UGHELLI POWER PLC
ANNUAL REPORT AND IFRS FINANCIAL STATEMENTS
31 DECEMBER 2013

Ughelli Power Plc
Index to the IFRS financial statements
For year ended 31 December 2013

Corporate information

Company Registration No.	RC 638647	
Registered Office	Ughelli Power Complex KM 20 Warri/Patani Highway Ughelli Delta State	
Board of Directors	Tony O. Elumelu, CON Adeoye Fadeyibi	Chairman MD / CEO
Auditors	PricewaterhouseCoopers Chartered Accountants Plot 252E Muri Okunola Street Victoria Island, Lagos.	
Bankers	First Bank of Nigeria Plc Keystone Bank Limited United Bank for Africa Plc	
Company Secretary	Chinedu N. Eze 38 Glover Road Ikoyi, Lagos.	

The Directors submit their report together with the audited financial statements for the period ended 31 December 2013, which disclose the state of affairs of the Company.

Incorporation and address

Ughelli Power Plc ("the Company") is incorporated in Nigeria 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:

Ughelli Power Complex
KM 20 Warri/Patani Highway
Ughelli
Delta State

Principal activities

The Company is mainly engaged in the generation of electric power.

Results

The Company's results for the period are set out on page 7. The profit after tax for the year of N 4.7 billion (2012: N2.5 billion) has been transferred to retained earnings.

Directors

The Directors who held office during the year were:

Bolanle Onagoruwa	Resigned 28 January 2013
Mohammed Kyari Dikwa	Resigned 1 November 2013
Engr. P. I. Umunna	Resigned 1 November 2013
Benjami Ezra Dikki	Resigned 1 November 2013
Adeoye Fadeyibi	Appointed 1 November 2013
Tony O. Elumelu, CON	Appointed 1 November 2013

Directors' interests 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 period.

Directors' shareholding

None of the Directors had direct or indirect interests in the issued share capital of the Company during the year for the purpose of Sections 275 and 276 of the Companies and Allied Matters Act.

Shareholding

According to the register of members at 31 December 2013, the shareholding in the Company was as follows:

	Number of shares held	Percentage %
Transcorp Ughelli Power Limited	10,000,000	100

Equal employment opportunity

The Company pursues an equal employment opportunity policy. It does not discriminate against any person on the ground of race, religion, colour, or physical disability.

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 regards 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/charitable gifts

The Company made no donation during the year. (2012: Nil)

Auditors

Messrs. PricewaterhouseCoopers have indicated their willingness to continue in office as auditors 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

Ughelli Power Plc
Statement of directors' responsibilities
For the year ended 31 December 2013

In accordance with the provisions of sections 334 and 335 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004 ("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 of the profit or loss for the period ended 31 December 2013, 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 prevent and detect fraud and other irregularities.

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 (IFRS) and the requirements of the Companies and Allied Matters Act.

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**

pwc

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF UGHELLI POWER PLC

Report on the financial statements

We have audited the accompanying financial statements of Ughelli Power Plc ("the company"). These financial statements comprise the statement of financial position as at 31 December 2013 and the statements of profit and loss and 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 company's financial affairs at 31 December 2013 and of its financial performance and its 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.

pwc

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 1021379

Pedro Omontuemhen

2nd April 2015

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria
Engagement Partner: Pedro Omontuemhen
FRC/2013/ICAN/00000000739

Ughelli Power Plc
Statement of profit or loss and other comprehensive income
For year ended 31 December 2013

	Note	31 December 2013 N'000	31 December 2012 N'000
Revenue	5	14,860,355	9,352,250
Cost of sales	6	(6,264,696)	(5,177,880)
Gross profit		**8,595,659**	**4,174,370**
Administrative expenses	7	(1,649,865)	(1,555,451)
Other operating income	8	4,818	6,621
Profit before tax		**6,950,612**	**2,625,540**
Income tax	9	(2,224,875)	(124,948)
Profit for the year		**4,725,737**	**2,500,592**
Basic and diluted EPS (Naira)	19	473	250
Other comprehensive income		-	-
Total comprehensive income for the year		**4,725,737**	**2,500,592**

The notes on pages 11 to 29 are an integral part of these financial statements.

Ughelli Power Plc
Statement of financial position
As at 31 December 2013

	Note	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Assets				
Non-current assets				
Property, plant and equipment	10	40,624,954	39,886,798	38,263,023
Total non-current assets		**40,624,954**	**39,886,798**	**38,263,023**
Current assets				
Inventories	11	569,024	1,186,995	417,716
Trade and other receivables	12	3,460,801	15,975,564	9,278,090
Cash and cash equivalents	13	236,424	380,825	546,018
Total current assets		**4,266,249**	**17,543,384**	**10,241,824**
Total assets		**44,891,203**	**57,430,182**	**48,504,847**
Liabilities				
Non-current liabilities				
Deferred tax liabilities	9	4,089,779	1,877,933	2,125,043
Total non-current liabilities		**4,089,779**	**1,877,933**	**2,125,043**
Current liabilities				
Trade and other payables	14	1,099,738	3,013,979	1,484,467
Current tax payable	9	267,848	545,788	173,730
Total current liabilities		**1,367,586**	**3,559,767**	**1,658,197**
Total liabilities		**5,457,365**	**5,437,700**	**3,783,240**
Equity				
Share capital	16	5,000	5,000	5,000
Retained earnings		39,428,838	16,710,328	14,209,736
General reserve	18	-	35,277,154	30,506,871
Total equity		**39,433,838**	**51,992,482**	**44,721,607**
Total equity and liabilities		**44,891,203**	**57,430,182**	**48,504,847**

The financial statements and notes on pages 11 to 29 were approved by the Board of Directors on 13th January 2015 and signed on its behalf by:

