Jos Electricity Distribution Plc

IFRS Financial Statements for the year ended 31 December 2014

Jos Electricity Distribution Plc
Index to the financial statements
for the ended 31 December 2014

DIRECTORS	Ahmed Mahmud Yayale	Chairman
	Modibo Moh'd Tukur	Director
	Tsavsar Joseph	Director
	Kosehkahyaoglu Mehmet	Director
	Morangoz Serdar	Director
	Dalami Zakari Jelka	Director
	Joda Hamid	Director

COMPANY SECRETARY — Odujinrin & Adefulu

REGISTERED OFFICE — 9, Ahmadu Bello Way
Jos, Plateau State
Nigeria

AUDITORS — PricewaterhouseCoopers
(Chartered Accountants)

BANKERS — United Bank for Africa

Unity Bank Plc

First Bank of Nigeria Plc

Union Bank Plc

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2014, which disclose the state of affairs of the Company.

INCORPORATION AND ADDRESS

Jos Electricity Distribution Plc was incorporated in Nigeria on November 7, 2005 under the Companies and Allied Matters Act as a Public limited liability Company, and is domiciled in Nigeria. The address of its registered office is:

9, Ahmadu Bello Way
Jos, Plateau State
Nigeria

PRINCIPAL ACTIVITIES

The Company is in the business of distribution of electric power to customers in Plateau, Benue, Bauchi and Gombe states, of Nigeria.

RESULTS

The Company's results for the year are set out on page 7. The loss for the year of N6 billion (2013 : loss of N7.1 billion) has been transferred to retained earnings.

PRIVATISATION OF THE COMPANY

The Company is one of the successor companies of Power Holding Company of Nigeria, owned by the Federal Government of Nigeria through the Bureau of Public Enterprises and Ministry of Finance Incorporated. The Company was incorporated on November 7 2005, but the privatisation was completed 31 October 2013. The private investors took over the management and operations of the Company on 1 November 2013, based on a share sale agreement between Aura Energy Limited and Aydem Energy FZE, UAE as buyers and Bureau of Public Enterprises and Ministry of Finance Incorporated as sellers.

DIRECTORS' INTEREST IN CONTRACTS

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

SHAREHOLDINGS

As of 31 December, 2014, the shares of the Company were held as follows:

	31 December 2014		31 December 2013	
	No of shares	%	No of shares	%
Aura Energy Limited	5,000,000	50%	5,000,000	50%
Aydem Energy FZE, UAE	1,000,000	10%	1,000,000	10%
Bureau of Public Enterprises	3,200,000	32%	3,200,000	32%
Ministry of Finance Incorporated	800,000	8%	800,000	8%
	10,000,000	100%	10,000,000	100%

EMPLOYMENT OF DISABLED PERSONS

The Company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees.

EMPLOYEE HEALTH, SAFETY AND WELFARE

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. Careful attention is given to employees' health through top class clinics.

DONATIONS AND GIFTS

The Company made nil donations during the year (2013:Nil).

AUDITORS

Messrs. PricewaterhouseCoopers (Chartered Accountants) have indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act.

By order of the Board

____

Company secretary

______________________________2015

Jos Electricity Distribution Plc
Directors' responsibilities
For the year ended 31 December 2014

The Companies and Allied Matters Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. This responsibility includes:

(a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;

(b) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or other irregularities; and

(c) preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement

Director	Director
____________2015	____________2015

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF JOS ELECTRICITY DISTRIBUTION PLC.

Report on the financial statements

We have audited the accompanying financial statements of Jos Electricity Distribution Plc. These financial statements comprise the statement of financial position as at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the company at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

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Other Matter

The financial statements of the company for the year ended 31 December 2013 were audited by another firm of auditors whose report, dated 24 November 2015, expressed an unmodified opinion on those statements. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the company's statements of financial position and comprehensive income are in agreement with the books of account.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 277316

Pedro Omontuemhen

for: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
Engagement Leader: Pedro Omontuemhen
FRC/2013/ICAN/00000000739

2nd December 2015

Jos Electricity Distribution Plc
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2014

	Notes	31 December 2014 N'000	31 December 2013 N'000
Revenue	5	17,504,750	13,398,883
Cost of sales	6	(14,985,805)	(17,088,077)
Gross profit/(loss)		2,518,945	(3,689,194)
Other operating income	9	35,108	42,480
Administrative expenses	6	(7,733,590)	(2,863,615)
Selling expenses	6	(483,854)	(545,715)
Operating loss		(5,663,391)	(7,056,044)
Finance income		81,593	553
Finance cost		(74,010)	(6,103)
Net finance cost		7,583	(5,550)
Loss before tax		(5,655,808)	(7,061,594)
Tax expenses	10	(383,077)	(34,890)
Loss for the year		(6,038,885)	(7,096,484)
Other comprehensive income:		-	-
Total comprehensive loss for the year		(6,038,885)	(7,096,484)
Loss per share	18	(604)	(710)

The results shown above for both 2014 and 2013 relate to continuing operations.

The accounting policies and notes on pages 11 to 28 are an integral part of these financial statements.

