TRANSCORP UGHELLI POWER LIMITED
Consolidated Financial Statements
for the year ended 31 December 2014

Transcorp Ughelli Power Limited
Index to the consolidated financial statements
For the year ended 31 December 2014

Note		Page
	Corporate information	1
	Report of the directors	2
	Statement of directors' responsibilities	4
	Report of independent auditors	5
	Statement of comprehensive income	7
	Statement of financial position	8
	Statement of changes in equity	9
	Statement of cash flows	10
	Notes to the financial statements	
1	General information	11
2	Summary of significant accounting policies	11
2.1	Basis of preparation	11
2.1.1	*Going concern*	11
2.1.2	*Changes in accounting policy and disclosures*	11
2.2	Consolidation	12
2.3	Foreign currency translation	13
2.4	Property, plant and equipment	13
2.5	Intangible assets	13
2.6	Impairment of non-financial assets	14
2.7	Financial instruments	14
2.7.1	*Classification of financial instruments*	14
2.7.2	*Recognition and measurement*	14
2.7.3	*Offsetting financial instruments*	15
2.7.4	*Impairment of financial assets*	15
2.8	Inventories	15
2.9	Cash, cash equivalents and bank overdrafts	16
2.10	Borrowings	16
2.11	Borrowing costs	16
2.12	Provisions	16
2.13	Current and deferred tax	16
2.14	Revenue recognition	17
2.15	Leases	17
2.16	Dividend distribution	17
2.17	Share Capital	17
3	Financial risk management	18
3.1	Financial risk factors	18
3.2	*Capital risk management*	22
3.3	Financial instruments and fair values	22
3.4	Fair values estimation	23
4	Critical accounting estimates and judgements	24
5	Revenue	25
6	Cost of sales	25
7	Administrative expenses	25
8	Other operating income	25
9	Finance income and finance costs	25
10	Income tax expense	26
11	Property, plant and equipment	26
12	Intangible assets	27
13	Investment in subsdiary	27
14	Inventories	28
15	Trade and other receivables	28
16	Cash and bank balances	28
17	Deferred taxation	28
18	Borrowings	29
19	Trade and other payables	29
20	Related party transactions and balances	29
21	Share Capital	30
22	Share Premium	30
23	Cash generated from operating activities	30
24	Particulars of directors and staff	31
25	Interim dividend payable	31
26	Capital commitments and contingent liabilities	31
27	Events after statement of financial position date	31
28	Interests in other entities	32
	Statement of value added	33

Transcorp Ughelli Power Limited
Consolidated financial statements
For the year ended 31 December 2014

Corporate Information

Company Registration No.	RC 1067143	
Registered Office	38 Glover Road, Ikoyi Lagos Nigeria.	
Board of Directors	Mr. Tony O. Elumelu, CON	Chairman
	Mr. Adeoye Fadeyibi	MD / CEO
	Mr Emmanuel Nnorom	
	Mr. Peter Hertog	
	Mr. Paul Hinks	
	Mr. Risqua Muhammed	
	Mr. Tony Chukwueke	
	Mr. Victor Osadolor	Appointed 30 October 2014
	Mr. Sylvester Monye	Appointed 27 December 2014
	Mr. Obinna Ufudo	Resigned 1 September 2014
Auditors	PricewaterhouseCoopers Chartered Accountants Plot 252E Muri Okunola Street Victoria Island, Lagos.	
Bankers	United Bank for Africa Plc First City Monument Bank Plc Fidelity Bank Plc Africa Finance Corporation	
Company Secretary	Chinedu N. Eze 38 Glover Road, Ikoyi Lagos Nigeria.	

Transcorp Ughelli Power Limited
Consolidated financial statements
For the year ended 31 December 2014

Report of the directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2014 which disclose the state of affairs of the Company and the Group.

INCORPORATION AND ADDRESS
Transcorp Ughelli Power Limited was incorporated in Nigeria on 24 September 2012 under the Companies and Allied Matters Act as a private limited liability Company, and is domiciled in Nigeria. The address of its registered office is:

38 Glover Road, Ikoyi
Lagos
Nigeria.

PRINCIPAL ACTIVITIES
The Group is engaged in the generation of electric power.

RESULTS
The Group and Company's result for the year is set out on page 7. The group profit after taxation for the year of **N5.63 billion (2013: N2.09 billion)** has been transferred to retained earnings

DIRECTORS
The Directors who held office during the year and to the date of this report were:

Mr. Tony O. Elumelu, CON	Chairman
Mr. Adeoye Fadeyibi	Managing Director / Chief Executive Officer
Mr. Emmanuel Nnorom	Director
Mr. Peter Hertog	Director
Mr. Paul Hinks	Director
Mr. Risqua Muhammed	Director
Mr. Tony Chukwueke	Director
Mr. Victor Osadolor*	Director
Mr. Sylvester Monye**	Director
Mr. Obinna Ufudo***	Director

Key
* Appointed on 30 October 2014
** Appointed on 27 December 2014
*** Resigned on 1 September 2014

For the purpose of Sections 275 and 276 of the Companies and Allied Matters Act, none of the Directors had direct holding in the company, however some of the directors have indirect holding in the Company as a result of being principal officers or key shareholders in the various companies that are shareholders in Transcorp Ughelli Power Ltd.

DIRECTORS' INTERESTS IN CONTRACTS
Thommassen Service Middle East LLC ("Thomassen") has a technical services agreement with Ughelli Power Plc. Thomassen is a company where Mr. Peter Hertog has controlling interest.

SHAREHOLDING
According to the register of members at 31 December 2014, the shareholding in the Company was as follows:

	Number of shares held
Transnational Corporation of Nigeria Plc.	33,080,766
Tenoil Petroleum and Energy Services Limited	12,305,019
Wood Rock Energy Resources Limited	9,261,215
Symbion Power LLC	2,750,000
Thomassen Holding Limited	1,650,000
PSL Engineering and Control Limited	79,532
Leighton Synergy Limited	4,575,000
Seaforce Investments Limited	2,450,000
	66,151,532

EMPLOYMENT OF DISABLED PERSONS

The company has a policy of fair consideration of job applications by physically challenged persons having regard to their abilities and aptitude. The company's policy prohibits discrimination against such persons in the recruitment, training and career development of its employees. 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 arrangements is made.

EMPLOYEE HEALTH, SAFETY AND WELFARE

The company maintains business premises and work environments that guarantee the safety and health of its employees and other stakeholders. The company's rules and practices in these regard are reviewed and tested regularly. Also, the company provides free medical insurance for its employees and their families through selected health management organizations and hospitals.