Emmanuel Nnorom	Kunle Fagbayi	Adeoye Fadeyibi
Director	Chief Financial Officer	MD, Chief Executive Officer
FRC/2013/CIBN/00000002585	FRC/2013/ICAN/00000004861	FRC/2014/IODN/00000006970

Ughelli Power Plc
Statement of changes in equity
For the year ended 31 December 2013

	Share capital N'000	Retained earnings N'000	General reserve N'000	Total N'000
Balance at 1 January 2012	**5,000**	**14,209,736**	**30,506,871**	**44,721,607**
Profit for the year		2,500,592	-	2,500,592
Total comprehensive income	-	**2,500,592**	-	**2,500,592**
Transactions with owners, recognised directly in equity				
Additional funding during the year	-	-	4,770,283	4,770,283
Total transactions with owners, recognised directly in equity	-	-	**4,770,283**	**4,770,283**
Balance at 31 December 2012	**5,000**	**16,710,328**	**35,277,154**	**51,992,482**
Balance at 1 January 2013	**5,000**	**16,710,328**	**35,277,154**	**51,992,482**
Deemed cost adjustment to property, plant and equipment net of tax (note 23)		984,921		984,921
Profit for the year	-	4,725,737	-	4,725,737
Total comprehensive income	-	**4,725,737**	-	**4,725,737**
Transactions with owners, recognised directly in equity				
Additional funding during the year	-	-	1,225,471	1,225,471
Transferred to NELMCO*	-	-	(19,494,773)	(19,494,773)
Reclassification of general reserves		17,007,852	(17,007,852)	-
Total transactions with owners, recognised directly in equity	-	**17,007,852**	**(35,277,154)**	**(18,269,302)**
Balance at 31 December 2013	**5,000**	**39,428,838**	-	**39,433,838**

* NELMCO - Nigeria Electricity Liability Management Limited/gte

Ughelli Power Plc
Statement of cash flows
For the year ended 31 December 2013

	Note	31 December 2013 N'000	31 December 2012 N'000
Cash flows from operating activities			
Cash generated used in operations	15	(144,880)	(1,433,521)
Net cash used in operating activities		**(144,880)**	**(1,433,521)**
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		7,616	-
Purchase of property, plant and equipment	10	(1,232,608)	(3,501,955)
Net cash used in investing activities		**(1,224,992)**	**(3,501,955)**
Cash flows from financing activities			
Federal Government funding received during the year	18	1,225,471	4,770,283
Net cash inflow from financing activities		**1,225,471**	**4,770,283**
Net decrease in cash, cash equivalents		(144,401)	(165,193)
Cash, cash equivalents at the beginning of the year		380,825	546,018
Cash and cash equivalents at the end of the year	13	**236,424**	**380,825**

1 General information

Ughelli Power Plc ("the Company") was incorporated in Nigeria under the Companies and Allied Matters Act as a public limited liability Company, and is domiciled in Nigeria. The Company was owned by the the Bureau of Public Enterprises (BPE) and the Ministry of Finance Incorporated (MOFI) prior to 1 November 2013 when the Company was acquired by Transcorp Ughelli Power Limited (TUPL), a subsidiary of Transnational Corporation of Nigeria Plc (Transcorp).

TUPL has a 100% equity interest in the Company. The address of its registered office is:

Ughelli Power Complex
KM 20 Warri/Patani Highway
Ughelli
Delta State

The Company is mainly engaged in the generation of electric power.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in compliance with the Companies and Allied Matters Act (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. These are the first financial statements of Ughelli Power Plc prepared in accordance with IFRS and International Financial Reporting Standard 1 (IFRS 1): First-time Adoption of IFRS was applied. An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cashflows of the Company is provided in Note 23.

Subject to certain transition elections and exceptions disclosed in Note 23, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at 1 January 2012 throughout all periods presented, as if these policies had always been in effect. Note 23 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows in the Company's financial statements for the period ended 31 December 2012 prepared under Nigerian GAAP.

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

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

2.1.1 Changes in accounting policies and disclosures

a) Standards, amendments and interpretations effective on or after 1 January 2013

A number of new standards and amendments to standards came into effect for annual periods beginning after 1 January 2013.
The nature and the impact of each new standard/amendment is described below:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Company's financial position or performance. These changes did not result in any adjustments to profit or loss or other comprehensive income.

IAS 1 Clarification of the requirement for comparative information (Amendment)
The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. The change did not have an impact on the Company as it became effective when the Company was adopting IFRS for the first time. A third balance sheet was required already as a result of applying IFRS 1.

IAS 32 Tax effects of distributions to holders of equity instruments (Amendment)
The amendment to IAS 32 Financial Instruments: Presentation clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The change did not have an impact on the Company as there were no distributions to equity holders during the periods.

IAS 19 Employee Benefits (Revised 2011) (IAS 19R)
IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. The change did not have an impact on the Company as there is no comparative information prepared under the previous IAS 1 before the amendment.

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7
The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. The change did not have an impact on the Company as there is no comparative information prepared under the previous IAS 1 before the amendment.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.
IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. The change did not have an impact on the Company as there is no comparative information prepared under the previous IAS 1 before the amendment.

(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 financial statements.

IFRS 15 - Revenue from contracts with customers
The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted.

IFRIC 21 - Levies
This interpretation 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 gives rise to pay a levy and when a liability should be recognised. The Company is not currently subjected to significant levies so the impact on the Company 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 Company.

(c) Early adoption of standards
The Company did not early adopt new or amended standards in 2013.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency of the Company is the Nigerian naira (N). The Company's 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 income' as a net position. Translation differences related to changes in amortised cost are recognised in profit or loss.