Jos Electricity Distribution Plc
Statement of financial position
As at 31 December 2014

	Notes	31 December 2014 N'000	31 December 2013 N'000
Assets			
Non-current assets			
Property, plant and equipment	11	33,251,305	34,149,800
Asset under construction	12	897,859	533,004
		34,149,164	34,682,804
Current assets			
Inventories	14	1,115,576	1,706,436
Trade and other receivable	15	6,019,591	1,787,848
Cash and cash equivalents	16	950,523	441,620
		8,085,690	3,935,904
Total assets		**42,234,854**	**38,618,708**
Liabilities			
Current liabilities			
Income tax payable	10	209,590	34,890
Trade and other payable	17	11,365,977	2,094,023
		11,575,567	2,128,913
Non- current liabilities			
Deferred tax liability	13	208,377	-
Total liabilities		**11,783,944**	**2,128,913**
Equity			
Ordinary share capital	18	5,000	5,000
Retained earnings	19	30,445,910	36,484,795
Total equity		**30,450,910**	**36,489,795**
Net equity and liabilities		**42,234,854**	**38,618,708**

The financial statements on pages 7 to 28 were approved and authorised for issue by the board of Directors on

____________________ 2015 and were signed on its behalf by:

Director

Director

Jos Electricity Distribution Plc
Statement of changes in equity
For the year ended 31 December 2014

	Note	Share capital N'000	Retained earnings N'000	Total equity N'000
Balance as at 1 January 2013		5,000	14,425,159	14,430,159
Total comprehensive income:				
Loss for the year		-	(7,096,484)	(7,096,484)
Transaction with owners				
Transfer to NELMCO*	19	-	29,156,120	29,156,120
Balance as at 31 December 2013		**5,000**	**36,484,795**	**36,489,795**
Balance as at 1 January 2014		5,000	36,484,795	36,489,795
Total comprehensive income:				
Loss for the year		-	(6,038,885)	(6,038,885)
Balance as at 31 December 2014		**5,000**	**30,445,910**	**30,450,910**

The statement of accounting policies and notes on pages 11 to 28 are an integral part of these financial statements

** NELMCO - Nigeria Electricity Liablity Management Limited / GTE*

Jos Electricity Distribution Plc
Statement of Cash flows
For the year ended 31 December 2014

	Notes	31 December 2014 N'000	31 December 2013 N'000
Cash flows from operating activities:			
Cash generated from operations	20	1,385,184	701,026
Net cash generated from operating activities		1,385,184	701,026
Cash flows from investing activities:			
Purchase of property, plant and equipment	11	(511,426)	(854,771)
Additions to assets under construction	12	(364,855)	-
Net cash used in investing activities		(876,281)	(854,771)
Movement in cash and cash equivalents			
At start of year		441,620	595,365
Net increase/(decrease) in cash and cash equivalents		508,903	(153,745)
Cash and cash equivalents at the end of the year		950,523	441,620

The statement of accounting policies and notes on pages 11 to 28 are an integral part of these financial statements

1 General information

Jos Electricity Distribution Plc ('the Company') is one of the eleven electricity distribution companies in Nigeria. The Company was granted operational license in 2006 by the Nigeria Electricity Regulatory Commission (NERC) to distribute electricity to consumers in four states in Nigeria: Plateau, Benue, Bauchi and Gombe States. As part of the privatisation, a new operational license was granted to the Company on 1 October 2013 by NERC.

The company became a privately managed entity on 1 November 2013 following the completion of sale of 60% of the Federal Government of Nigeria interest in the Company to Aura Energy Limited and Aydem Energy FZE, UAE.

The Company currently services about 400,000 customers with its major activities being to:
- operate its network assets effectively;
- maintain its assets so that they are in a condition to remain reliable;
- upgrade the existing networks and or build new ones to provide additional electricity supplies or capacity to its customers.
- bill its customers for energy consumed based on prevailing tariff and collect payments on such basis.

The Company's registered address is 9, Ahmadu Bello Way, Jos, Plateau State, Nigeria.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements have been prepared under the historical cost convention and are presented in Naira. All values are rounded to the nearest thousand (N'000), except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.1.1 Going concern

The financial statements have been prepared on a going concern basis. The directors have no doubt that the Company would remain in existence 12 months from the date of these financial statements.

2.1.2 *Changes in accounting policies and disclosures*

(a) *New standards, amendments and interpretations adopted by the Company*

Below is a list of standards/interpretations that have been issued and are effective for periods beginning on or after 1 January 2014 and have an impact on the Company:

(i) Amendments to IAS 32 on 'Financial instruments: Presentation' on offsetting financial assets and liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment did not have a significant effect on the entity's financial statements.

(ii) Amendment to IAS 39 'Financial instruments: Recognition and measurement' on the novation of derivatives and continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. This amendment did not have a significant effect on the Company's financial statements.

(iii) IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.