EMPLOYEE TRAINING AND INVOLVEMENT

The company places a high premium on the development of its manpower and consults with employees on matters affecting their well-being. Formal and informal channels of communication are employed in keeping staff abreast of various factors affecting the performance of various businesses in the company. In-house and external training are carried out at various levels across the business chains in the company. The company's skill base has been extended by a range of trainings provided to employees.

DONATIONS AND GIFTS

The company did not make any donations or charitable gifts during the year.

AUDITORS

Messrs. PricewaterhouseCoopers have indicated their willingness to continue in office as the auditors of the company in accordance with section 357(2) of the Companies and Allied Matters Act.

By order of the Board

Chinedu N. Eze
Company Secretary

FRC/2013/NBA/00000002586

Statement of directors' responsibilities

In accordance with the provisions of sections 334 and 335 of the Companies and Allied Matters Act, ("CAMA"), the Directors are responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for the year ended 31 December 2014, and in so doing they ensure that:

(a) proper accounting records are maintained;

(b) applicable accounting policies are adopted and consistently applied;

(c) judgments and estimates made are reasonable and prudent;

(d) the going concern basis is used, unless it is inappropriate to presume that the company will continue in business; and

(e) internal control procedures are instituted which as far as reasonably possible, safeguard the assets of the Company and Group and prevent and detect fraud and other irregularities.

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

The Directors are of the opinion that the 2014 consolidated financial statements give a true and fair view of the state of the financial affairs of the Company and Group.

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

..... 2015

Director

pwc

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TRANSCORP UGHELLI POWER LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Transcorp Ughelli Power Limited (the company) and its subsidiary (together, the group). 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 and the group 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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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.

15 MAY 2015

Osere Alakhume
For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Osere Alakhume
FRC/2013/ICAN/000000064

Transcorp Ughelli Power Limited
Consolidated financial statements
For the year ended 31 December 2014

Statement of comprehensive income

		Group		Company	
		2014	2013	2014	2013
	Note	N'000	N'000	N'000	N'000
Revenue	5	26,213,160	3,460,614	18,700,000	-
Cost of sales	6	-10,144,589	-1,118,167	-	-
Gross profit		16,068,571	2,342,447	18,700,000	-
Administrative expenses	7	-2,547,890	-416,822	-74,212	-171,878
Other operating (loss)/income	8	3,772	135,637	-	130,904
Operating profit		13,524,453	2,061,261	18,625,788	-40,974
Finance income	9	742,308	267,717	64	267,717
Finance cost	9	-6,308,897	-155,594	-6,078,943	-155,594
Net finance cost		-5,566,589	112,123	-6,078,879	112,123
Profit before taxation		7,957,864	2,173,385	12,546,909	71,149
Income tax expense	10	-2,322,905	-77,095	-2,322,905	-77,095
Total comprehensive income/(loss) for the year		**5,634,959**	**2,096,290**	**10,224,004**	**-5,946**
Profit attributable to:					
Equity holders of the parent		5,634,959	2,096,290	10,224,004	-5,946

The notes on pages 11 - 32 are an integral part of these financial statements.

Statement of financial position

	Note	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
ASSETS					
Non Current assets					
Property, plant and equipment	11	42,621,983	40,585,003	372	547
Goodwill	12	9,701,191	5,611,412	-	-
Investment in subsidiary	13	-	-	47,100,000	47,100,000
		52,323,174	46,196,415	47,100,372	47,100,547
Current assets					
Inventories	14	754,107	408,880	-	-
Trade and other receivables	15	18,373,818	3,465,724	14,829,278	172,195
Cash and bank balances	16	217,761	508,694	187	272,271
		19,345,686	4,383,298	14,829,465	444,466
Total assets		**71,668,860**	**50,579,713**	**61,929,837**	**47,545,013**
LIABILITIES					
Non-current liabilities					
Deferred Tax	17	4,089,779	-	-	-
Borrowings	18	27,669,690	30,082,424	27,669,690	30,082,424
		31,759,469	30,082,424	27,669,690	30,082,424
Current liabilities					
Trade and other payables	19	15,108,202	982,917	8,656,404	50,453
Current income tax liabilities	10	2,667,848	77,095	2,400,000	77,095
Borrowings	18	7,624,004	2,562,899	6,207,597	2,562,899
		25,400,054	3,622,911	17,264,001	2,690,447
Total liabilities		**57,159,523**	**33,705,335**	**44,933,691**	**32,772,871**
Equity					
Ordinary share capital	21	33,076	33,076	33,076	33,076
Share premium	22	15,117,159	15,117,159	15,117,159	15,117,159
Retained earnings		-640,898	1,724,143	1,845,911	-378,093
Total equity		**14,509,337**	**16,874,378**	**16,996,146**	**14,772,142**
Total equity and liabilities		**71,668,860**	**50,579,713**	**61,929,837**	**47,545,013**

The notes on pages 11 - 32 are an integral part of these financial statements.

The financial statements on pages 7 - 33 were approved and authorised for issue by the board of directors on 1 April 2015 and were signed on its behalf by

Tony O. Elumelu CON
Chairman, Board of Directors
FRC/2013/CIBN/00000002590

Kunle Fagbayi
Chief Finance Officer
FRC/2013/ICAN/00000004861

Adeoye Fadeyibi
MD, Chief Executive Officer
FRC/2014/IODN/00000006970

Statement of changes in equity

Group

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000
Balance at 1 November 2013*	33,076	15,117,159	-372,147	14,778,088
Total comprehensive income for the period	-	-	2,096,290	2,096,290
Balance at 31 December 2013	**33,076**	**15,117,159**	**1,724,143**	**16,874,378**
Balance at 1 January 2014	33,076	15,117,159	1,724,143	16,874,378
Total comprehensive income for the period	-	-	5,634,959	5,634,959
Interim dividend payable (Note 25)	-	-	-8,000,000	-8,000,000
Balance at 31 December 2014	**33,076**	**15,117,159**	**-640,898**	**14,509,337**

* The company acquired its sole subsidiary, Ughelli Power Plc on 1 November 2013. The Group came into existence on that date.

Company

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000
Balance at 1 January 2013	12,500	1,987,500	-372,147	1,627,853
Total comprehensive income for the period	-	-	-5,946	-5,946
Issue of new shares	20,576	13,129,659	-	13,150,235
Balance at 31 December 2013	**33,076**	**15,117,159**	**-378,093**	**14,772,142**
Balance at 1 January 2014	33,076	15,117,159	-378,093	14,772,142
Total comprehensive income for the period	-	-	10,224,004	10,224,004
Interim dividend payable (Note 25)	-	-	-8,000,000	-8,000,000
Balance at 31 December 2014	**33,076**	**15,117,159**	**1,845,911**	**16,996,146**

The notes on pages 11 - 32 are an integral part of these financial statements.