2.3 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 Company 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 and work-in-progress are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold buildings	2%
Plant and machinery	2.5%
Furniture and fittings	20%
Computer equipment	10%
Motor vehicles	20%

The Company 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. Depreciation commences when the assets are available for use.
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.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' or 'administrative expenses' respectively in the statement of profit or loss.

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life 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). Prior impairments of non - financial assets are reviewed for possible reversal at each reporting date

2.5 Financial instruments

Financial assets and liabilities are recognized when the Company 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 Company 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.

In accordance with IAS 39, all financial assets and liabilities have to be recognised in the statement of financial position and measured in accordance with their assigned category.

2.5.1 Financial assets

The Company classifies its financial assets under IAS 39 categories. All the financial assets in place fall under loans and receivables. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:
(1) those that the Company intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
(2) those that the Company upon initial recognition designates as available for sale; or
(3) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration. The Company's loans and receivables comprises 'trade receivables' and 'cash and cash equivalents' in the statement of financial position.

2.5.2 Financial liabilities

The Company's financial liabilities are classified under IAS 39 categories. All the financial liabilities fall under other liabilities at amortised cost.

Other liabilities measured at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost. The financial liabilities that fall in this category and measured at amortised cost that Company owed are trade payables, borrowings from financial institutions, dividend payable, bank overdrafts, amounts due to customers and other liabilities. Interest on borrowings is included in the statement of profit or loss and is reported as 'finance expenses'.

2.5.3 Recognition and subsequent measurement

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.

Financial liabilities at amortized cost

Trade payables and intercompany payable 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 and intercompany payable are measured at amortized cost using the effective interest method. Bank debt and long-term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently 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.

2.5.4 Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the entity tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).
Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.5.5 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.

2.5.6 Impairment of financial assets

(a) Assets carried at amortised cost

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 Company first assesses whether objective evidence of impairment exists.

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 statement of profit or loss.

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 statement of profit or loss.

2.6 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, 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. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

2.7 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company 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.

2.8 Cash, cash equivalents and bank overdrafts

In the statement of cash flows, 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, if any. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.9 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.

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

2.10 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 Company'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.

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 Company 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.

2.11 Employee benefits

Defined contribution scheme

The Company operates a defined contribution scheme. The scheme is funded by fixed contributions paid by the Company into a separate entity for its employees. Contributions are also made by the employees. The contributions are in line with the Pension Reform Act 2004.

2.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services 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 net of 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.
Amount received from customers in advance of receiving the goods or services is recognised as liability in the statement of financial position described as unearned income.

2.13 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.

2.14 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.

Retained earnings

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves.

General reserve

Refers to the cumulative capital injections received from the Federal Government of Nigeria when it was the shareholder up to 1 November 2013.

3 Financial risk management

The Company's operations expose it to a variety of financial risks namely market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company monitors and manages financial risks relating to its operations through internal risk reports which analyses exposures by degree and magnitude of risks.

Risk management is carried out by the finance department, under policies approved by the board of directors. The finance department identifies, evaluates, and manages financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk and other credit risk.

3.1 Classification of financial instruments

The Company's financial instruments are categorised as follows:

31 December 2013	Financial assets	Financial liabilities
	Loans and receivables	Other financial liabilities
	N'000	N'000
Financial assets		
Cash and cash equivalents		
Cash and cash equivalents	236,424	
Trade and other receivables		
Trade and other receivables	3,460,801	
Financial liabilities		
Trade and other payables		1,091,688

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

31 December 2012	Financial assets	Financial liabilities
	Loans and receivables	Other financial liabilities
	N'000	N'000
Financial assets		
Cash and cash equivalents		
Cash and cash equivalents	380,825	
Trade and other receivables		
Trade and other receivables	15,973,213	
Financial liabilities		
Trade and other payables		2,916,503

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

1 January 2012	Financial assets Loans and receivables N'000	Financial liabilities Other financial liabilities N'000
Financial assets		
Cash and cash equivalents		
Cash and cash equivalents	546,018	
Trade and other receivables		
Trade and other receivables	9,275,739	
Financial liabilities		
Trade and other payables		1,484,467

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

3.2 Credit risk management

3.2.1 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 environment where payments 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.

3.2.2 Credit concentrations

The Management currently sells to only one customer - the Transmission Company of Nigeria Plc which is the government regulated body for electric power transmission in Nigeria.

Concentration of risk

(a) Geographical sectors

The following table breaks down the Company's credit exposure at their carrying amounts as categorised by geographical region

	31 December 2013		31 December 2012		1 January 2012	
	Trade and other receivables N'000	Cash and bank balances N'000	Trade and other receivables N'000	Cash and bank balances N'000	Trade and other receivables N'000	Cash and bank balances N'000
Nigeria	3,460,801	236,424	15,973,213	380,825	9,275,739	546,018

(b) Industry sectors

	31 December 2013		31 December 2012		1 January 2012	
	Trade and other receivables N'000	Cash and cash equivalents N'000	Trade and other receivables N'000	Cash and cash equivalents N'000	Trade and other receivables N'000	Cash and cash equivalents N'000
Financial services	-	236,424	-	380,825	-	546,018
Government	3,460,614	-	15,587,270	-	9,034,114	-
Other	187	-	385,943	-	241,625	-
	3,460,801	**236,424**	**15,973,213**	**380,825**	**9,275,739**	**546,018**

Included in 'Other' are cash advance made to staff and excess deduction made by the Market Operator

3.2.3 Credit quality

The Company has one customer, namely the Transmission Company of Nigeria to which the Company supplies electricity for onward distribution to the consumers.
Below is a breakdown of financial assets neither past due nor impaired, past due but not impaired and fully impaired:

Trade and other receivables	**31 December 2013 N'000**	**31 December 2012 N'000**	**1 January 2012 N'000**
Neither past due nor impaired	2,115,268	15,973,213	9,275,739
Past due but not impaired	1,345,533	-	-
Net trade and other receivables	**3,460,801**	**15,973,213**	**9,275,739**

Cash and cash equivalents	**31 December 2013 N'000**	**31 December 2012 N'000**	**1 January 2012 N'000**
Neither past due nor impaired	**236,424**	**380,825**	**546,018**

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.