(b) *New standards, amendments and interpretations not early adopted*

A number of new standards and 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. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' regarding depreciation and amortisation (effective 1 January 2016)

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

IFRS 7,'Financial instruments: Disclosures' (effective 1 July 2016)

Servicing contracts – If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively. There is a consequential amendment to IFRS 1 to give the same relief to first time adopters.

IFRS 15 - Revenue from contracts with customers (Effective 1 January 2017)

The standard establishes the principles that an entity should apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It replaces the previous revenue standards. IAS 18 Revenue and IAS 11 Construction contracts and the related interpretation on revenue recognition: IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreement from the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions involving Advertising Services. It stipulates that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The framework will be applied consistently across transactions, industries and capital markets and will improve comparability in the 'top line' of the financial statements of companies globally.

IFRS 9 - Financial instruments (Effective 1 January 2018)

(i) IFRS 9 'Financial Instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010.
IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

Management is yet to assess the impact of amendments to IAS 16, IFRS 7, IFRS 15 and IFRS 9.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2.2 Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Naira (NGN), which is the Company's functional and presentation currency.

(ii) Transactions and balances in the Company

Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'other operating income/operating losses.

2.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable for sales of goods and services, in the ordinary course of the Company's activities and is stated net of value-added tax (VAT), rebates and discounts and after eliminating sales within the Company. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Company's activities as described below:

Sales of electricity

Revenue from power supply is based on amount of energy supplied to the customers in KW/MW as recorded at the metering point. This is computed using the Multi-Year Tariff Order (MYTO) per customer class, as prescribed in the MYTO framework.

For prepaid customers, the energy consumed is estimated as a percentage of total amounts vended by the customers. Unutilised energy costs are deferred to the next reporting period. The amounts of prepaid customers vending is not significant to these financial statements.

Connection and other revenue

These relate to sums received from customers to connect them to the distribution network and other revenue from the electricity system, these services are recognised at their invoice values.

2.4 Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost and subsequently stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to write down their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Asset category	Estimated useful lives
Building	2.5%
Plant & Machinery	2% - 5%
Computer hardware	25%
Furniture and Fittings	10%
Motor Vehicles	33.3%

Where the cost of a part of an item of property, plant and equipment is significant when compared to the total cost, that part is depreciated separately based on the pattern which reflects how economic benefits are consumed.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance reporting date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the profit or loss statement.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads, but excludes financing costs.

Impairment of non-financial assets

All assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable value, which is the higher of fair value less cost of disposal and value in use, the latter being determined as the amount of estimated risk-adjusted discounted future cash flows. For this purpose, assets are grouped into cash generating units based on separately identifiable and largely independent cash inflows.

2.5 Financial instruments

Financial assets

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise of cash, trade and other receivables.

Impairment of financial assets

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Financial liabilities

The Company classifies its financial liabilities as financial liabilities at amortised cost. The interest expense is included in 'interest expense' in the statement of profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Inventory

Inventory is stated at the lower of cost and net realisable value. If the purchase or production cost is higher than the net realizable value, inventories are written down to net realizable value. The cost of inventories is generally based on the first in first out method and includes costs incurred in acquiring the inventories and bringing them to their existing location and condition while net realizable value is the estimated selling price in the ordinary course of business.

2.7 Trade Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payment (more than 30 days overdue), are the indicators that trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss within administrative costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative costs in the statement of profit or loss.

2.8 Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 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 as share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.11 Current and deferred income tax

Income tax expense is the aggregate of the charge to the income statement in respect of current and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation.

Education tax is provided at 2% of assessable profits of companies operating within Nigeria.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Current and deferred income tax is determined using tax rates and laws enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12 Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Finance lease

Leases of items by the Company where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.13 Employee benefits

(i) Wages, salaries and annual leave

Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Defined contribution plan

The Company operates a defined contribution scheme for its employees in line with the Pension Reform Act 2014. A defined contribution plan is a pension plan 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.

The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the Company and employees. The Company's contributions to the defined contribution schemes are charged to the profit or loss account in the year to which they relate.

2.14 Provisions

Provisions are recognised when the entity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.15 Dividend distribution

The Company recognises a liability to make dividend distribution to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on its financial and operational performance.

The Company has a risk management function that manages the financial risks relating to the Company's operations under the policies approved by the Board of Directors. The Company's liquidity, credit, foreign currency, interest rate and price risks are continuously monitored. The Board approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk and credit risk.

Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recorded assets and liabilities are denominated in a currency that is not the entity's functional currency e.g. foreign denominated loans, purchases and sales transactions etc. The Company did not have any material balance denominated in foreign currency at 31 December 2014.

(ii) Interest rate risk

The Company does not have any investment with fixed rate and carried at fair value through profit or loss. Therefore the Company is not exposed to fair value interest rate risk.

(iii) Price risk

There are no financial instruments exposed to other price risk.

Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables. The Company has policies in place to ensure that credit limits are set for commercial customers taking into consideration the customers' tariff class, past trading relationship, credit history and other factors. When customers default in paying bills on due date, the Company disconnect supply to such customer and reconnection attracts a fee which is another revenue stream for the Company.