Statement of cash flows

	Note	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
Cash flows from operating activities					
Net cash generated from/(used in) operating activities	23	3,787,221	-7,051,261	1,367,365	-6,918,077
Cash flows from investing activities					
Acquisition of subsidiary net of cash and cash equivalents acquired		-	-46,730,393	-	-47,100,000
Purchase of property, plant and equipment	11	-3,855,112	-629	-	-629
Net cash used in investing activities		**-3,855,112**	**-46,731,022**	-	**-47,100,629**
Cash flows from financing activities					
Proceeds from borrowings		1,416,407	32,645,323	-	32,645,323
Repayments of borrowings		-1,639,449	-	-1,639,449	-
Proceeds from issue of ordinary shares		-	13,150,235	-	13,150,235
Net cash (used in)/generated from financing activities		**-223,042**	**45,795,558**	**-1,639,449**	**45,795,558**
Net decrease in cash and cash equivalents		**-290,933**	**-7,986,725**	**-272,084**	**-8,223,148**
Cash and cash equivalents at the beginning of the year	16	508,694	8,495,419	272,271	8,495,419
Cash balance at end of period	16	**217,761**	**508,694**	**187**	**272,271**

The notes on pages 11 - 32 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Transcorp Ughelli Power Limited was incorporated in Nigeria on the 24th day of September 2012 under the Companies and Allied Matters Act ("CAMA") as a private limited liability company, and is domiciled in Nigeria. The company's principal activity is investment in power generation companies. The company acquired its sole subsidiary, Ughelli Power Plc on 1 November 2013 from the Bureau of Public Enterprises (BPE) and the Ministry of Finance Incorporated (MOFI). Ughelli Power Plc is engaged in the generation of electric power.

The address of the Company's registered office is 38 Glover Road, Ikoyi,Lagos, Nigeria.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in compliance with CAMA and the International Financial Reporting Standards (IFRS) , including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to interpretations issued by the IFRIC.

The preparation of financial statements, in conformity with generally accepted accounting principles under IFRS, requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

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 after 12 months.

2.1.2 Changes in accounting policy and disclosures

a) Standards, amendments and interpretations effective on or after 1 January 2014

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2014.
Amendment to IAS 32, 'Financial instruments:Presentation' on offsetting financial assets and financial 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 also considers settlement mechanisms.The amendment did not have a significant effect on the Group financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

IFRIC 21,'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that give rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

(b) New standards and interpretations not yet 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 consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is assessing full impact of IFRS 9.

Notes to the financial statements

(b) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries
When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which Transcorp Ughelli Power Limited operates ('the functional currency'). The functional currency of Transcorp Ughelli Power Limited and its subsidiary, Ughelli Power Plc is the Nigerian Naira (N). All entities in the Group have the same functional currency. The consolidated financial statements are also presented in Naira.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or 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 Statement of profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of profit or loss within 'other (expenses)/income – net'. Translation differences related to changes in amortised cost are recognised in profit or loss.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset

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 Group and the cost can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold buildings	2 - 5%
Plant and machinery - Turbines	2.5%
Furniture and fittings	20%
Computer equipment	10 - 33.3%
Motor vehicles	20 - 25%

The Group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other income or expense - net in the Statement of profit or loss for the period.
Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment.

2.5 Intangible assets

Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Transcorp Ughelli Power 's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree, Ughelli Power Plc and the fair value of the non-controlling interest in the acquiree. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Notes to the financial statements

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

For purposes of impairment testing, the each turbine set is treated as a cash generating unit.
Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:
- the directors intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available

- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

2.7.1 Classification of financial instruments

The directors determine the classification of its financial instruments at initial recognition. The Group's financial instruments fall into the following classes:

(a) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.
The Group's loans and receivables comprises 'trade and other receivables' and 'cash and cash equivalents' .

(b) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors have the positive intention and ability to hold to maturity, other than:
(a) those that the Group upon initial recognition designates as at fair value through profit or loss;
(b) those that the Group designates as available-for-sale; and
(c) those that meet the definition of loans and receivables.

The Group's held to maturity investments is its investment in treasury bills.

(c) Financial liabilities at amortized cost
Financial liabilities at amortized cost consists of trade payables.

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

2.7.2 Recognition and measurement

(a) Loans and receivables
Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

(b) Held-to-maturity investments
Held-to-maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

(c) Financial liabilities at amortized cost
Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

2.7.3 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.

2.7.4 Impairment of financial assets

(a) Assets carried at amortised cost
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:
- significant financial difficulty of the debtor or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

(b) Loans and receivables
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 consolidated statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

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 consolidated statement of profit or loss.

2.8 Inventories

Inventory is stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of inventory includes purchase costs and costs directly attributable to the purchase.

Inventory comprises of engineering spares that are not ready for use (complex installation process), tools and lubricants.

Subsequent to initial recognition, inventory is measured at the lower of cost and net realisable value. Any writedown of inventory to net realisable value is recognised in the statement of profit or loss. Inventories are stated at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Notes to the financial statements

2.9 Cash, cash equivalents and bank overdrafts

Cash and cash equivalents include 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.

2.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of profit or loss over the period of the borrowings using the effective interest method.

2.11 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, (i.e. Capitalised) until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.
Currently the Group has no qualifying assets on which borrowing costs are being capitalised.

2.12 Provisions

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

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.

2.13 Current and deferred tax

The tax for the period comprises current and deferred tax. Tax is recognised in the Statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Statement of profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

Notes to the financial statements

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity.

Revenue comprises of the net value of services being capacity provided and energy sent out after applying any trade discounts, rebates and VAT. Capacity charge is recognized monthly based on the average of available capacity declared at the beginning of the month. Revenue from energy sent out is calculated on the basis of megawatts of electricity pushed to the transmission grid. The capacity charge and energy sent out are included in revenue reported in the profit and loss account.

Revenue is also earned from ancillary services. Revenue earned on ancilliary services relate to services provided by the Group, other than the primary production of electricity, which is used to operate a stable and secure Power System including but not limited to reactive power, operating reserve, frequency control and black start capability. The ancillary services are provided in line with the existing agreement and recognises the revenue in line with its revenue recognition policy.

Recognition of revenue for goods and services is recognised when it is earned. Revenue is earned when:
- The significant risks and rewards of ownership have been transferred to the customer or the service has been rendered
- The Group does not retain effective control over goods sold
- The amount of revenue can be reliably measured
- It is possible that the economic benefits associated with the transaction will flow to the Company
- The costs incurred in respect of the sale can be measured reliably

2.15 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 Group where the Group 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 longterm 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

2.16 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders. In respect of interim dividends, these are recognised when declared by the Board of Directors.