(a) Financial assets neither past due nor impaired

Financial instruments in this category includes cash and bank balances as well as trade receivables that are not past due. The recoverability of these balances is guaranteed as the Company has one customer, namely the Transmission Company of Nigeria - wholly owned government entity.

(b) Financial assets past due but not impaired

These are trade receivables that are past due but have not been impaired because the Company has assessed nature of the receivables and concluded that the amounts are recoverable. The nature of the receivable is that the counterparty is the Federal Government agency that purchases electricity for onward distribution.

(c) Impaired financial assets

All receivables past due by more than 365 days are considered to be impaired, and are carried at their estimated recoverable value. There are no impaired receivables as at year end.

Neither past due nor impaired

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:

Counter parties without external credit rating:

	31 December 2013 N'000	**31 December 2012 N'000**	**1 January 2012 N'000**
Trade and other receivables			
Counter parties without external credit rating:			
Group 1	-	-	
Group 2	2,115,268	15,973,213	9,275,739
Group 3	-	-	
	2,115,268	**15,973,213**	**9,275,739**

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

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 receivables is as follows:

	31 December 2013 N'000	**31 December 2012 N'000**	**1 January 2012 N'000**
Past due 0-30 days	**1,345,533**	-	-

Impaired

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

3.3 Liquidity risk

3.3.1 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 where necessary.

3.3.2 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.

31 December 2013	0 - 30 days N'000	Over 30 days N'000	Total N'000
Financial liabilities			
Trade and other payables	1,091,688	-	1,091,688

31 December 2012	0 - 30 days N'000	Over 30 days N'000	Total N'000
Financial liabilities			
Trade and other payables	2,916,503	-	2,916,503

1 January 2012	0 - 30 days N'000	Over 30 days N'000	Total N'000
Financial liabilities			
Trade and other payables	1,484,467	-	1,484,467

3.4 Market risk

Management of 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. The Company did not have financial instruments affected by market risk during the periods reported.

3.4.1 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. Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. As at 31 December 2013, there were no financial instruments that are denominated in a currency other than the functional currency in which they are measured.

3.5 Fair values, including valuation methods and assumptions

(a) Financial instruments not measured at fair value

	31 December 2013		31 December 2012		1 January 2012	
	Carrying value N'000	Fair value N'000	Carrying value N'000	Fair value N'000	Carrying value N'000	Fair value N'000
Financial assets						
Cash and bank balances	236,424	236,424	380,825	380,825	546,018	546,018
Trade and other receivables	3,460,801	3,460,801	15,973,213	15,973,213	9,275,739	9,275,739
	3,697,225	3,697,225	16,354,038	16,354,038	9,821,757	9,821,757
Financial liabilities						
Trade and other payables	1,091,688	1,091,688	2,916,503	2,916,503	1,484,467	1,484,467
	1,091,688	**1,091,688**	**2,916,503**	**2,916,503**	**1,484,467**	**1,484,467**

(b) Fair valuation methods and assumptions

The company does not have any assets measured at fair value.

3.6 Capital management

The Company's objectives when managing capital is 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 liabilities (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the financial position plus net debt.
The Company does not have borrowings so its debt is limited to short term payables.

The gearing ratios at the respective year ends was as follows:

	31 December 2013 N '000	31 December 2012 N '000	1 January 2012 N '000
Total Liabilities	5,457,365	5,437,700	3,783,240
Less: Cash and cash equivalent	236,424	380,825	546,018
Net debt	5,220,941	5,056,875	3,237,222
Total capital	39,433,838	51,992,482	44,721,607
Gearing ratio	13%	10%	7%

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 judgment(s) and estimate(s) that the Company has made in the preparation of the financial statements:

Impairment of non financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next few years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

There was no impairment of property, plant and equipment recognised during the periods presented in these financial statements. However, any variation to the assumptions made could result in a risk of causing a material adjustment to the carrying amounts of assets.

5 Revenue

	31 December 2013 N'000	31 December 2012 N'000
Capacity charge	6,795,808	4,470,921
Energy delivered	8,064,547	4,881,329
Total revenue	14,860,355	9,352,250

All the revenue was generated in Nigeria.

6 Cost of sales

	31 December 2013 N'000	31 December 2012 N'000
Natural gas and fuel costs	3,055,983	1,868,651
Salaries and wages	872,354	1,001,530
Repairs and maintenance	422,450	499,257
Depreciation (Note 7.1)	1,857,767	1,799,330
Other direct expenses	56,142	9,112
	6,264,696	5,177,880

7 Administrative expenses

	31 December 2013 N'000	31 December 2012 N'000
Salaries and wages	782,459	674,448
Employee severance allowance	188,440	212,375
Medical expenses	39,645	42,325
Staff welfare & training	25,088	100,089
Hotels, transport and travels	37,030	39,900
Entertainment	11,471	28,494
Subscription & fees	2,445	250
Security services	61,985	54,262
Telephone & postages	1,176	2,804
Repairs & maintenance	16,144	111,021
Staff pension	8,959	47,265
Industrial training fund contribution	17,013	54,957
NSITF contribution	17,013	19,059
Consultancy fee	32,884	32,870
Audit fee	15,000	-
Other expenses	268,986	27,708
Depreciation (Note 7.1)	84,728	107,624
Loss on disposal of property, plant and equipment	39,399	-
	1,649,865	1,555,451