Management monitors the aging analysis of receivables on a periodic basis. The analysis of current, past due but not impaired and impaired receivables is as follows:

	31 December 2014 N'000	31 December 2013 N'000
Current:		
Cash and cash equivalents	950,523	441,620
Trade receivables (Gross)	11,055,920	1,783,182
	12,006,443	2,224,802
Not impaired	2,848,285	1,783,182
Past due but not impaired:		
- by up to 90 days	2,701,243	-
- by 91 to 180 days	359,717	-
Total past due but not impaired	3,060,960	-
Impaired	5,146,675	-
	11,055,920	1,783,182

All receivable past due by more than 180 days are considered to be fully impaired, others are measured at the estimated recoverable value.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	31 December 2014 N'000	31 December 2013 N'000
Cash and bank balance		
A +	912,897	374,437
B	37,123	64,849
Not rated	3	2,334
	950,023	441,620
Trade receivables		
Counter parties without external credit rating:		
Group 3	11,055,920	1,783,182

Group 1 –new customers (less than 6 months).
Group 2 – existing counter parties/ customers (more than 6 months) with no defaults in the past.
Group 3 (existing customers - over 6 months with some defaults in the past) customers within trade and other receivable.

There are no group 1 and group 2 customers.

Liquidity risk

3.1.1 Management of liquidity risk

Cash flow forecasting is performed by the treasury department. The treasury department monitors the forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs. Prudent liquidity risk management implies maintaining sufficient cash. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding.

Management monitors rolling forecasts of the Company's liquidity reserve comprising cash and cash equivalents on the basis of expected cash flow.

3.1.2 Maturity analysis

The table below analyses financial liabilities of the Company into relevant maturity periods based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year N'000	Over 1 year N'000	Total N'000
At 31 December 2014:			
Trade and other payables	10,224,945	-	10,224,945
At 31 December 2013:			
Trade and other payables	1,347,167	-	1,347,167

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company did not have any borrowings within the periods reported in these financial statements.

3.3 Fair value estimation

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed instruments classified as trading securities or available for sale.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instrument in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Techniques, such as discounted cash flow analysis, are used to determine fair value for the financial instruments included in level 3.

Financial instruments by category

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or other comprehensive income.

Those categories are: loans and receivables; and for liabilities, amortized cost. The following table shows the carrying values of assets and liabilities for each of these categories at December 31, 2014 and 2013 :

	31 December 2014 N'000	31 December 2013 N'000
Assets		
Loans and receivables:		
Trade and other receivables	5,909,245	1,783,182
Liabilities		
Amortized cost:		
Trade and other payables	11,365,977	2,094,023

The fair value of the financial assets and liabilities approximate their carrying amount, due to the short term nature.

Fair valuation methods and assumptions

(i) Cash and bank balances and short term deposits
Cash and bank balances represent cash held with banks. The fair value of these balances is their carrying amounts. These fall under level 2 in the fair value hierarchy.

(ii) Trade and other receivables
Loans and receivables are carried at amortized cost net of provision for impairment. The estimated fair value of loans and receivables represent the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value. These fall under level 3 in the fair value hierarchy.

(iii) Trade and other payables
Loans and receivables are carried at amortized cost net of provision for impairment. The estimated fair value of the payables represent the discounted amount of estimated future cash flows expected to be received. These are short term hence the fair value is the carrying amount as the impact of discounting is not material. These fall under level 3 in the fair value hierarchy.

4 Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

Useful lives and residual value of property, plant and equipment

The residual values, depreciation methods and useful lives of property, plant and equipment are reviewed for reasonableness at least annually. The review of useful lives did not significantly impact depreciation.

The residual value of the Company's property, plant and equipment is estimated as a percentage of the cost or deemed cost as shown below:

Asset class	Residual Value %
Building	0%
Plant & machinery	10%
Computer hardware	10%
Motor vehicles	10%
Furniture and fittings	10%

Valuation of property, plant and equipment

The carrying value of items of property, plant and equipment are based on a valuation performed by a valuation firm, Anchoru Associates to determine the cost of the assets on transition to IFRS.

The plant and machinery category (distribution network assets) was valued using the depreciated replacement cost, the method uses the present cost of similar items and depreciates based on age, working condition, obsolescence and other factors. Other asset categories were valued in reference to their market values and working condition.

The condition of assets were rated as good, faulty and fair based on working conditions. A discount of 5%, 20% and 40% respectively have been applied on the estimated values by the independent valuer.

Impairment of trade receivable

The Company follows the guidance of IAS 39 to determine when a receivable is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the age of debts, customer's payment history, financial condition of the customer and customer with extended payment period.

Consumers' debts past due over 180 days with no subsequent payments are fully impaired, consumers' debts past due for over 90 days with no subsequent collections have been impaired averagely at 50%.

Inactive customers' debts are fully impaired.

Taxation

Provision is made for corporation tax based on the reported earning for the year, the estimated tax expense for the year is N174.7 million (2013: N34.9 million). Tax estimates are based on the position taken in the tax returns with respect to situations in which the applicable tax legislation is subject to interpretation.

