Sapele Power Plc
Annual Report
31 December 2018

Contents

Corporate information

Registration Number RC. 638650

Directors:	Prof. Oladapo Abraham Afolabi	(Chairman)
	Anthony Onoh	
	Heather Onoh (Mrs)	
	Onoriode Odjegba	(Managing Director)
	Liu Zhaolong	
	Robin Renee Sanders	
	Uwagbee Kennedy Uwaifiokun	
	Reginald Bayoko	
	Goodluck Hayi	
Registered office:	Sapele Power Complex Ogorode, Sapele Delta State	
Company secretary	Olaniwun Ajayi LLP Plot L2, 401 Close Banana Island, Ikoyi Lagos State	
Solicitor	Obla & Co Elagbaje Chambers Bank of Industry Building B wing 2nd Floor, Plot 256 Off Herbert Macaulay Way Central Business District Abuja	
	Ken E. Mozia Plot 87A Okoro-Otun Avenue Off Ikpokpan Road, G.R.A Benin City, Edo State	
	J.Y. Odebala Top floor Orogun Villa 149, Yoruba Road Sapele Delta State Nigeria	
Independent auditor	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos State	
Principal bankers:	United Bank of Africa Plc Guaranty Trust Bank Plc Keystone Bank Plc Access Bank Plc Polaris Bank Limited	

Results at a glance

	2018 NGN'000	2017 NGN'000	Change (%)
Revenue	5,601,918	7,098,510	(21)
Loss before taxation	(363,848)	(80,600)	351
Loss after taxation	(365,847)	(80,600)	354
Retained earnings	15,352,988	15,718,835	(2)
Total assets	44,456,138	43,554,017	2
Share capital	5,000	5,000	-
Total equity	19,631,255	19,997,102	(2)

Directors' report

For the year ended 31 December 2018

The directors present their report on the affairs of Sapele Power Plc ("the Company"), together with the financial statements and the auditor's report for the year ended 31 December 2018.

Legal form
The Company was incorporated in Nigeria as a public liability Company on 8 November 2005.

Principal activity
The Company is mainly engaged in the generation and sale of electric power to the National Grid.

Business review
On 20 February 2014, a private consortium led by a Nigerian Company, Eurafric Power Limited acquired 100% interest in the Company, thereby acquiring control of the Company. The acquisition of 100% interest in the Company was as a result of the privatization initiative of the power sector embarked on by the Federal Government of Nigeria.

The EPSRA (Act No. 6 of 2005) was established for the privatisation and transition of the Nigerian electricity market and as required by this Act, the Nigerian Electricity Regulatory Commission (NERC) was established in October 2005. NERC is Nigeria’s independent regulatory agency for the Nigerian electricity industry comprising generation, transmission and distribution sectors and regulates the activities of the Company.

The Company, in accordance with its licence issued by NERC, continues to generate and provide electricity to the National Grid. The Company and other players in the Nigerian power sector operated under the Interim Rules issued by the regulatory body - NERC. However, the Transitional Stage Electricity Market (TEM) with its market rules was declared on 1 February 2015. The Bulk Power Purchasing Agreement (PPA) with the Nigerian Bulk Electricity Trading Plc (NBET) covering the terms upon which NBET is to engage in the bulk purchase and resale of electric capacity, electric energy and ancillary services with the Company, during the TEM was however not activated, as the conditions precedent were not met. As such, NERC issued a supplementary order from 1 February 2015 providing the framework to address the operational aspects of the TEM in the absence of effective PPAs.

The Sapele power plant currently has an installed capacity of 1020 mega-watts (MW). Revenue is realised from billings for electricity generated and delivered to the National Grid and is represented by the monthly settlement statements received from the Operator of the Nigerian Electricity Market (ONEM). During the year, the cumulative generated and shared electricity capacity to the grid was 0.25 million mega watts (MW) (2017: 0.32 million mega watts (MW) and the total energy consumed by Electricity Distribution Companies (EDCs) was 230 million kilo-watt-hours (kWh) (2017: 294 million kilo-watt-hours (kWh)).

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

	2018	2017
	NGN'000	**NGN'000**
Revenue	5,601,918	7,098,510
Loss before taxation	(363,848)	(80,600)
Taxation	(1,999)	-
Loss for the year	(365,847)	(80,600)

No dividends were declared during the year (2017: Nil).

Directors and their interests

The directors who served during the net of tax are as follows:

Name	**Appointed**
Prof. Oladapo Abraham Afolabi	
Anthony Onoh	
Heather Onoh (Mrs)	
Onoriode Odjegba	
Liu Zhaolong	
Robin Renee Sanders	
Uwagbee Kenny Uwaifiokun	
Reginald Bayokot	
Goodluck Hayi	1 November 2018

The directors do not have any interests required to be disclosed under Section 275 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004.