2.17 Share Capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.
Retained earnings
Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves.
Share premium
Share premium refers to the excess of the share price paid for the Group's shares by the shareholders over the nominal value of the shares issued.

Notes to the financial statements

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk mangement framework. The board has established the finance and investment committee, who is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and aherence to limits. Risk management policies and systems are reviewed regularly by the executive management to reflect changes in the market conditions and the Group's activities.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board is supported by various management functions that checks and undertakes both regular and ad hoc reviews of compliance with established controls and procedures.

3.1 Financial risk factors

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not hedge any of its risk exposures.

Risk management is carried out in line with policies approved by the board of directors. The board provides written policies for overall risk management, as well as set the overall risk appetite for the Group. Specific risk management approaches are defined for respective risks such as interest rate risk, credit risk, liquidity and investment risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk in the Group are borrowings and deposits.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency denominated borrowings that the Group has.

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation related risks are therefore not included in the assessment of the entity's exposure to currency risks.

Foreign currency denominated balances	Group		Company	
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Cash and bank balances	-	175,406	-	-
Financial liabilities				
Borrowings	35,293,694	32,645,323	33,877,287	32,645,323

Sensitivity

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. The foreign denominated balances that the company is exposed to fluctuations relates to cash. There are no receivables or payables denominated in foreign currency.

The table below shows the impact on the Group's profit and equity if the exchange rate between the Naira and the US Dollars had increased or decreased by 10%, with all other variables held constant:

	2014	2013
Impact on profit or loss	N'000	N'000
Effect of 1% strengthening of the US Dollar	(338,739)	(328,207)
Effect of 1% weakening of the US Dollar	338,739	328,207

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group is exposed to cash flow interest rate risk, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rate risk. The Company takes on exposure to the effect of fluctuations in the prevailing levels of market interest on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movement arise.

Notes to the financial statements

The Group's interest rate risk arises from long-term borrowings,bank overdrafts short term deposits, Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain approximately 60% of its borrowings in fixed rate instruments.

The table below summarises the Company's exposure to interest rate risk:

	31 December 2014			31 December 2013		
	Carrying amount N'000	Fixed interest N'000	Non interest bearing N'000	Carrying amount N'000	Fixed interest N'000	Non interest bearing N'000
Group						
Assets						
Cash in hand	-	-	-	169	-	169
Bank Deposits	217,761	-	217,761	508,525	-	508,525
Trade and other receivables*	18,214,357	-	18,214,357	3,460,801	-	3,460,801
	18,432,118	-	18,432,118	3,969,495	-	3,969,495
Liabilities						
Borrowings	35,293,694	35,293,694	-	32,645,323	32,645,323	-
Trade and other payables**	14,263,844	-	14,263,844	971,974	-	971,974
	49,557,538	35,293,694	14,263,844	33,617,297	32,645,323	971,974

	31 December 2014			31 December 2013		
	Carrying amount N'000	Fixed interest N'000	Non interest bearing N'000	Carrying amount N'000	Fixed interest N'000	Non interest bearing N'000
Company						
Assets						
Cash	-		-			
Bank Deposits	187	-	187	272,271	-	272,271
Trade and other receivables*	14,829,065	-	14,829,065	167,272	-	167,272
	14,829,252	-	14,829,252	439,543	-	439,543
Liabilities						
Borrowings	33,877,287	33,877,287	-	32,645,323	32,645,323	-
Trade and other payables**	7,853,511	-	7,853,511	47,560	-	47,560
	41,730,798	33,877,287	7,853,511	32,692,883	32,645,323	47,560

*The trade and other recievables excludes prepayments as these are not financial instruments.
**Trade and other payables excludes provisions and statutory payables as these are not financial instruments.

The table below shows the impact on the Group and Company's profit before tax if interest rates had increased or decreased by 10 percent, with all other variables held constant.

	Group		Company	
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Effect of a 10% increase in interest rates on profit before tax	-4,955,754	(3,264,532)	(3,387,729)	(3,264,532)
Effect of a 10% decrease in interest rates on profit before tax	4,955,754	3,264,532	3,387,729	3,264,532

(b) Credit risk

Management of 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 operates in an highly regulated enviroment where payment are regulated and monitored, however the company has an established credit policy and the exposure to credit risk is monitored on an on-going basis.

(i) Credit concentrations

The Management currently sells to only one customer who is the government regulated body for power transmission

Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts as categorised by geographical region as of 31 December 2014 and 31 December 2013.

Group

	2014		2013	
	Trade and other receivables	Cash and bank balances	Trade and other receivables	Cash and bank balances
	N'000	N'000	N'000	N'000
Nigeria	18,214,357	217,761	3,460,801	508,694

Company

	2014		2013	
	Trade and other receivables	Cash and bank balances	Trade and other receivables	Cash and bank balances
	N'000	N'000	N'000	N'000
Nigeria	14,829,065	187	167,272	272,271

Notes to the financial statements

Industry sectors
The following table breaks down the Group's credit exposure at their carrying amounts as categorised by industry sectors as of 31 December 2014 and 31 December 2013.

Group

	2014		2013	
	Trade and other receivables	Cash and bank balances	Trade and other receivables	Cash and bank balances
	N'000	N'000	N'000	N'000
Financial services	-	217,761	-	508,694
Government	17,290,438	-	3,455,691	-
Other	923,919	-	5,110	-

Company

	2014		2013	
	Trade and other receivables	Cash and bank balances	Trade and other receivables	Cash and bank balances
	N'000	N'000	N'000	N'000
Financial services	-	187	-	272,271
Other	14,829,065	-	167,272	-

(ii) Credit quality
The Group has dedicated standards, policies and procedures to control and monitor all such risks. There are no independent ratings for customers therefore the company assesses the credit quality of the customer by taking into account its financial position,level of activity, past experience and other factors.
Below is the breakdown of trade receivables neither past due nor impaired, past due but not impaired and fully impaired:

Group

	2014	2013
	N'000	N'000
Neither past due nor impaired	2,328,475	2,115,268
Past due but not impaired	14,961,963	1,345,346
Net trade and other receivables	17,290,438	3,460,614

The financial assets in the past due but not impaired class are short term in nature and are expected to be repaid over 0 - 30 days period. The financial assets in the neither past due but not impaired class are not rated by the company.

Financial assets neither past due nor impaired
Financial instruments in this category includes cash and bank balances as well as fees that are not past due. The compliance unit assess the credit quality of each customer or obligor taking into account its financial position, past experience and other factors.