7.1 Total depreciation for the period is made up of;

Depreciation- Cost of sales	1,857,767	1,799,330
Depreciation- Administration expenses	84,728	107,624
Total depreciation expense	1,942,495	1,906,954

8 Other operating income

	31 December 2013 N'000	31 December 2012 N'000
Other income	4,818	6,621

9 Current and deferred income tax

9.1 Income tax expense

	31 December 2013 N'000	31 December 2012 N'000
Current income tax	236,831	281,408
Education tax	178,553	90,650
Deferred tax	1,809,491	(247,110)
	2,224,875	**124,948**

9.2 Current tax payable

	31 December 2013 N'000	31 December 2012 N'000
Balance as at 1 January	545,788	173,730
Income tax for the year	236,831	281,408
Education tax for the year	178,553	90,650
Income tax transferred to NELMCO	(443,919)	-
Education tax transferred to NELMCO	(249,405)	-
Balance as at 31 December	**267,848**	**545,788**

Deferred income tax liabilities/(assets)

Deferred income tax is calculated using the enacted income tax rate at 30%. The movement on the deferred income tax account is as follows:

	31 December 2013 N'000	31 December 2012 N'000
Balance as at 1 January	1,877,933	2,125,043
Charged /(credited) to profit and loss account	1,809,491	(247,110)
Charged to equity	402,355	-
Balance as at 31 December	**4,089,779**	**1,877,933**

	Accelerated tax depreciation N'000	Revaluation of Property, plant and equipment N'000	Total N'000
Balance as at 1 January 2012	(247,300)	2,372,343	2,125,043
Charged/ (credited) to Profit & loss	(247,110)	-	(247,110)
Charged/ (credited) to OCI	-	-	-
Charged/ (credited) to Equity	-	-	-
Balance as at 31 December 2012	(494,410)	2,372,343	**1,877,933**
Balance as at 1 January 2013	(494,410)	2,372,343	1,877,933
Charged/ (credited) to Profit & loss	1,809,491	-	1,809,491
Charged/ (credited) to OCI	-	-	-
Charged/ (credited) to Equity	-	402,355	402,355
Balance as at 31 December 2013	1,315,081	2,774,698	**4,089,779**

10 Property, plant and equipment

	Building N'000	Land N'000	Furniture and Fittings N'000	Plant and Machinery N'000	Motor Vehicles N'000	Work in progress N'000	Total N'000
Cost							
Cost as at 1 January 2012	**1,346,582**	**376,497**	**16,732**	**36,479,843**	**43,369**	-	**38,263,023**
Additions	3,000	-	-	3,408,145	90,810	-	3,501,955
Reclassification from inventory	-	-	-	28,774	-	-	28,774
Balance as at 31 December 2012	**1,349,582**	**376,497**	**16,732**	**39,916,762**	**134,179**	-	**41,793,752**
Balance as at 1 January 2013	1,349,582	376,497	16,732	39,916,762	134,179	-	41,793,752
Deemed cost adjustment (note 23)	3,000	-	-	1,289,500	50,683	-	1,343,183
Additions	-	-	-	1,139,388	27,691	65,529	1,232,608
Reclassification from inventory	-	-	-	107,781	-	-	107,781
Disposals	-	-	-	-	(125,338)	-	(125,338)
Balance as at 31 December 2013	**1,352,582**	**376,497**	**16,732**	**42,453,431**	**87,215**	**65,529**	**44,351,986**
Accumulated Depreciation							
Accumulated depreciation as at 1 January 2012	-	-	-	-	-	-	-
Depreciation for the year	26,032	-	5,134	1,841,370	34,418	-	1,906,954
Balance as at 31 December 2012	**26,032**	-	**5,134**	**1,841,370**	**34,418**	-	**1,906,954**
Balance as at 1 January 2013	26,032	-	5,134	1,841,370	34,418	-	1,906,954
Deemed cost adjustment (note 23)	(49,064)	-	(1,147)	-	6,117		(44,094)
Depreciation for the year	26,032	-	4,279	1,866,690	45,494	-	1,942,495
Disposals	-	-	-	-	(78,323)	-	(78,323)
Balance at 31 December 2013	**3,000**	-	**8,266**	**3,708,060**	**7,706**	-	**3,727,032**
Carrying amounts							
At 1 January 2012	1,346,582	376,497	16,732	36,479,843	43,369	-	38,263,023
At 31 December 2012	1,323,550	376,497	11,598	38,075,392	99,761	-	39,886,798
At 31 December 2013	1,349,582	376,497	8,466	38,745,371	79,509	65,529	40,624,954

Spare parts and servicing equipment from inventory valued at N107.7 million (2012: N28.7 million) were identified for use only in connection with plant and machinery.

11 Inventories

	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Spare Parts	-	101,508	130,282
General Stores	565,443	1,031,678	219,631
Stationery	415	7,485	7,290
Tools	-	2,688	2,688
Lubricant	3,166	46,511	60,700
	569,024	1,189,870	420,591
Impairment provision	-	(2,875)	(2,875)
	569,024	**1,186,995**	**417,716**

General stores, stationery, tools and lubricants are carried as inventory and recognised in profit or loss as consumed. The cost of inventories recognised as an expense and included in 'cost of sales' amounted to N422 million (2012: N499 million). The provision on inventory is based on specific identification of damaged items that are assessed as unlikely to be useable effectively for intended purposes. There was no writedown of inventory during the year.

12 Trade and Other receivables

	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Trade receivables	3,460,614	15,587,270	9,034,114

Trade receivable balance of N25.2 billion as at 31 October 2013 was transferred to NELMCO in line with provisions of the NELMCO agreement

Other receivables and prepayments			
Temporary advances	187	192,399	48,080
Prepaid insurance	-	2,351	2,351
Receivables from Market Operator- Excess loan deductions	-	193,544	193,545
Total	187	388,294	243,976
Trade and Other receivables total	**3,460,801**	**15,975,564**	**9,278,090**

Other receivable and prepayments balance of N528.5 million as at 31 October 2013 was transferred to NELMCO in line with provisions of the NELMCO agreement

13 Cash and cash equivalents

	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Cash and cash equivalents	236,424	380,825	546,018

Included in cash and cash equivalents is balance held at First Bank Nigeria Plc of N210,039,192.15 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).