Additionally, the Company has a deferred tax asset arising from tax losses during the period. However, management is of the view that there are no sufficient profits against which the deferred tax liability would be offset.

Impairment assessment of non-financial assets

The Company has substantial investments in tangible long-lived assets comprising mainly of network distribution assets, land and building. The Company conducts impairment reviews of these assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the value in use, which requires the company to estimate the future cash flows, a growth rate (that reflects the economic environments in which the company operates) and a pre-tax discount rate (that reflects the current market assessments of the time value of money and the risks specific to the asset) in order to calculate the present value. Where the expected cash flows are less than the asset's carrying amount, an impairment loss may arise. After reviewing the business environment as well as the company's objectives and past performance management has concluded that, there is no impairment. As the latest annual impairment models indicated that headroom (meaning the excess of the recoverable amount over carrying value) existed for the relevant assets, management believe that any reasonably possible changes in the assumptions used in the models would not affect management's view on impairment at year end.

	31 December 2014 N'000	31 December 2013 N'000
5 Revenue		
Electricity distribution	17,504,750	13,398,883

Revenue represents energy charge and other regulatory charges on the power distributed to customers.

The Company's revenue is analysed based on the customer categories as follow

	31 December 2014 N'000	31 December 2013 N'000
By customer payment type:		
Prepaid customers	16,761,867	12,830,248
Postpaid customer	742,883	568,635
	17,504,750	13,398,883
By customer tariff class:		
Residential	11,383,273	6,649,641
Commercial	3,021,746	3,442,510
Industrial	1,560,655	1,782,864
Government and others	1,539,076	1,523,868
	17,504,750	13,398,883

6 Expenses by function

	31 December 2014 N'000	31 December 2013 N'000
Included in cost of sales:		
Cost of energy	12,573,271	12,541,106
Depreciation of plant and machinery (Note 11)	1,587,232	1,837,774
Staff costs	694,278	2,117,008
Cost of repairs and other maintenance	131,024	592,189
	14,985,805	17,088,077
Included in administrative expenses:		
Depreciation on property, plant and equipment (Note 11)	140,037	89,479
Staff costs	1,061,389	1,359,332
Audit fees	21,750	14,150
Provision for bad debts	5,146,675	-
Transport and travelling	100,155	30,155
Consultancy fees	682,021	382,066
General administrative expenses	581,563	988,433
	7,733,590	2,863,615
Included in selling expenses:		
Staff cost	410,662	525,940
Marketing expenses	73,192	19,775
	483,854	545,715

7 Expenses by nature

	31 December 2014 N'000	31 December 2013 N'000
Cost of energy	12,573,271	12,541,106
Depreciation	1,727,269	1,927,253
Staff costs	2,166,328	4,002,280
Provision for bad debts	5,146,675	-
Repairs and maintenance	131,024	592,189
Marketing expenses	73,192	19,775
Other administrative costs	603,313	1,002,583
Transport and travelling	100,155	30,155
Consultancy fees	682,021	382,066
	23,203,248	20,497,407

	31 December 2014 N'000	31 December 2013 N'000
8 Employee costs		
a Staff costs analysed as follows:		
Distribution (Technical) staff	694,278	2,117,008
Marketing staff	410,662	525,940
Administrative staff	551,651	706,505
Casual/contract staff	153,114	196,095
Other staff related expenses	356,624	456,732
	2,166,329	4,002,280

b The average number of persons employed during the year was as follows:

	Number	Number
Management	3	6
Senior staff	603	1,332
Junior staff	774	1,022
	1,380	2,360

The number of employees (excluding the directors) who received emoluments in the following ranges are:

	Number	Number
N1,000,000 and below	747	185
N1,000,001 - N2,000,000	329	1,110
N2,000,001 - N3,000,000	199	648
N3,000,001 - N4,000,000	52	246
N4,000,001 - N5,000,000	15	56
Above 5,000,000	38	115
	1,380	2,360

9 Other operating income		
Re-connection fee	16,592	40,880
Other charges on customers	18,516	1,600
	35,108	42,480
10 Taxes		
i Tax expenses		
Current income tax charge	174,700	34,890
Deferred tax charge	208,377	-
Tax charge	383,077	34,890
ii Current income tax payable		
At 1 January	34,890	187,069
Income tax	174,700	34,890
Transferred to NELMCO	-	(187,069)
At 31 December	209,590	34,890

	31 December 2013 N'000	31 December 2014 N'000
iii **Reconciliation of effective tax rate**		
Loss before income tax	(5,655,808)	(7,061,594)
Income tax using the domestic corporation tax rate of 30%	(1,696,743)	(2,118,478)
Non-deductible expenses	468,963	(111,405)
Minimun tax levy	174,700	34,890
Investment allowance	85,477	111,405
Effect of deffered tax asset on tax losses not recognised	1,395,994	2,118,478
Total income tax expense in statement of profit or loss	428,391	34,890