Financial assets past due but not impaired
These are fees receivable that are past due but have not been impaired because the company has assessed and determined that the value of stocks held as collateral against the receivables are suffifficient to cover for the outstanding amount.

Impaired financial assets
These are receivables that the company has determined they are irrecoverable and has therefore made appropriate provision to cover for the receivable amount.

Neither past due nor impaired
Credit quality of financial assets:
The credit quality of financial assets that are neither past due nor impaired is not assessed by reference to the external credit ratings (if available) or to historical information about counterparty default rates:

Counter parties without external credit rating:

	2014	2013
	N'000	N'000
Trade receivables		
Group 1	-	-
Group 2	2,328,475	2,115,268
Group 3	-	-
	2,328,475	2,115,268

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 (more than 6 months) with some defaults in the past

Notes to the financial statements

Past due but not impaired
These relate to the single customer, the Transmission Company of Nigeria for whom there is no recent history of default. The ageing analysis of these receivable is as follows:

Group and Company

	2014 N'000	2013 N'000
Past due 0-30 days	14,961,963	1,345,346

Impaired
There were no impaired financial assets as at each reported period end.

(c) Liquidity risk

Management of liquidity risk
Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the covenant compliance, and compliance with internal financial position ratio.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities.

Maturity analysis
The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. There is concentration risk in this regard as United Bank for Africa Plc is the major lender to the Group.

Group

31 December 2014	0 - 30 days N'000	31 - 180 days N'000	181 - 365 days N'000	Over 1 year but less than 5 years N'000	Over 5 years N'000	Total N'000
Financial liabilities						
Trade and other payables	14,263,844	-	-	-	-	14,263,844
Borrowings	-	4,323,010	2,906,720	23,545,191	4,518,774	35,293,695
	14,263,844	4,323,010	2,906,720	23,545,191	4,518,774	49,557,539

31 December 2013	0 - 30 days N'000	31 - 180 days N'000	181 - 365 days N'000	Over 1 year but less than 5 years N'000	Over 5 years N'000	Total N'000
Financial liabilities						
Trade and other payables	971,974	-	-	-	-	971,974
Borrowings	-	1,479,445	4,237,418	29,419,690	8,990,612	44,127,165
	971,974	1,479,445	4,237,418	29,419,690	8,990,612	45,099,139

Company

31 December 2014	0 - 30 days N'000	31 - 180 days N'000	181 - 365 days N'000	Over 1 year but less than 5 years N'000	Over 5 years N'000	Total N'000
Financial liabilities						
Trade and other payables	7,853,511	-	-	-	-	7,853,511
Borrowings	-	4,323,010	2,906,720	23,545,191	4,518,774	30,774,921
	7,853,511	4,323,010	2,906,720	23,545,191	4,518,774	38,628,432

31 December 2013	0 - 30 days N'000	31 - 180 days N'000	181 - 365 days N'000	Over 1 year but less than 5 years N'000	Over 5 years N'000	Total N'000
Financial liabilities						
Trade and other payables	47,560					47,560
Borrowings	-	1,479,445	4,237,418	29,419,690	8,990,612	44,127,165
	47,560	1,479,445	4,237,418	29,419,690	8,990,612	44,174,725

Notes to the financial statements

3.2 Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company manages its capital to ensure that it will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the financial position plus net debt.
The gearing ratios at the respective year ends was as follows:

	2014 N '000	2013 N '000
Total Liabilities	57,159,523	33,705,335
Less: Cash and cash equivalent	(217,761)	(508,694)
Net debt	56,941,762	33,196,641
Total equity	14,509,337	16,874,379
Gearing Ratio	392%	197%

3.3 Financial instruments and fair values

Measurement Categories
The following table shows the carrying values of financial assets and liabilities for each of these categories at December 31, 2014 and 2013.

Group

	31 December 2014			
	N'000	N'000	N'000	N'000
	Loans and receivables		Other financial liabilities at amortised cost	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and bank balances	217,761	217,761	-	-
Trade and other receivables	18,214,357	18,214,357	-	-
Financial liabilities				
Borrowings	-	-	35,293,694	33,441,001
Trade and other payables	-	-	4,482,040	4,482,040
Other payables	-	-	9,781,804	9,781,804

Company

	31 December 2014			
	N'000	N'000	N'000	N'000
	Loans and receivables		Other financial liabilities at amortised cost	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and bank balances	187	187	-	-
Trade and other receivables	14,829,065	14,829,065	-	-
Financial liabilities				
Borrowings	-	-	33,877,287	33,441,001
Other payables	-	-	7,853,511	7,853,511

The trade and other recievables excludes prepayments as these are not financial instruments. Trade and other payables excludes provisions and statutory payables as these are not financial instruments.

Group

	31 December 2013			
	N'000	N'000	N'000	N'000
	Loans and receivables		Other financial liabilities at amortised cost	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and bank balances	508,694	508,694	-	-
Trade and other receivables	3,460,801	3,460,801	-	-
Financial liabilities				
Borrowings	-	-	32,645,323	36,842,156
Other liabilities	-	-	971,974	971,974

Notes to the financial statements

Company

	31 December 2013			
	N'000	N'000	N'000	N'000
	Loans and receivables		Other financial liabilities at amortised cost	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and bank balances	272,721	272,721	-	-
Trade and other receivables	172,195	172,195	-	-
Financial liabilities				
Borrowings	-	-	32,645,323	36,842,156
Other liabilities	-	-	47,560	47,560

The fair values of borrowings are based on cash flows discounted using a rate based on the borrowing rate of 8.76% (2013: 8.76%). The rate used is the average interest rate obtainable from commercial banks and has been determined as a level 2 measure within the fair value hierarchy.

3.4 Fair values estimation

The table below analyses financial instruments not measured at fair value but which the fair values have been disclosed, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3 - Inputs for the asset that are not based on observable market data (that is, unobservable inputs).

There were no transfer of financial assets between fair value levels of hierarchy.

The following table presents the Group and company's financial assets and liabilities that are measured at fair value at 31 December 2014.

Group

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Financial assets				
Trade and other receivables	-	-	18,214,357	18,214,357
Financial liabilities				
Borrowings	-	33,441,001	-	33,441,001
Trade and other payables	-	-	4,482,040	4,482,040
Other payables	-	-	9,781,804	9,781,804
Total	-	33,441,001	14,263,844	47,704,845

Company

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Financial assets				
Trade and other receivables	-	-	14,829,065	14,829,065
Financial liabilities				
Borrowings	-	33,441,001	-	33,441,001
Other payables	-	-	7,853,511	7,853,511
Total	-	33,441,001	7,853,511	41,294,512

The following table presents the Group and company's financial assets and liabilities that are measured at fair value at 31 December 2013.