14 Trade and other payables

	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Trade payables	803,178	2,287,285	1,077,034
Accrued liabilities	36,562	-	23,460
Industrial training fund levy	-	66,687	-
NSITF Levy	-	30,789	-
Payable to employees	-	596,348	383,973
WHT Payable	5,079	-	-
PAYE Tax deductions	2,970	-	-
Other payables	5,302	32,870	-
Intercompany payables	246,647	-	-
	1,099,738	3,013,979	1,484,467

Included in 'Payable to employees is provision for payments made to employees by PHCN calculated as 25% of staff basic salary and other payroll allowances excluding leave allowance. This balance was paid to PHCN staff by Bureau of Public Enterprise on sale of the Company to TUPL. Trade and other payables balance of N5.5 billion as at 31 October 2013 was transferred to NELMCO in line with provisions of the NELMCO agreement

15 Cash used in operations

	31 December 2013 N'000	31 December 2012 N'000
Profit before tax	6,950,612	2,625,540
Adjustment for non cash items		
Inventory reclassified to property, plant and equipment (note 10)	(107,781)	(28,774)
Loss on disposal of property, plant and equipment (note 7)	39,399	-
Depreciation of property, plant and equipment (note 10)	1,942,495	1,906,954
Taxes transferred to NELMCO (note 9)	(693,324)	-
Transferred to NELMCO (note 18)	(19,494,773)	-
Working capital changes		
Decrease/(increase) in debtors and prepayment	12,514,763	(6,697,474)
Decrease/(increase) in inventory	617,971	(769,279)
(Decrease)/increase in payables and accrued expenses	(1,914,241)	1,529,512
Net cash used in operations	**(144,880)**	**(1,433,521)**

16 Share Capital

	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Authorised share capital			
10,000,000 ordinary shares of N0.50 each	5,000	5000	5,000

17 Retained earnings

The cummulative adjustment to retained earnings in the statement of financial position is as follows:

	note	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Retained earnings as reported under NGAAP		2,381,930	1,151,738	(2,452,988)
Deemed cost adjustment to property, plant and equipment on IFRS transition	a	20,441,411	19,054,135	19,054,135
Adjustment to depreciation	b	-	(979,186)	-
Adjustment to inventory	c	-	(92,638)	(92,638)
Adjustment to current and deferred tax	d	(402,355)	(2,423,721)	(2,298,773)
Reclassified from general reserves		17,007,852	-	-
Retained earnings as reported under IFRS		**39,428,838**	**16,710,328**	**14,209,736**

18 General reserves

The movement in general reserve during the year is as follows:	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Balance as at 1 January	35,277,154	30,506,871	30,506,871
Federal government funding during the year	1,225,471	4,770,283	-
Transferred to NELMCO	(19,494,773)	-	-
Reclassified to retained earnings	(17,007,852)		
Balance as at 31 December	-	**35,277,154**	**30,506,871**

Included in 'Transfer to NELMCO' is the net of trade and other payables and trade and other receivables as at 31 October 2013. These were transferred in line with provisions of the NELMCO agreement and analysed as follows:

	N'000
Trade receivables (note 12)	25,233,293
Other receivables (note 12)	528,541
Trade payables and other payables (note 14)	(5,573,737)
Tax payable (note 9)	(693,324)
	19,494,773

19 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit after taxation by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The adjusted EPS is calculated using the number of shares in issue at reporting date.

	31 December 2013 N'000	31 December 2012 N'000
Profit attributable to shareholders	4,725,737	2,500,592
Weighted average number of ordinary shares in issue (in thousands)	10,000	10,000
Basic earnings per share (Naira)	**473**	**250**

There were no dilutive potential ordinary shares in the year.

20 Capital commitments and contingent liabilities

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

There were no significant litigations in the ordinary course of business as at each reporting date. It is the directors' opinion that no material liability against the Company will arise therefrom. There were no guarantees given on behalf of staff or other third parties on the reporting dates.

21 Events after statement of financial position date

There were no events after statement of financial position date 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 2013 and on the profit for the year ended on that date which have not been adequately provided for or recognised.

22 Related parties

The Company is a wholly owned subsidiary of Transcorp Ughelli Power Limited (TUPL). TUPL is a subsidiary of Transnational Corporation of Nigeria which is owned by Nigerian citizens.

The other subsidiaries within the Transnational Corporation of Nigeria Group are as follows: Transnational Hotels and Tourism Services Limited, Transnational Hotels and Conferencing Services Limited and Teragro Commodities Limited. Thomassen Holding Limited is an investor in TUPL.

22.1 Key management personnel

Key management personnel consists of the directors of the Company.

The key management personnel compensation during the periods covered was as follows:

	31 December 2013 N'000	31 December 2012 N'000
Salaries	-	63,689
Fees	-	4,225
Defined contribution	-	1,536
Benefits in kind	-	110,066
	-	179,516

There were no payments made to the directors during the year 2013.

22.2 Related party transactions

The Company received management services from the holding Company, Transcorp Ughelli Power Limited during the period. The Company did not make any sales to its holding Company, the ultimate parent Company or any of the other subsidiaries in the group.