In accordance with Section 277 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, none of the directors has notified the Company of any declarable interests in contracts with the Company.

Shareholding structure

The Company's share holding structure is as follows:

	% Holding	**31 Dec 2018** No of shares @ 50k each	**%** Holding	**31 Dec 2017** No of shares @ 50k each
Eurafric Power Limited	95	9,500,000	95	9,500,000
Liu Zhaolong	5	500,000	5	500,000
		10,000,000		10,000,000

By virtue of an ordinary resolution dated 9 June 2016, the Company increased its authorised share capital by 10 million ordinary shares of NGN0.50 each to 20 million ordinary shares of NGN0.50 each.

Sub-committees of the board

During 2017, the Board established an audit committee along with an investment and risk management committee. The members of the investment and risk management committee are Oladapo Abraham Afolabi, Robin Renee Sanders, Heather Onoh (Mrs) and Amobi Unanwa. The members of the audit committee are Uwagbee Kennedy Uwaifiokun, Onoriode Odjegba and Liu Zhaolong.

Material agreements

The Company has the following material agreements:

1. Deed of assignment of pre-completion receivables and liabilities

The Company through the Bureau of Public Enterprises signed a deed of assignment of pre-completion receivables and liabilities with the Nigerian Electricity Liability Management Company Limited (NELMCO). As part of the privatization initiative and the restructuring of the Nigerian power sector, NELMCO was established to take over and manage the stranded assets and liabilities in the Power sector.

(a) Pre-completion receivables

Prior to the acquisition of the Company by the private consortium, it entered into a Deed of Assignment of Pre-completion receivables with NELMCO, where all its trade receivables as at 20 February 2014 were transferred to NELMCO. The assignment of trade receivables is without recourse.

(b) **Pre-completion liabilities**

The Deed of Assignment of Pre-completion liabilities transfers all liabilities and contingent liabilities of the Company as at 20 February 2014 to NELMCO, subject to certain terms and conditions which management believes do not limit the transfers.

On the basis of this agreement, management derecognized qualifying assets and liabilities in 2014.

2. Power purchase agreement

Sapele Power Plc entered into a 20-year Power Purchase Agreement (PPA) with the Nigerian Bulk Electricity Trading Plc (NBET) on 21 February 2013, to sell electricity power (capacity and energy) generated from its Power Plant in Sapele at an agreed upon price and contract capacity. NBET is wholly owned by the Federal Government of Nigeria (FGN) and was established as part of the ongoing Nigeria power sector reforms
The agreement is not yet effective as at year end because all enforceable condition precedents are not yet satisfied by both parties.

Property, plant and equipment

Information relating to changes in property. plant and equipment is disclosed in Note 12 to these financial statements.

Donation and charitable gifts

In accordance with Section 38(2) of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review (2017: Nil).
Other donations made amounted to NGN9.11 million (2017: NGN0.76Nil).

Employment and employees

(a) Employment of physically challenged persons

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

(b) Employee health, safety and welfare

The Company places a high premium on the health, safety and welfare of its employees in their place of work. The Company's policy includes having various forms of insurance policies to secure and protect its employees. In addition, it operates on-site medical facilities and services for immediate attention to employees as may be necessary in the course of operations.

(c) Employee consultation and training

The Company places considerable value on the involvement of its employees in major policy matters and maintains a practice of keeping them informed on matters affecting them as employees, and on the various factors affecting the performance of the Company through formal and informal meetings. Employees receive on-the-job training, complimented where necessary with additional facilities from educational institutions.

Indepedent Auditors

Messrs, KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors of the Company. In accordance with Section 357(2) of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, therefore, the auditors will be reappointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

Lagos, Nigeria

……………… 2019

Company Secretary

Statement of directors' responsibilities in relation to the financial statements for the year ended 31 December 2018

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

....	....
Oladapo Abraham Afolabi	Odjegba Onoriode
Director	Director
FRC no....	FRC/2016/NBA/00000015433
....	....
Date	Date

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Statement of financial position

