and obsolete inventories amounted to ₦48,825,682.

Notes to the financial statements

(c) Imposition of fine on default of NERC rules

On 5 August 2016, the Company was fined an amount of ₦22.26 million (excluding daily interest of 5% to be computed on the fine) following it's refusal to obey the decisions of NERC's forum office or treat consumer complaints referred to it by the Commission. The four grounds of violation according to NERC's Directives 156 include Section 63 (1) of the Electric Power Sector Reform (EPSR) 2005 and condition 50 of the Electricity Distribution Licence Terms and Conditions. Both stipulate that a licensee should obey every directive of the Commission. Others include Condition 4 of the Distribution Licence Terms and Conditions and Section 11 (6) of NERC Customer Complaints Handling: Standard and Procedure Regulations (CCSHP) 2006. Both require a licensee to supply information requested of it by the Regulator as well as implement decisions of the Forum on electricity customer issues "within the time specified in the directives of the Forum."

However, the Company was said to have violated all these four grounds "by not complying with most of the NERC's Forum decisions in respect of installations of electricity transformers and energising communities; claimed unavailability of funds, capital intensive nature of such projects as some of the reasons for non-compliance." The Company also "failed to comply with the timeline within which to implement the directives of the NERC Forum as well as the reporting compliance obligation as stipulated in the CCHSP Regulation 2006."

As such, the Commission in Directives 156 said that breach under Section 63 (1) of the EPSRC Act attracts ₦10,000 per day; breach under Section 11 (6) of the CCHSP attracts ₦10,000 per day; breach under Condition 4 of the Distribution Licence Terms and Conditions attracts ₦10,000 per day and that breach under Condition 50 of the Distribution Licence Terms and Conditions attracts ₦10,000 per day. All sanctions started counting from 23 February 2015 when the first directive was given by the NERC Forum Office till 5 August 2016 when the Commission's directives 156 was signed by the Commission's acting Chairman. This gives a total of ₦21,200,000 which shall be paid by the Company within two weeks starting from 5 August 2016 after which the fine attracts five per cent interest daily until the total fine sum is paid.

Following an appeal made by the Company dated 5 August 2016, the Company received a letter from NERC on 14 October 2016 stating that the fine has been reduced by 40% to ₦12,720,000.

26 Going concern

The Company reported a loss after tax of ₦13.94 billion for the year ended 31 December 2015 (2014: ₦11.38 billion) and as of that date, the Company's current liabilities exceeded its current assets by ₦2.31 billion (2014: ₦14.86 billion). The Company has historically incurred losses due to the existing electricity pricing regime which did not allow the recovery of costs through price increases.

Based on MYTO 2015, the directors have revised the Company's 10 year budget and cash flow forecast which now indicates the Company is expected to operate profitably by the end of the 2017 financial year. The actualization of the projections is subject to the sustainability of MYTO 2015, receipt of debts due from MDAs estimated at ₦3.05 billion, and the successful re-negotiation of the amount payable to NBET and ONEM (trade payables), which represents about 90% of current liabilities, into a long term loan payable over an eight (8) year period with a moratorium period of 18 months. It is not possible at this stage to determine the outcome of these plans.

Notes to the financial statements

Consequently, the Company's ultimate parent, Ocean Marine Solutions Limited, has confirmed its willingness to continue to provide such operational support to the Company as would be necessary for the Company to meet its obligations as they fall due in the foreseeable future.

Accordingly, the directors are confident that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Hence, these financial statements have been prepared using accounting policies applicable to a going concern.

27 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The board of directors is also responsible for developing and monitoring the Company's risk management policies.

The Company’s risk management policies are established to identify and analyse 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’s audit committee 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. The audit committee is assisted in its oversight role by Internal Audit. Internal Audit is expected to undertake both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(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 government related entities.

The Company's credit risk exposure on cash is minimized substantially by ensuring that cash is held with Nigerian financial institutions.

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

	31 Dec 2015	31 Dec 2014
	₦'000	₦'000
Trade and other receivables	12,944,414	2,488,271
Cash at bank	5,170,209	2,714,000
	18,114,623	5,202,271

Notes to the financial statements

Trade and other receivables

The Company has a large customer base within its licensed area of supply thereby reducing its concentration of credit risk. To further mitigate credit risk, the Company is continually increasing the share of prepaid customers in its portfolio. The Company's exposure to credit risk is influenced by the individual characteristics of each customer.

In monitoring credit risk, customers are grouped according to their credit characteristics, including whether they are maximum demand or non-maximum demand customers, and whether they are private individuals/companies, government institutions or military establishments. No security is provided for the electricity supplied though the Company retains the right to disconnect non paying customers to enforce collections.