	Nature of Relationship	Nature of balance	Outstanding balance at 31 December 2013	Outstanding balance at 31 December 2012	Outstanding balance at 1 January 2012
Transnational Corporation of Nigeria Plc	Ultimate parent	Management fees	69,212	-	-
Thomassen Holding Limited	Investor in the holding company	Service agreement fees	38,400	-	-
Transcorp Ughelli Power Limited	Holding Company	Payables	171,577	-	-

None of the transactions incorporate special terms and conditions and no guarantees were given or received. The amounts outstanding are unsecured and will be settled in cash. The outstanding balance of N69m relates to management services provided by Transnational Corporation of Nigeria Plc. Thomassen Holding Limited provided technical services to the Company during the year with outstanding balance of N38.4m. The payable of N171.5m to Transcorp Ughelli Power Limited arose from payments made by the holding Company on behalf of the Company.
No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

There are no future commitments to or obligation by any related party.

22.3 Particulars of directors and staff

The average number of persons, (excluding Directors), employed by the Company during the year was as follows:

	31 December 2013 Number	31 December 2012 Number
Managerial	6	47
Senior staff	262	326
Others	-	43
	268	**416**

Particulars of directors and staff (contd)

The table below shows the number of employees (excluding Directors), who earned over N500,000 as emoluments in the year and were within the bands stated.

	31 December 2013 Number	31 December 2012 Number
Less than N1,000,000	10	6
N1,000,001 - N2,000,000	103	118
N2,000,001 - N4,000,000	114	224
Above N4,000,000	41	68
	268	**416**

Staff costs for the above persons (excluding Directors):

	31 December 2013 N'000	31 December 2012 N'000
Salaries and wages	1,654,813	1,675,978
Gratuity termination and severance pay	188,440	212,375
Pension cost	8,959	47,265
	1,852,212	**1,935,618**

Directors' emoluments

	31 December 2013 N'000	31 December 2012 N'000
The remuneration paid to the Directors of the Company was:		
Salaries	-	63,689
Fees	-	4,225
Defined contribution	-	1,536
Benefits in kind	-	110,066
	-	179,516
Amount paid to the highest paid Director (excluding pension contributions)	-	63,689

Chairman's emoluments

	31 December 2013 N'000	31 December 2012 N'000
Fees	-	1,800
Benefit in kind	-	37,226
	-	39,026

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:

	31 December 2013 Number	31 December 2012 Number
Less than N10,000,000	-	2
Above N10,000,000	-	8
	-	**10**

23 Explanation of transition to IFRS

As stated in note 2.1, these are the Company's first financial statements prepared in accordance with IFRS. The Company has applied IFRS 1 in preparing these financial statements and the accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2012 and in the preparation of an opening IFRS statement of financial position at 1 January 2012 (the date of transition to IFRS).

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Statements of Accounting Standards issued by the Nigerian Accounting Standards Board ("Nigerian GAAP"). An explanation of how the transition from Nigerian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

The most significant IFRS impact for the Company resulted from the implementation of the IFRS 1 exemption- Fair value as deemed cost for property, plant and equipment.

In preparing these financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions and some optional exemptions from full retrospective application of IFRS. These are summarised below.

Exceptions from full retrospective application

The Company applied the following mandatory exceptions from retrospective application:

Estimates exception

Estimates under IFRS at 1 January 2012 should be consistent with estimates made for the same date under Nigerian GAAP, unless there is evidence that those estimates were in error.

Optional Exemptions under IFRS 1

The Company applied the following optional exemptions from retrospective application:

Fair Value as Deemed Cost

The Company applied the fair value exemption. A revaluation of all items of property, plant and equipment was carried out by valuation experts, Brickwater Energy Support as at 1 January 2012 and the figures obtained were deemed the cost of the items of property, plant and equipment as at transition date.
As part of the privatization process, another revaluation exercise was carried out in November 2013. The valuation was also carried out by Brickwater Energy Support Services Limited. Since this valuation fell within the period covered by the first IFRS financial statements, in line with IFRS 1, the fair values adopted as deemed cost as at 1 January 2012 were updated to reflect the fair value numbers as at November 2013, with corresponding differences recognized directly in equity.
No other exemptions were applied.

Reconciliation of comprehensive income as previously reported under Nigerian GAAP to IFRS

		31 December 2012		
	Note	N'000 N-GAAP	N'000 Adjustments	N'000 IFRS
Revenue		9,352,250	-	9,352,250
Cost of sales	b	(4,193,156)	(984,724)	(5,177,880)
Gross profit		**5,159,094**	**(984,724)**	**4,174,370**
Administrative expenses	b	(1,560,989)	5,538	(1,555,451)
Other operating income		6,621	-	6,621
Profit before taxation		**3,604,726**	**(979,186)**	**2,625,540**
Income tax	d	-	(124,948)	(124,948)
Profit for the year		**3,604,726**	**(1,104,134)**	**2,500,592**
Other comprehensive income		-	-	-
Total comprehensive income for the year		**3,604,726**	**(1,104,134)**	**2,500,592**

Reconciliation of statement of financial position as at 31 December 2012 and 1 January 2012