As at

	Note	**31 Dec 2018** NGN'000	**31 Dec 2017** NGN'000
Assets			
Property, plant and equipment	*12*	33,355,278	33,774,785
Intangible assets	*13(a)*	18,470	20,777
Non-current assets		**33,373,748**	**33,795,562**
Inventories	*14*	365,665	400,899
Trade and other receivables	*15*	10,541,334	8,487,886
Prepayments	*16*	1,993	1,182
Cash and cash equivalents	*17*	173,398	868,488
Current assets		**11,082,390**	**9,758,455**
Total Assets		**44,456,138**	**43,554,017**
EQUITY			
Share capital	*18(a)*	5,000	5,000
Retained earnings		15,352,988	15,718,835
Other reserves	*18(c)*	4,273,267	4,273,267
Total Equity		**19,631,255**	**19,997,102**
LIABILITIES			
Deferred tax liabilities	*11(d)*	9,071,992	9,071,992
Provisions	*20*	286,618	340,528
Non-current liabilities		**9,358,610**	**9,412,520**
Current tax liabilities	*11(c)*	1,268,712	1,268,712
Trade and other payables	*19*	14,197,561	12,875,683
Total current liabilities		**15,466,273**	**14,144,395**
Total liabilities		**24,824,883**	**23,556,915**
Total equity and liabilities		**44,456,138**	**43,554,017**

These financial statements were approved by the Board of Directors on.................2019 and signed on its behalf by:

………………………………… Oladapo Abraham Afolabi (Chairman)
FRC no...

……………………………….... Damien De Montlebert (Director)
FRC/2016/NBA/00000015433

Additionally certified by:

.... Valentine Ashinze, FCA (Chief Fianancial Officer)
FRC/2016/ICAN/00000013834

The notes on pages 16 - 40 are an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 December

	Note	2018 NGN'000	2017 NGN'000
Revenue	*6*	5,601,918	7,098,510
Cost of sales	*7*	(5,399,122)	(7,224,554)
Gross profit		**202,796**	**(126,044)**
Other income	*8*	1,696	95,081
General and administrative expenses	*7*	(764,792)	(703,822)
Impairment loss on trade receivables	*22(a)*	241,869	678,147
Operating loss		**(318,431)**	**(56,638)**
Finance income	*9*	43	4,872
Finance costs	*9*	(45,460)	(28,834)
Net finance costs		**(45,417)**	**(23,962)**
Loss before taxation		**(363,848)**	**(80,600)**
Taxation	*11(a)*	(1,999)	-
Loss for the year		**(365,847)**	**(80,600)**
Other comprehensive income, net of tax		**-**	**-**
Total comprehensive income for the net of tax		**(365,847)**	**(80,600)**

The notes on pages *16* - *40* are an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December

	Share capital	Retained earnings	Other reserve	Total equity
	NGN'000	NGN'000	NGN'000	NGN'000
Balance as at 1 January 2017	**5,000**	**15,799,435**	**4,273,267**	**20,077,702**
Impairment loss recognised net of tax	-	-	-	-
Adjusted balance as at 1 January 2017	**5,000**	**15,799,435**	**4,273,267**	**20,077,702**
Total comprehensive income				
Loss for the net of tax	-	(80,600)	-	(80,600)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**(80,600)**	**-**	**(80,600)**
Balance at 31 December 2017	**5,000**	**15,718,835**	**4,273,267**	**19,997,102**
Balance as at 1 January 2018	**5,000**	**15,718,835**	**4,273,267**	**19,997,102**
Total comprehensive income				
Loss for the net of tax	-	(365,847)	-	(365,847)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**(365,847)**	**-**	**(365,847)**
Balance at 31 December 2018	**5,000**	**15,352,988**	**4,273,267**	**19,631,255**

The notes on pages 16 - 40 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December

	Note	2018 NGN'000	2017 NGN'000
Cash flows from operating activities			
Loss for the net of tax		(365,847)	(80,600)
Adjustments for:			
-Depreciation	*12(a)*	900,572	891,934
- Amortization of intangible assets	*13*	2,307	8,279
- Net finance costs	*9*	45,417	23,962
-Adjustments on initial application of IFRS 9	*22(a)*	-	(4,418,445)
-Impairment loss recognised	*22(a)*	(241,869)	(678,147)
-Gain on disposal of property, plant and equipment	*8*	-	(6,700)
-Tax expense	*11a*	1,999	-
		342,579	**(4,259,717)**
Changes in:			
- Inventories		35,234	(43,106)
- Trade and other receivables		(1,811,579)	1,412,229
- Prepayments		(811)	539
- Trade and other payables		1,321,878	3,768,559
Cash generated from operating activities		**(112,699)**	**878,504**
Tertiary education tax paid		(1,999)	-
Net cash generated from operating activities		**(114,698)**	**878,504**
Cash flows from Investing activities			
Interest received	9	43	4,872
Acquisition of property, plant and equipment	12(a)	(580,435)	(431,529)
Proceeds from disposal of property, plant and equipment		-	13,000
Net cash used in investing activities		**(580,392)**	**(413,657)**
Net increase/(decrease) in cash and cash equivalents		(695,090)	464,847
Cash and cash equivalents at the beginning of the year		868,488	403,641
Cash and cash equivalents at 31 December	17	**173,398**	**868,488**

The notes on pages 16 - 40 are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Sapele Power Plc ('the Company') was incorporated on 8 November 2005 as a public liability company.The Company is domiciled in Nigeria with its registered office in Sapele Power Complex, Ogorode, Delta State.