11 Property, plant and equipment

	Land N'000	Building N'000	Plants & Machinery N'000	Motor Vehicles N'000	Furniture & equipment N'000	Total N'000
Year ended 31 December 2013						
Opening net book value	597,773	668,118	34,396,895	367,408	57,305	36,087,499
Additions	-	-	854,771	-		854,771
Transfer to NELMCO	(293,480)	(343,302)	(3,223)	(91,759)	(31,056)	(762,820)
Non core assets from NELMCO	6,000	41,449	-	-	-	47,449
Disposals	-	-	(1,428)	(148,274)	(144)	(149,846)
Depreciation	-	(17,181)	(1,837,774)	(49,207)	(23,091)	(1,927,253)
Closing net book value	310,293	349,084	33,409,241	78,168	3,014	34,149,800
At 31 December 2013						
Cost	310,293	385,402	37,108,427	184,899	49,134	38,038,155
Accumulated Depreciation	-	(36,318)	(3,699,186)	(106,731)	(46,120)	(3,888,355)
Net book value	310,293	349,084	33,409,241	78,168	3,014	34,149,800
Year ended 31 December 2014						
Opening net book value	310,293	349,084	33,409,241	78,168	3,014	34,149,800
Additions	-	171,836	9,188	211,765	118,637	511,426
Reversal of non core assets	(6,000)	(41,449)	-	-	-	(47,449)
Reversal of asset transfers	-	68,914	24,442	240,033	31,408	364,798
Depreciation	-	(13,290)	(1,587,232)	(73,273)	(53,474)	(1,727,269)
Closing net book value	304,293	535,095	31,855,639	456,693	99,585	33,251,305
At 31 December 2014						
Cost	304,293	584,703	37,142,057	636,697	199,179	38,866,929
Accumulated Depreciation	-	(49,608)	(5,286,418)	(180,004)	(99,594)	(5,615,624)
Net book value	304,293	535,095	31,855,638	456,693	99,585	33,251,305
Net book values						
At 31 December 2014	304,293	535,095	31,855,638	456,693	99,585	33,251,305
At 31 December 2013	310,293	349,084	33,409,241	78,168	3,014	34,149,800

12 Asset under construction

	31 December 2014 N'000	31 December 2013 N'000
At 1 January	533,004	-
Additions	364,855	533,004
As at 31 December	897,859	533,004

13 Deferred taxes

Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using an effective tax rate of 30 % (2013: 30 %).

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	31 December 2014 N'000	31 December 2013 N'000
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	2,482,347	-
- Deferred tax asset to be recovered within 12 months	-	-
Deferred tax liabilities		
- Deferred tax liability to be settled after more than 12 months	(2,690,724)	-
- Deferred tax liability to be settled within 12 months	-	-
Deferred tax assets/ liabilities (net)	(208,377)	-

The gross movement on deferred income tax account is as follows:

	31 December 2014 N'000	31 December 2013 N'000
At 1 January	-	-
Movements during the year	(208,377)	-
At 31 December	(208,377)	-

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balance is as follows:

Deferred tax liabilities	**Property, plant & equipment N'000**	**Total N'000**
At 1 January 2013	-	-
Credited to profit or loss	-	-
At 31 December 2013	-	-
Charged to profit or loss	(2,690,724)	(2,690,724)
At 31 December 2014	(2,690,724)	(2,690,724)

Deferred tax assets	**Property, plant & equipment N'000**	**Total N'000**
At 1 January 2013	-	-
Credited to profit or loss	-	-
At 31 December 2013	-	-
Charged to profit or loss	2,482,347	2,482,347
At 31 December 2014	2,482,347	2,482,347

Net deferred tax	(208,377)	(208,377)

Deferred tax liabilities and assets arise from capital allowances granted on assets values and unabsorbed capital allowances respectively, the deferred tax assets and liabilities qualify for offset.

The Company has additional deferred tax assets of N1.35 billion as at 31 December 2014 relating to tax losses from its operations. The deferred tax assets were not recognised in these financial statements as the Company is currently in a loss making position.

14 Inventory	31 December 2014 N'000	31 December 2013 N'000
Distribution materials	1,100,217	1,504,229
Stationeries	15,359	202,207
	1,115,576	1,706,436

None of the Company's inventories has been pledged as collateral to secure debt.

15 Trade and other receivable

Trade receivable	11,055,920	1,783,182
Provision for impairment of trade receivables	(5,146,675)	-
Trade receivable - net	5,909,245	1,783,182
Prepaid expenses	32,992	-
Advance payments	77,354	4,666
	6,019,591	1,787,848
Consumer debtors transferred to NELMCO during the year	-	14,580,858

The fair value of trade receivables approximate their carrying value as they are all expected to be paid within the normal operating cycle of the Company. In 2013, trade receivable from customers of N14.6 billion was transferred to NELMCO, based on the Deed of assignment of pre-completion receivables between NELMCO and the Company. The agreement stipulates that all receivable accounts, including consumer debts should be taken over by NELMCO for collection from the third parties.