		31 December 2012			1 January 2012		
			N'000			N'000	
	Notes	N-GAAP	Adjustments	IFRS	N-GAAP	Adjustments	IFRS
Assets							
Non-current assets							
Property, plant and equipment	a, b	21,783,074	18,103,724	39,886,798	19,208,888	19,054,135	38,263,023
Total non-current assets		21,783,074	18,103,724	39,886,798	19,208,888	19,054,135	38,263,023
Current assets							
Inventories	c	1,308,408	(121,413)	1,186,995	510,354	(92,638)	417,716
Receivables and prepayments		15,975,564	-	15,975,564	9,278,090	-	9,278,090
Cash and cash equivalents		380,825	-	380,825	546,018	-	546,018
Total Current assets		17,664,797	(121,413)	17,543,384	10,334,462	(92,638)	10,241,824
Total assets		**39,447,871**	**17,982,311**	**57,430,182**	**29,543,350**	**18,961,497**	**48,504,847**
Liabilities							
Non-current liabilities							
Deferred tax liabilities	d	-	1,877,933	1,877,933	-	2,125,043	2,125,043
Total non-current liabilities		-	1,877,933	1,877,933	-	2,125,043	2,125,043
Current liabilities							
Trade and other payables	e	2,417,631	596,348	3,013,979	1,100,494	383,973	1,484,467
Retirement benefit Obligation	e	596,348	(596,348)	-	383,973	(383,973)	-
Current tax payable	d	-	545,788	545,788	-	173,730	173,730
Total current liabilities		**3,013,979**	**545,788**	**3,559,767**	**1,484,467**	**173,730**	**1,658,197**
Total liabilities		**3,013,979**	**2,423,721**	**5,437,700**	**1,484,467**	**2,298,773**	**3,783,240**
Equity							
Ordinary share capital		5,000	-	5,000	5,000	-	5,000
Retained earnings	f	1,151,738	15,558,590	16,710,328	(2,452,988)	16,662,724	14,209,736
General reserve		35,277,154	-	35,277,154	30,506,871	-	30,506,871
Total equity		**36,433,892**	**15,558,590**	**51,992,482**	**28,058,883**	**16,662,724**	**44,721,607**
Total equity and liabilities		**39,447,871**	**17,982,311**	**57,430,182**	**29,543,350**	**18,961,497**	**48,504,847**

Notes to the IFRS adjustments

a Under IFRS, an entity has the option to account for its property, plant and equipment at its fair value on the IFRS transition date. The fair value is recognised as the deemed cost of the property, plant and equipment. These adjustments totalling N18.1 billion arose from the fair valuation of the property, plant and equipment, which was adjusted for depreciation, additions and disposals during the year ended 31 December 2012 and 1 January 2012 to determine the fair value of the property, plant and equipment on IFRS transition date of 1 January 2012.

b Under NGAAP, depreciation was based on the cost of the property, plant and equipment. Under IFRS, the fair values were determined and utilised as the deemed costs. This adjustment of N979 million was made to ensure the depreciation (allocated between cost of sales and adminstrative expenses) for the year ended 31 December 2012 was based on the deemed costs which differed from the historical costs used under NGAAP.

c Under NGAAP, spare parts are classified under inventory. Under IFRS spare parts that meet the definition of property, plant and equipment are classified and accounted for under IAS 16 Property, plant and equipment. These adjustments relate to reclassifications of N121.4 million made from inventory for spare parts that meet the definition of property, plant and equipment. The factors considered were that the spares parts were expected to be used for more than one year and also had a simple installation process which means they were ready for use on the purchase date.

d Adjustment of N1.877 million was made in to reflect the deferred tax liabilities arising from timing differences and revaluation of property plant and equipment. Current income tax payable and expense for the period of N545.7 million and N124.9 million respectively were also adjusted for.

e Under NGAAP, balance recognised as retirement benefit obligation was reclassified to Trade and other payables as this includes severance allowance payable to employees and does not meet the definition of defined benefit plan under IAS 19 Employee benefits

f Adjustment to retained earnings reflects the net adjustments from the statement of profit or loss

Ughelli Power Plc
Other supplemental information
Statement of value added
for the year ended 31 December 2013

	31 December 2013 N'000		31 December 2012 N'000	
Revenue	14,860,355		9,352,250	
Bought-in materials and services (local)	(3,697,404)		(2,391,502)	
Brought- in materials and services (foreign)	(422,450)		(499,257)	
	10,740,501		6,461,491	
Other operating income	4,818		6,621	
Value added	**10,745,319**	**100**	**6,468,112**	**100**
Distributed as follows				
Employees:				
To pay salaries, wages and other staff costs	1,852,212	17	1,935,618	30
Government:				
To pay tax	2,224,875	21	124,948	2
Maintenance of assets:				
Depreciation	1,942,495	18	1,906,954	29
Retained for future growth:				
Profit for the year	4,725,737	44	2,500,592	39
Value added	**10,745,319**	**100**	**6,468,112**	**100**

Ughelli power plc
Five-year financial summary
For the years ended 31 December

	IFRS			NGAAP	
	2013 N'000	**2012 N'000**	**2011 N'000**	**2010 N'000**	**2009 N'000**
Statement of financial position					
Non-current assets	40,624,954	39,886,798	38,263,023	15,920,606	15,794,752
Current assets	4,266,249	17,543,384	10,241,824	10,357,572	5,180,059
Current liabilities	(1,367,586)	(3,559,767)	(1,658,197)	(2,410,429)	(2,963,353)
Non-current liabilities	(4,089,779)	(1,877,933)	(2,125,043)	(366,514)	(254,076)
Net assets	**39,433,838**	**51,992,482**	**44,721,607**	**23,501,235**	**17,757,382**
Share capital	5,000	5,000	5,000	5,000	5,000
Retained earnings	39,428,838	16,710,328	14,209,736	(2,874,768)	(4,416,046)
General reserve	-	35,277,154	30,506,871	26,371,003	22,168,428
Total equity	**39,433,838**	**51,992,482**	**44,721,607**	**23,501,235**	**17,757,382**

	IFRS		NGAAP		
Statement of comprehensive income					
Revenue	14,860,355	9,352,250	6,811,187	8,610,916	3,794,762
Profit/(loss) before taxation	6,950,612	2,625,540	421,780	1,541,278	(286,823)
Taxation	(2,224,875)	(124,948)	-	-	-
Profit/(loss) after taxation transferred to retained earnings	**4,725,737**	**2,500,592**	**421,780**	**1,541,278**	**(286,823)**
Basic earnings/(loss) per share (Naira)	472.57	250.06	42.18	154.13	(28.68)