On 20 February 2014, a private consortium led by Nigerian Company; Eurafric Power Limited acquired 100% interest in the Company thereby acquiring control of the Company. The acquisition of the 100% interest in the Company was as a result of the privatization initiative of the power sector embarked on by the Federal Government of Nigeria.

2. Basis of accounting

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Details of the Company's accounting policies are included in Note 3. The financial statements were authorised for issue by the Board of Directors on ……………………….

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis.

(c) Functional and presentational currency

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

(d) Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

i. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2018 is included in the following notes:

• *Notes 20 – Provision for decommissioning obligation: key assumptions about the likelihood and magnitude of an outflow of resources.*

Decommissioning costs will be incurred by the Company at the end of the operating life of the Company's plant and equipment. The Company assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal and regulatory requirements, the emergence of new restoration techniques or experience at other generation sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in estimated useful life of the plant or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

• *Note 11 (d) - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used*

Judgment is also required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by generation and power delivered, tarrif rates and natural gas prices, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgment about the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to utilise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

• *Note 12(c) - Impairment test of property, plant and equipment: key assumptions underlying recoverable amounts.*

3. Significant accounting policies

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

(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Nigerian Naira at the actual exchange rates as of the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Foreign currency differences are generally recognized in profit or loss.

(b) Financial instruments

(i). Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii). Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.
All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise

Financial assets – Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets

The Company classified its financial assets into loans and receivables;

Financial assets – Subsequent measurement and gains and losses:

Loans and receivables	Trade receivables and cash and cash equivalents were measured at amortised cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii).Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously

(c) Property, plant and equipment (PPE)

(i). Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2013, the Company's date of transition to IFRS, was determined with reference to its fair value at that date.
Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use including, where applicable, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.
Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.
If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
Gains or losses on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii).Subsequent costs

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

(iii).Depreciation

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

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives. Land is not depreciated.
Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset.
Leased assets are depreciated over the shorter of the lease term and their useful life unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case, the assets are depreciated over the useful life.
The estimated useful lives of significant items of property, plant and equipment for the current and comparative periods are as follows:

Type of asset	**Useful life**
Buildngs	50 Years
Plant and machinery	15 to 40 years
Fittings and equipent	10 years
Motor vehicles	5 Years

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

(d) Intangible asset
(i). Recognition and measurement
Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

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

(iii).Amortisation
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.
The estimated useful lives for current and comparative periods are as follows:

Type of asset	**Useful life**
- License cost	15 years
- Accounting Software:	5 years

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

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

(ii) Leased assets
Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.
Assets held under other leases are classified as operating leases and not recognized in the Company's statement of financial position.

(iii) Lease payments
Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.
Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(f) Impairment

(i). Non-derivative financial assets

Financial instruments

The Company recognises loss allowances for ECLs on:

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when :

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per [Rating Agency X] or BBB- or higher per [Rating Agency Y].

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the borrower or issuer;

- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For NBET, the Company does not write off receivables.

(ii). Non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(g) Provisions and contingent liabilities

(i). Provisions

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

Decommissioning costs

Decommissioning costs will be incurred by the Company at the end of the operating life of the Company's steam turbines. Provision for decommissioning costs on steam turbine plant is based on estimates established by current legislation and industry practices. The estimates are reviewed periodically. Changes in the provision as a result of changes in the estimated future costs or discount rates are added to or deducted from the cost of the related item of PP&E in the period of change. The liability accretes for the effect of time value of money until it is expected to settle. The decommissioning cost is amortised over the life of the related asset. Actual decommissioning costs expenditures are recorded against the obligation when incurred. Any difference between the accrued liability and the actual expenditures incurred is recorded in profit or loss in the settlement period.

(ii). Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

(h) Revenue

Revenue streams

The Company generates revenue primarily from generation and delivery of energy to the national grid or purchasers. Delivery is deemed complete when the risks and rewards associated with ownership have been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. Revenue is measured at the fair value of the consideration received or receivable and is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount can be measured reliably.