Group

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Financial assets				
Trade and other receivables	-	-	3,460,801	3,460,801
Financial liabilities				
Borrowings	-	36,842,156	-	36,842,156
Other liabilities	-	-	971,974	971,974
Total	-	36,842,156	971,974	37,814,130

Notes to the financial statements

Company	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Financial assets				
Trade and other receivables	-	-	172,195	172,195
Financial liabilities				
Borrowings	-	36,842,156	-	36,842,156
Other liabilities	-	-	47,560	47,560
Total	-	36,842,156	47,560	36,889,716

(b) 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.

(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.

(iii) Borrowings

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.

(iv) 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.

4 Critical accounting estimates and judgements

Critical accounting policies and key sources of estimation uncertainty

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. The following discusses the most significant accounting judgments and estimates that the company has made in the preparation of the financial statements:

a) *Impairment*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:
- significant financial difficulty of the debtor or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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 profit or loss.

b) *Income taxes*

The Company is subject to income taxes only within the Nigerian tax authority which does not require much judgment in terms of provision for income taxes but a certain level of judgment is required for recognition of the deferred tax assets. Management is required to assess the ability of the company to generate future taxable economic earnings.

Taxes are paid by company under a number of different regulations and laws, which are subject to varying interpretations. In this environment, it is possible for the tax authorities to review transactions and activities that have not been reviewed in the past and scrutinize these in greater detail, with additional taxes being assessed based on new interpretations of the applicable tax law and regulations. Accordingly, management's interpretation of the applicable tax law and regulations as applied to the transactions and activities of the Company may be challenged by the relevant taxation authorities. The Company's management believes that its interpretation of the relevant tax law and regulations is appropriate and that the tax position included in these financial statements will be sustained.

Notes to the financial statement

5 Revenue

	Group		Company	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Capacity charge	11,715,279	1,792,727	-	-
Energy sent out	14,007,349	1,667,887	-	-
Ancillary Service	490,532	-	-	-
Dividend	-	-	18,700,000	-
	26,213,160	**3,460,614**	**18,700,000**	-

All the revenue was generated in Nigeria.

6 Cost of sales

	Group		Company	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Natural gas and fuel costs	5,965,481	721,941	-	-
Salaries and wages	549,718	62,551	-	-
Repairs and maintenance	1,276,631	115,100	-	-
Depreciation	1,771,322	163,081	-	-
Insurance	133,304	11,216	-	-
Other direct expenses	448,133	44,278	-	-
	10,144,589	1,118,167	-	-

7 Administrative expenses

	Group		Company	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Staff costs	451,590	112,845	711	31,835
Pension cost	21,072	-	-	-
Depreciation	26,543	6,783	176	82
Auditors' remuneration	26,288	-	-	-
Management and incentive fees	354,603	69,212	-	-
Professional fees	49,868	24,000	-	-
Donations	352,542	-	-	-
Directors remuneration	119,566	74,777	66,900	74,777
Provision for slow moving inventories	1,910	-	-	-
Rent & Rates	9,448	-	-	-
Repairs & Maintenance	38,174	-	-	-
Insurance	5,315	-	-	-
Security services	92,679	21,785	-	-
Subscriptions& fees	11,470	1,645	-	-
CSR cost	90,720	-	-	-
Travel and accommodation	105,830	68,999	-	42,615
Business development	446,890	7,763	-	7,763
Bank charges	22,023	4,937	25	4,937
Other operating expenses	321,359	24,076	6,400	9,869
	2,547,890	416,822	74,212	171,878

8 Other operating income

	Group		Company	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Other Income	3,772	4,733	-	-
Late payment fee	-	23,594	-	23,594
Write back of provision	-	107,310	-	107,310
	3,772	135,637	-	130,904

The late payment fee relates to amount paid by Symbiom Power LLC for late payment of subscription money.

9 Finance income and finance costs

	Group		Company	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Finance Income	742,308	267,717	64	267,717
Finance costs				
Interest expense on loans	-3,437,484	-1,146,231	-3,207,530	-1,146,231
Foreign exchange (loss)/gain on financing activities	-2,871,413	990,637	-2,871,413	990,637
Finance costs	-6,308,897	-155,594	-6,078,943	-155,594
Net finance costs	-5,566,589	112,123	-6,078,879	112,123

Notes to the financial statement

10 Income tax expense

	Group		Company	
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Income Tax	2,400,000	75,671	2,400,000	75,671
Education Tax	-	1,424	-	1,424
Tax write back	-77,095	-	-77,095	-
	2,322,905	77,095	2,322,905	77,095
The movement in Tax payable is as follows:				
At 1 January	77,095	-	77,095	-
Under/(over) provision of Previous year	190,753	-	-77,095	-
Provision for the year	2,400,000	77,095	2,400,000	77,095
At 31 December	2,667,848	77,095	2,400,000	77,095

A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate for the years ended 31 December 2013 and 31 December 2014 is as follows:

Profit before tax	7,957,864	2,173,385	12,546,909	71,149
Tax at Nigeria Corporation tax rate of 30% (2013: 30%)	2,387,359	652,015	3,764,073	21,345
Education tax	-	1,424	-	1,424
Minimum tax adjustments	-	74,246	-	74,246
Unutilised tax losses carried	-	(21,344)	-	(21,344)
Pioneer status	-	(630,671)	-	-
Income not subjected to tax	(2,387,359)	-	(3,764,073)	-
Excess dividend tax adjustment	2,322,905	-	2,322,905	-
Tax charge for the year	2,322,905	75,671	2,322,905	75,671

11 Property, plant and equipment

Group

	Land	Building & improvements	Plant & Machinery	Capital work in progress	Computer Equipment and furniture and fittings	Motor Vehicles	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
Balance as at 1 January 2014	376,497	1,349,582	38,859,715	65,529	9,094	94,450	40,754,867
Additions	-	138,996	329,269	3,301,298	29,777	55,772	3,855,112
Reclassifications	-	-	45,261	-45,261	-	-	-
*Adjustment	-	-	-	-20,268	-	-	-20,268
Balance as at 31 December 2014	**376,497**	**1,488,578**	**39,234,245**	**3,301,298**	**38,871**	**150,222**	**44,589,711**
Accumulated depreciation and impairment losses							
Balance as at January 2014	-	4,514	161,868	-	225	3,257	169,864
Charge for the period	-	26,901	1,751,217	-	4,504	15,242	1,797,864
Balance as at 31 December 2014	**-**	**31,415**	**1,913,085**	**-**	**4,729**	**18,499**	**1,967,728**
Net Book value							
At 1 January 2014	**376,497**	**1,345,068**	**38,697,847**	**65,529**	**8,869**	**91,193**	**40,585,003**
At 31 December 2014	**376,497**	**1,457,163**	**37,321,160**	**3,301,298**	**34,142**	**131,723**	**42,621,983**