16 Cash and cash equivalents

Cash at bank	232,650	241,620
Short term bank deposits	717,373	200,000
Cash in hand	500	-
	950,523	441,620
Cash transferred to NELMCO during the year	-	697,106

17 Trade and other payable

Trade payable	10,224,945	1,347,167
Other payable	1,141,032	746,856
	11,365,977	2,094,023
Liabilities transferred to NELMCO during the year		
Payable to market operator	-	40,001,072
Other payable and sundry creditors	-	2,044,790
Tax payable	-	187,069
Employee retirement benefit	-	2,963,973
	-	45,196,904

Other payable balance include amount due to vendors and tax related payable as at the end of the year.

The carrying amounts of trade and other payables for 2014 and 2013 respectively approximate their fair values. In 2013, N40 billion (market operators payable) and N5 billion (other liabilities) were transferred to NELMCO under the Pre-completion liabilities transfer agreement between NELMCO and the Company. Under the agreement, the Company's liabilities as at 31 October 2013 were transferred to NELMCO.

18 Share capital

	31 December 2014 N'000	31 December 2013 N'000
a Authorised:		
10 million Ordinary shares of 50 kobo each	5,000	5,000
b Issued:		
10 million Ordinary shares of 50 kobo each	5,000	5,000

c Loss per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	31 December 2014	31 December 2013
Profit for the year attributable to shareholders	(6,038,885)	(7,096,484)
Weighted average number of ordinary shares in issue (thousands)	10,000	10,000
Basic and diluted earnings per share (in thousands Naira)	(604)	(710)

There are no potentially dilutive shares that may have an effect on the earnings per share, hence basic and diluted earnings per share have the same value.

19 Retained Earnings

	31 December 2014 N'000	31 December 2013 N'000
Balance as at 1 January	36,484,795	14,425,159
Loss for the year	(6,038,885)	(7,096,484)
Transferred to NELMCO	-	29,156,120
Balance as at 31 December	30,445,910	36,484,795

Transfer to NELMCO

Included in 'Transfer to NELMCO' are:

	N'000
Property, plant and Equipment - Land & Building	(762,820)
Pre - Completion receivable	(14,580,858)
Pre - Completion liabilities	45,196,904
Cash	(697,106)
	29,156,120

These were transferred in line with provisions of the Deed of Assignment of pre-completion receivables and pre-completion liabilities transfer agreement signed with Nigeria Electricity Liability Management Limited / GTE.

20 Cash generated from operations

Reconciliation of loss before income tax to cash generated from operations:

	31 December 2014	31 December 2013
Loss before income tax	(5,655,808)	(7,061,593)
Depreciation (Note 11)	1,727,269	1,927,253
Provision for employee benefit	-	604,391
Adjustments for movement in working capital:		
(Increase) / decrease in receivables and prepayments	(4,549,091)	7,844,059
Decrease in inventory	590,860	24,688
(Decrease) / increase in trade and other payables	9,271,954	(2,637,772)
Cash generated from operations	1,385,184	701,026

21 Related party transactions

(a) The following are the related party transactions and balances for the year:

i Aura Energy Limited

Aura Energy Limited owns 50% of the equity of the Company. Aura Energy Limited is an independent company.

During the year, Aura Energy Limited provided a short term loan of N500 million at interest rate of 20%, in addition to an existing loan of N300 million at interest rate of 18.75% given in 2013. All loans were repaid during the year, no balance is outstanding as at 31 December 2014.

Additionally, Aura Energy Limited purchased vehicles on behalf of the Company for N116.8 million and incurred operational expenses of N87 million on behalf of the Company. All sums were paid to Aura Energy during the year.

ii Aydem Energy FZE, UAE

Aydem Energy FZE owns 10% of the Company's shareholding, and it is a technical partner to Aura Energy Limited. There were no transactions with or balances due from Aydem Energy FZE, UAE (2013:nil).

iii Bureau of Public Enterprises (BPE)

BPE owns 32% of the equity shareholding of the Company. BPE is an agency of the Federal Government of Nigeria, and it is wholly owned by the Government. There were no transactions with or balances due from BPE (2013:nil).

iv Ministry of Finance Incorporated (MOFI)

MOFI owns 8% of the equity shareholding of the Company. MOFI is an agency of the Federal Government of Nigeria, and it is wholly owned by the Government. There were no transactions with or balances due from MOFI (2013:nil).

Nigerian Electricity Liability Management Limited/GTE

Nigerian Electricity Liability Management Limited (a wholly owned government entity - owned 90% by BPE and 10% by MOFI) was authorised by the National Council on Privatisation (NCP) to take over the management and settlement of Power Holding Company of Nigeria's obligations and other legacy debts as may be determined by the Council (NCP) within the Nigeria Electricity Supply Industry.

The precompletion receivables and liabilities of the Company were transferred NELMCO, the net balances are disclosed in Note 19.

The transactions between NELMCO and the Company relate to precompletion receivables and payables. Precompletion receivable collected is payable to NELMCO, whereas any precompletion liability is claimed from NELMCO. The balance payable to NELMCO as at 31 December 2014 was N70 million (2013: 70 million).

Operator of the Nigerian Electricity Market (Market operator or MO)

Operator of the Nigerian Electricity Market is an operational arm of the Transmission Company of Nigeria (TCN). TCN is owned by the Federal Government of Nigeria, through BPE and MOFI.