Trade receivables

	Maximum Demand	Non-maximum Demand	Total
2015	**₦'000**	**₦'000**	**₦'000**
Private individuals/companies	14,199,786	10,861,858	25,061,644
Government institutions	974,470	1,787,845	2,762,315
Total	15,174,256	12,649,703	27,823,959

	Maximum Demand	Non-maximum Demand	Total
2014	**₦'000**	**₦'000**	**₦'000**
Private individuals/companies	6,418,991	14,641,541	21,060,532
Government institutions	304,770	885,065	1,189,835
Total	6,723,761	15,526,606	22,250,367

At 31 December 2015, the aging of trade receivables that were not impaired was as follows:

	31 Dec 2015	31 Dec 2014
	₦'000	**₦'000**
Current	5,843,031	5,785,095
Past due 0-30 days	1,669,438	1,780,029
Past due 31-90 days	3,617,115	4,005,066
Past due 91-120 days	1,112,958	1,112,519
Past due 120 days and above	15,581,417	9,567,658
	27,823,959	22,250,367

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	31 Dec 2015	31 Dec 2014
	₦'000	**₦'000**
Balance at 1 January	19,777,117	1,797,604
Net impairment loss recognised (Note 9(c))	1,675,932	17,979,513
Balance at 31 December	21,453,049	19,777,117

Notes to the financial statements

Management monitors the Company's trade and other receivables for indicators of impairment. During the year, no write off on bad debt was recorded (2014: Nil).

The directors have recorded an impairment allowance amounting to ₦20.50 billion (2014: ₦17.98 billion) with respect to the outstanding trade receivables at the year end. The impairment is required mainly to cater for the losses that arose from the difficulties in enforcing payments from certain classes of customers due to certain geographical challenges such as coverage and accessibility.

The Company believes that past due amounts not impaired are collectible as follows:

- It retains the right to disconnect the customers and based on historical patterns, collections improve after disconnections.
- Current metering plan, will convert a significant number of these customers to prepaid and outstanding balances will be recovered through the prepaid platform.
- Commitments from the Accountant General and Ministry of Power, that amounts due from government parastatals will be paid for through deductions in their allocations.

It is also important to note that the Company has strategies to minimize credit losses going forward as

- Investment in prepaid meters and conversion of more post paid customers to prepaid;
- More efficient internal processes e.g. timely billings and delivery of bills, system automation of billings and collections, system of issuing letters of demand and notices to non-paying customers;
- Involvement of the Minister of Finance in enforcing collection of receivables from government agencies;
- Aggressive disconnections;
- Setting KPIs for employees to drive debt collections

Cash at bank

The Company held cash of ₦5.17 billion (2014: ₦2.71billion) with banks and financial institutions operating 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. Management'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.

In order to manage liquidity risks and ensure that it has sufficient cash to match outflows expected in the normal course of its business, the Company is doing the following:

- Intensifying efforts to collect trade receivables
- Restructuring trade payables which are due to NBET and ONEM into a long term facility with a tenor of 8 years. This will reduce the cashflow demand in the short to medium term.

Notes to the financial statements

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows Total	0 - 3 Months	4 - 12 Months	Above 1 year
	₦'000	₦'000	₦'000	₦'000	₦'000
Non-derivative financial liabilities					
31 December 2015					
Trade and other payables	19,667,675	19,667,675	19,667,675	-	-
Loans and borrowings	30,443,916	30,443,916	-	-	30,443,916
	50,111,591	50,111,591	19,667,675	-	30,443,916
Non-derivative financial liabilities					
31 December 2014					
Trade and other payables	18,235,197	18,235,197	18,235,197	-	-
Loans and borrowings	1,072,179	1,072,179	-	-	1,072,179
	19,307,376	19,307,376	18,235,197	-	1,072,179

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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.

Currency risk

The Company has no exposure to currency risks as all of its transactions are maintained in Naira.

(d) Fair values

Fair values versus carrying amounts

The table below shows the classification of financial assets and financial liabilities of the Company not measured at fair value. These carrying amounts shown are a reasonable approximation of the fair values of the financial assets and financial liabilities.

	Loans and receivables	Other financial liabilities	Total
	₦'000	₦'000	₦'000
31 December 2015			
Financial assets not measured at fair value			
Trade and other receivables	12,944,414	-	12,944,414
Cash and cash equivalents	5,170,673	-	5,170,673
	18,115,088	-	18,115,088

Notes to the financial statements

	Loans and receivables	Other financial liabilities	Total
	₦'000	**₦'000**	**₦'000**
Financial liabilities not measured at fair value			
Trade and other payables	-	19,667,675	19,667,675
Loans and borrowings	-	30,443,916	30,443,916
	-	50,111,591	50,111,591

	Loans and receivables	Other financial liabilities	Total
	₦'000	**₦'000**	**₦'000**
31 December 2014			
Financial assets not measured at fair value			
Trade and other receivables	2,488,271	-	2,488,271
Cash and cash equivalents	2,714,400	-	2,714,400
	5,202,671	-	5,202,671

	Loans and receivables	Other financial liabilities	Total
	₦'000	**₦'000**	**₦'000**
Financial liabilities not measured at fair value			
Trade and other payables	-	18,235,197	18,235,197
Loans and borrowings	-	1,072,179	1,072,179
	-	19,307,376	19,307,376

28 Operating leases

(a) Leases as lessee

The Company leases a number of buildings under operating leases. The leases typically run for a period of 1 year, with an option to renew the lease after that date. Lease payments are renegotiated when necessary to reflect market rentals.