*Adjustment includes items of work in progress which did not qualify as property, plant and equipment and therefore expensed

Notes to the financial statement

Company

	Computer Equipment and Furniture and Fittings N'000	Total N'000
Cost		
Balance as at 1 January 2014	629	629
Additions	-	-
Balance as at 31 December 2014	**629**	**629**
Accumulated depreciation and impairment losses		
Balance as at 1 January 2014	82	82
Depreciation for the period	175	175
Balance as at 31 December 2014	**257**	**257**
Net Book Value		
At 31 December 2013	**547**	**547**
At 31 December 2014	**372**	**372**

12 Intangible assets

	Group Goodwill	
	2014 N'000	2013 N'000
Balance at 1 January	5,611,412	-
Additions	-	5,611,412
Adjustments	4,089,779	-
Balance at 31 December	9,701,191	5,611,412

Goodwill is not amortised but tested for impairment annually. At the reporting date the goodwill had not been impaired. The goodwill arose from the purchase of Ughelli Power Plc as disclosed in Note 13 below.

A re-measurement of the goodwill arising from acquisition of Ughelli Power Plc was done during the year resulting in a measurement period adjustment as described in IFRS 3. The initial accounting for the business combination was incomplete as the deferred tax liability of N4.089 billion was not included in determination of net assets as at acquisition date, 1 November 2013.

The deferred tax liability arose from timing differences and deemed cost fair valuation of property, plant and equipment. Details of the re-measurement of goodwill is as follows:

Fair values of assets and liabilities of Ughelli Power Plc as at 1 November 2013	2014 N'000
Non current Assets	40,299,375
Inventory	819,606
Cash and Cash equivalents	369,607
Total Assets	41,488,588
Non current liabilities	-4,089,779
Current Liabilities	-
Net Assets	37,398,809
Purchase consideration	47,100,000
Excess of purchase consideration over equity	9,701,191

The adjustment of N4.089 billion has been made to the carrying amount of Goodwill as at 31 December 2014.

13 Investment in subsdiary

	Company	
	2014 N'000	2013 N'000
Investment in Ughelli Power Plc	47,100,000	47,100,000

Notes to the financial statement

14 Inventories

	Group	
	2014	2013
	N'000	N'000
General Stores	681,176	405,299
Stationery	1,044	415
Lubricant	73,797	3,166
	756,017	408,880
Impairment provision	-1,910	-
	754,107	408,880

General stores, stationery, tools and lubricants are carried as inventory and recognised in profit or loss as consumed. No spare parts and servicing equipment were identified for use as property, plant & equipment. The provision on inventory is based on specific identification of damaged items that are assessed as unlikely to be useable effectively for intended purposes.

15 Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Trade receivables	17,290,438	3,460,614	-	-
Less: Provision for impairment of trade receivables	-	-	-	-
Trade receivables - net	17,290,438	3,460,614	-	-
Other receivables and prepayments	159,461	4,923	213	4,923
Due from subsidiary	-	-	14,822,390	-
Due from related companies	91,978	-	6,675	167,272
Temporary advances	831,941	187	-	-
	18,373,818	3,465,724	14,829,278	172,195

A significant portion of the increase in trade receivable relates to receivable from the Transmission Company of Nigeria Plc which is the government regulated body for the power business. The increase is due to the increased operations in 2014 (12 months) as compared to the 3 months operations in the prior year. Payments have been received from government subsequent to year end.

16 Cash and bank balances

	Group		Company	
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Cash in hand	-	169	-	-
Bank deposits	217,761	508,525	187	272,271
	217,761	508,694	187	272,271

16.1 For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Cash and Bank balances	217,761	508,694	187	272,271

Included in cash and cash equivalents is balance held at First Bank Nigeria Plc of N210,039,192 which is restricted due to a current court lien placed on it since May 2012 as a result of an existing court case between Lagos State Government and Power Holding Company of Nigeria (PHCN).

17 Deferred taxation

The movement in deferred tax is as follows

	Group	
Deferred tax liability	2014	2013
	N'000	N'000
At 1 January 2014	-	-
Adjustment to opening balance (Note 12)	4,089,799	-
Balance As at 31 December	4,089,799	-

	Acclerated tax depreciation	Valuation of property, plant and equipment	Total
	N'000	N'000	N'000
At 1 January 2014	-	-	-
Adjustment to opening balance (Note 12)	1,315,081	2,774,698	4,089,779
	1,315,081	2,774,698	4,089,779

Notes to the financial statement

18 Borrowings

	Group		Company	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Bank loans	35,293,694	32,645,323	33,877,287	32,645,323
Current	7,624,004	2,562,899	6,207,597	2,562,899
Long term	27,669,690	30,082,424	27,669,690	30,082,424

The loan relates to a total amount of N33b (US$215m) from four financial institutions namely United Bank of Africa Plc, Africa Finance Corporation, Fidelity Bank Plc and First City Monument Bank Plc . The arrangement was facilitated by UBA Capital Plc. The loans were obtained on 19 August 2013.

The loan was for the purpose of acquiring 100% interest in the subsidiary Ughelli Power Plc from the Federal Government. The loan is repayable over a seven year period with a moratorium of fourteen months. The returns from Ughelli Power Plc will be used for servicing the loans.

Lender	Outstanding balance at 31 December 2014 N'000
United Bank of Africa Plc (Lender)	20,127,336
Africa Finance Corporation (Lender)	8,774,740
Fidelity Bank Plc (Lender)	3,195,809
First City Monument Bank Plc (Lender)	3,195,809
	35,293,694

19 Trade and other payables

	Group		Company	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Trade payables	4,482,040	803,178	-	-
Accrued professional fees	59,013	14,581	13,375	14,581
Accrued directors' fees	250	19,675	250	19,675
Other Payables	14,211	18,606	13,304	13,304
Due to related parties	6,095,920	79,375	4,227,302	-
Other accruals	13,130	36,560	-	-
Withholding tax	844,358	7,972	802,893	2,893
PAYE Tax deductions	-	2,970	-	-
Dividend payable	3,599,280	-	3,599,280	-
Total	15,108,202	982,917	8,656,404	50,453

20 Related party transactions and balances

a The parent company of the Group is the Transnational Corporation of Nigeria Plc. The Group is owned by Nigerian citizens.