The Company purchases energy from the Market Operators during the year, the cost of power purchased during the year was N12.57 billion (2013: 12.54 billion). Market settlements were made based on the baseline remittance under the interim period rules of the Nigerian Electricity Market Industry (NESI) rules. The amounts payable to Market Operators as at 31 December 2014 was N10.22 billion (2013: N1.35 billion).

(b) Key management personnel compensation

Key management personnel of Jos Electricity Distribution Plc consists of the directors and executive management. The compensation paid or payable to key management personnel for employee services is shown below:

i Remuneration paid to the Company's directors (excluding certain allowances)

	31 December 2014 N'000	31 December 2013 N'000
Directors' fees	32,050	-
Highest paid director	6,250,000	-

The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	Number	Number
Below N5,000,000	6	7
N5,000,001 - N10,000,000	1	-
	7	7

There was no other compensation paid during the period. There were no loans to key management personnel.

ii Remuneration paid to the Company's executive directors

Salaries and wages	144,865	44,704
Pension contribution - Defined contribution plan	3,603	786
	148,468	45,490

22 Capital commitments and Contingent liabilities

The Company had on-going capital projects as at 31 December 2014. The Company has capital commitments of N154.4 million based on agreed contracts (2013: Nil).

The Company has approved capital projects of N895 million (2013: Nil).

The Company has a number of claims against it currently under litigation of N3.75 billion as at 31 December 2014 (2013: 1.9 billion), based on the legal advice of its lawyers, the Company has not recognised any provisions in respect of the litigations.

23 Events after the reporting date

In January 2015, Federal Government of Nigeria through the Central Bank of Nigeria provided distribution Companies in Nigeria with an intervention fund. A sum of circa N16.7 billion was allocated to Jos Electricity Distribution Plc.

On 1 February 2015, the National Electricity Regulatory Commission officially declared the commencement of the Transitional Electricity Market (TEM). The TEM brings into effect contract based arrangements for the Nigerian Electricity Supply Industry. The Company has in place vesting contracts with Nigerian Bulk Electricity Trading Plc, required to become effective.

The company increased its authorised share capital from 10 million shares of 50 kobo to 100 million shares of 50 kobo each, the increase in share capital was authorised by the Corporate Affairs Commission on 5 June 2015. There was no dilution of shareholding amongst the shareholders.

Jos Electricity Distribution Plc
Statement of Value Added
For the year ended 31 December 2014

	31 December 2014 N'000	%	31 December 2013 N'000	%
Turnover	17,504,750		13,398,883	
Other operating income	35,108		42,480	
Finance income	81,593		-	
Bought in materials and services:				
Local	(19,934,361)		(15,188,843)	
Value Added	(2,312,910)	100	(1,747,480)	100
Applied as follows:				
To pay employees				
Salaries and wages	1,755,667	-76%	3,476,340	-199%
Maintenance of assets				
Depreciation	1,587,232	-69%	1,837,774	-105%
To pay government				
Taxation	383,077	-17%	34,890	-2%
Retained for replacement of assets and business growth:				
Loss attributable to members	(6,038,885)	261%	(7,096,484)	406%
Value eroded	(2,312,910)	100%	(1,747,480)	100%

The statement of value added is presented in these financial statements for the purposes of the Companies and Allied Matters Act disclosure requirements.

Jos Electricity Distibution Plc
Five-year financial summary
For the years ended 31 December

	IFRS				NGAAP
	2014 N'000	2013 N'000	2012 N'000	2011 N'000	2010 N'000
Statement of financial position					
Non-current assets	34,149,164	34,682,804	37,410,286	38,691,383	35,467,389
Current assets	8,085,690	3,935,904	11,958,376	9,069,212	7,419,322
Current liabilities	(11,575,567)	(2,128,913)	(32,693,955)	(22,664,760)	(15,999,309)
Non-current liabilities	-	-	(2,359,582)	(1,690,086)	(1,254,110)
Net assets	**30,659,287**	**36,489,795**	**14,315,125**	**23,405,749**	**25,633,292**
Share capital	5,000	5,000	5,000	5,000	5,000
Retained earnings	30,445,910	36,484,795	14,310,125	23,400,749	25,628,292
Total equity	**30,450,910**	**36,489,795**	**14,315,125**	**23,405,749**	**25,633,292**

	IFRS			NGAAP	
Statement of comprehensive income					
Turnover	17,504,750	13,398,883	10,942,147	7,246,221	6,137,072
Loss before taxation	(5,655,808)	(7,061,594)	(9,273,692)	(5,456,613)	(4,490,436)
Taxation	(383,077)	(34,890)	(96,904)	-	-
Loss after taxation transferred to retained earnings	**(6,038,885)**	**(7,096,484)**	**(9,370,596)**	**(5,456,613)**	**(4,490,436)**
Basic loss per share (Naira)	(603.89)	(597.52)	(937.06)	(545.66)	(449.04)

The five years financial summary is presented in these financial statements for the purposes of the Companies and Allied Matters Act disclosure requirements.