Some leases provide for additional rent payments that are based on changes in local price indices.

(i) Future minimum lease payments

At 31 December 2015, the future minimum lease payments under non-cancellable leases were payable within 1 year and amounted to ₦48.8 million (2014: ₦6.8 million).

(ii) *Amounts recognised in profit or loss*

Lease expenses recognised in profit or loss during the year amounted to ₦44.5 million (2014: ₦37.5 million). This is included in administrative expenses as rent expense.

29 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain items of PPE (excluding capital work in progress) where measurement is by revaluation method, recognition of assets granted by customers which are initially recognized at fair value and financial instruments measured based on fair value.

Notes to the financial statements

30 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and early application is permitted, however, the Company has not applied the new or amended standard 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 2016

• Amendment to IAS 1 *Disclosure initiative*

Effective for the financial year commencing 1 January 2018

• IFRS 9 *Financial Instruments*

• IFRS 15 *Revenue from contracts with customers*

Effective for the financial year commencing 1 January 2019

• IFRS 16 *Leases*

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

IFRS 10, IFRS 12 and IAS 28 amendment Investment entities, Sale or Contribution of Assets between an Investor and its Associate or joint Venture (Amendment to IFRS 10 and IAS 28), Equity method in Separate Financial Statements (Amendments to IAS 27), Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41), Regulatory Deferral Accounts (IFRS 14), Accounting for Acquisitions of Interest in Joint Operations (Amendment to IFRS 11), Clarification of Acceptable Methods of Depreciation and Amortisation (Amendment to IAS 16 and IAS 38) 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:

• Amendment to IAS 1 Disclosure initiative

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position, and statement of profit or loss and other comprehensive income. The Company will adopt the amendments for the year ending 31 December 2016.

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 cash flows. 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.

The effective date of IFRS 9 is 1 January 2018. The Company will adopt the standard in the first annual period beginning on or after the mandatory effective date (once specified). The impact of the adoption of IFRS 9 has not yet been estimated as the standard is still being revised and impairment and macro-hedge accounting guidance is still outstanding.

Notes to the financial statements

The Company will assess the impact once the standard has been finalised and becomes effective.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.

The Company is yet to carry-out an assessment to determine the impact that the initial application of IFRS 15 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2018.

IFRS 16 Leases

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and

(b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2019.

Other national disclosures

Other Financial Information
Value Added Statement
For the year ended 31 December 2015

	2015	%	2014	%
	₦'000		₦'000	
Revenue	61,301,612		50,452,107	
Brought in materials and services				
- Local	(57,054,364)		(46,201,478)	
	4,247,248		4,250,629	
Finance income	498,405		4,729	
	4,745,652	100	4,255,358	100
To employees:				
- Wages, salaries and other staff costs	5,008,807	106	5,289,530	124
To providers of finance:				
- Finance cost and similar charges	3,613,328	76	140,492	3
To government as:				
- Taxes	6,123,468	129	6,423,502	151
Retained in the business:				
To maintain and replace:				
- Property, plant and equipment	3,937,503	83	3,778,317	89
- To deplete reserve	(13,937,453)	(294)	(11,376,483)	(267)
	4,745,652	100	4,255,358	100

Financial Summary

Statement of profit or loss and other comprehensive income

	2015	2014	2013	2012
	₦'000	₦'000	₦'000	₦'000
Revenue	61,378,229	50,452,107	49,100,316	41,133,117
Loss before income tax	(20,060,921)	(17,799,985)	(8,257,893)	(9,500,225)
Loss for the year	(13,937,453)	(11,376,483)	(8,257,893)	(9,555,732)
Total comprehensive (loss) / income for the year	(13,937,453)	(11,376,483)	39,176,465	(9,555,732)

Statement of financial position

	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012
	₦'000	₦'000	₦'000	₦'000
Employment of funds				
Property, plant and equipment	109,622,690	110,139,550	112,973,785	52,232,499
Intangible Asset	74,033	-	-	-
Deferred tax liabilities	(6,897,822)	(13,021,290)	(20,329,011)	-
Employee retirement benefit	-	-	-	(7,178,090)
Loans and borrowings	(30,443,915)	(1,072,179)	-	-
Net current liabilities	(2,308,822)	(14,864,798)	(87,008)	(1,155,264)
Net assets	70,046,164	81,181,283	92,557,766	43,899,145
Funds employed				
Share capital	5,000	5,000	5,000	5,000
Retained earnings	22,606,806	33,741,925	47,434,358	-
Revaluation reserves	47,434,358	47,434,358	45,118,408	43,894,145
	70,046,164	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.