The holding company, Transnational Corporation of Nigeria Plc provided technical and management services during the year to Ughelli Power Plc. as approved by the board on 11th November 2013.

Balances with related parties during the year -

Payables	Nature of transaction	Group 2014 N'000	Group 2013 N'000	Company 2014 N'000	Company 2013 N'000
Transnational Corporation of Nigeria Plc (Holding Company)	Technical and Management services & Dividend	4,227,302	79,375	4,227,302	-
Transcorp Hotel Abuja	Short Term Payable	1,710,003	-	-	-
Transcorp Hotel Calabar		460	-	-	-
Nembe Creek Oil Co. Ltd		2,543	-	-	-
Heirs Holdings Limited	Management fees	77,806	-	-	-
Tony Elumelu Foundation	Corporate Social Responsibility	77,806	-	-	-
		6,095,920	**79,375**	**4,227,302**	-

N'000 N'000

Notes to the financial statement

24 Particulars of directors and staff

The table below shows the number of employees (excluding directors), who earned over N240,000 as emoluments in the year and were within the bands stated

	Group		Company	
	2014	2013	2014	2013
	Number	Number	Number	Number
Less than N1,000,000	15	10	-	-
N1,000,001 - N2,000,,000	65	103	-	-
N2,000,001 - N4,000,000	129	114	-	-
Above N5,000,000	51	41	-	6
	260	268	-	6

Staff costs for the above persons (excluding Directors):

	Group		Company	
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Salaries and wages	1,001,308	166,274	711	24,307
Pension cost	21,072	469	-	469
	1,022,380	166,743	711	24,776
Analysis of staff costs:				
Cost of revenue	549,718	62,551	-	-
Administrative and general expenses	472,662	104,192	711	24,776
	1,022,380	166,743	711	24,776

Emoluments of directors

The remuneration paid to the Directors of the Company was:

Salaries	51,640	9,922	-	9,922
Fees	5,500	1,025	5,500	1,025
Defined contribution	1,026	321	-	321
Benefits in kind	61,400	73,752	61,400	73,752
	119,566	85,020	66,900	85,020
Amount paid to the highest paid director (excluding pension contributions)				
Fees	1,000	800	1,000	800
Benefit in kind	16,120	18,314	16,120	18,314
	17,120	19,114	17,120	19,114

The number of directors of the company (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the company fell within the following ranges:

	Group		Company	
	2014	2013	2014	2013
	Number	Number	Number	Number
Less than N10,000,000	6	-	6	-
Over N10,000,000	2	7	2	7
	8	7	8	7

25 Interim dividend payable

At the Board of Directors meeting held on 9 December 2014, the Directors proposed and recommended an interim dividend of N8,000,000,000 subject to the approval of shareholders at the general meeting for the financial year ended 31 December 2014.

26 Capital commitments and contingent liabilities

There were no material litigations in the ordinary course of business as at the balance sheet date. The Directors are of the opinion that all known liabilities which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

Ughelli Power Plc (UPP) made an application for the grant of pioneer status to the Nigerian Investment Promotion Commission (NIPC) effective January 1, 2014. The Federal Government announced that all Power Holding Company of Nigeria (PHCN) assets successor companies will have pioneer status as part of the incentives proffered during the privatisation of PHCN assets in 2013. The application made by UPP is to avail itself of this incentive. The application is reasonably advanced and should be concluded before the end of 2015. If the pioneer application is granted to take effect from 1 January 2014, the expected tax savings as at 31 December 2014 will be N5.6 billion.

27 Events after statement of financial position date

There were no post balance sheet events requiring adjustment of, or disclosure in the financial statements which could have had material effect on the state of affairs of the Company as at 31 December 2014 and on the profit for the year ended on that date which have not been adequately provided for or recognised.

Notes to the financial statement

28 Interests in other entities

Consolidated subsidiary

Name of Entity	Country of incorporation	Principal Activity	Percentage shareholding 2014 %	2013 %
Ughelli Power Plc	Nigeria	Power Generation	100%	100%

Ughelli Power Plc is 100% owned by Transcorp Ughelli Power Limited. Ughelli Power Plc was acquired from the Federal Government of Nigeria on 1 November 2013.

There are no restrictions placed on Transcorp Ughelli Power Limited in so far as accessing its resources in Ughelli Power Plc is concerned, except for funds held at First Bank Nigeria Plc of N210,039,192 for which there is a current court lien placed on it since May 2012, due to an existing court case between Lagos State Government and PHCN. This amount is included as part of bank deposits in note 18.

The summarised financial information of the consolidated subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Statement of financial position

	Ughelli Power Plc 2014 N'000
ASSETS	
Non Current assets	42,621,612
Current assets	19,271,402
Total assets	**61,893,014**
LIABILITIES	
Non-current liabilities	4,089,779
Current liabilities	22,958,443
Total liabilities	**27,048,222**
EQUITY	
Total equity	34,844,793
Total equity and liabilities	**61,893,015**
Summarised statement of total comprehensive income	
Revenue	26,213,160
Cost of sales	(10,144,589)
Gross profit	**16,068,571**
Administrative expenses	(2,473,678)
Other operating (loss)/income	3,772
Operating profit	**13,598,665**
Finance income	742,244
Finance cost	(229,954)
Net Finance Cost	512,290
Profit before taxation	-
Income tax expense	14,110,955
Total comprehensive income for the year	-
	14,110,955

Transcorp Ughelli Power Limited
Consolidated financial statement
For the year ended 31 December 2014

Statement of value added

	Group				Company			
	2014 N'000	%	2013 N'000	%	2014 N'000	%	2013 N'000	%
Revenue	26,213,160		3,460,614		18,700,000		-	
Other income	3,772		135,637		0		130,904	
	26,216,932		**3,596,251**		**18,700,000**		**130,904**	
Bought in services								
- Local	1,276,630		1,447,343		73,326		757,817	
- Foreign	8,616,677		361,836		-		-	
	9,893,307		818,542		73,326		757,817	
Value added	**16,323,625**		**2,777,709**		**18,626,674**		**-626,913**	
Distribution								
Employees								
Salaries and benefits	1,001,308	6%	166,743	6%	711	0%	24,776	7%
Provider of funds								
Interest	5,566,589	34%	267,717	10%	6,078,879	33%	267,717	74%
Government								
Taxation	2,322,905	14%	77,095	3%	2,322,905	12%	77,095	21%
The Future								
Depreciation	1,797,864	11%	169,864	6%	175	0%	82	0%
Retained profit	5,634,959	35%	2,096,290	75%	10,224,004	55%	-5,946	-2%
	16,323,625	**100%**	**2,777,709**	**100%**	**18,626,674**	**100%**	**363,724**	**100%**