Revenue is generated primarily from the sale of electricity to the National Grid and recognized when earned on the basis of a contractual arrangement with the customer. Revenue reflects the value of the volume supplied, including an estimated value of the volume supplied to the customer between the date of last meter reading and period-end. The Company currently generates its revenue from two major streams: capacity generation and energy shared. Capacity generation is the maximum electricity available for consumption at any given time which is measured in mega watts (MW) whilst energy shared is the actual electricity consumed which is measured in kilo-watt-hours (kWh).

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

Other sources of revenue include rental income from owned properties, plants and equipment.

	2018	**2017**
	NGN'000	**NGN'000**
Revenue from contracts with NBET	5,601,918	7,098,510
Property rentals	-	88,315
Total revenue	**5,601,918**	**7,186,825**

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contract with NBET, including significant payment terms, and the related revenue recognition policies

Type of product	**Nature and timing of satisfaction of performance obligations**	**Revenue recognition policy**
Supply of electricity to the national grid	NBET is liable for the amount of energy generated into the output transformer of the Transmission Company of Nigeria ("TCN"). Invoices are generated on the date of receipt of the TCN settlement statement that confirms energy supplied. these invoices are payable in 15 days. Electricity is billed with tariffs from the MYTO approved template	Revenue is recognised when the goods are delivered to the delivery point. Revenue is recognised to the extent that the TCN settlement statement confirms the electricity supplied to the delivery point. Therefore, the amount of revenue recognised monthly is adjusted for reconciled variances in previous months

(i) Finance income and finance costs

Finance income comprises interest income on deposits. Finance income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(j) Income and deferred tax

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

(i). Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. The Company is subject to tax under the Companies Income Tax Act (CITA). The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Tertiary education tax is assessed at 2% of assessable profit. Minimum tax is recognised when the taxable profit generates an income tax liability which is lesser than the minimum tax.

(ii). Deferred tax

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first out method and includes expenditures incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Inventory values are adjusted for obsolete, slow moving and defective items.

(l) Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

When new shares are issued, they are recorded in share capital at their value. The excess of the issue price is recorded in the share premium reserve.

(m) Employee benefits

(i). Short-term employee benefits

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

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

(ii). Defined contribution plan

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

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its permanent staff. The Company and employee contributes 10% and 8% respectively of each employee’s basic salary, transport and housing allowances which is charged to profit or loss as employee benefit expense in the periods during which services are rendered by employees. Employee contributions are voluntary and are funded through payroll deductions.

(iii). Termination benefits

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

(n) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance costs paid is also included in financing activities while finance income is included in investing activities.

(o) Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

(p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

(a) IFRS 16 *Leases*

The Company is required to adopt IFRS 16 *Leases* from 1 January 2019. The Company is yet to assess the estimated impact that initial application of IFRS 16 will have on its financial statements.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

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

(b) Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements.

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.

5. Measurement of fair values

Some of the Company's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the CFO uses observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

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

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

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

Further information about the assumptions made in measuring the fair values is included in the following notes: Note - Financial Instruments.

6. Revenue

Revenue comprises amounts derived from generation and supply of electricity to the National Grid.

	2018	2017
	NGN'000	NGN'000
Capacity generated	1,976,255	2,510,070
Energy shared	3,625,663	4,588,440
	5,601,918	**7,098,510**

7. Expenses

	2018	2017
	NGN'000	NGN'000
Natural gas and fuel cost	4,028,663	5,724,928
Sub-power purchase	39,734	-
Salaries and wages *	196,484	187,650
Depreciation (Note 12(e))	832,842	832,835
Amortisation of license cost (Note 13)	1,752	7,447
Insurance expense - plant	129,596	75,060
NERC operation fees	81,243	333,784
Other direct costs	88,808	62,850
Direct costs	**5,399,122**	**7,224,554**
Own consumption	388,011	356,376
Salaries and Wages *	84,207	80,422
Director's fees	11,192	3,783
Medical expenses *	5,453	2,430
Hotel expenses	2,825	310
Tranport and travels	19,645	8,719
Entertainment	2,845	7,521
Bank charges and fees	6,362	2,648
Security services	53,027	58,486
Professional fees	57,887	56,032
Auditor's remuneration	12,137	12,000
Communication	823	696
Office expenses	32,716	36,725
Insurance expense	2,860	7,002
Vehicle repairs and maintenance	7,408	9,979
Depreciation (Note 12(e))	67,730	59,099
Amortisation of intangible assets (Note 13)	555	832
Donation	9,109	762
General and administrative expenses	**764,792**	**703,822**
Total direct costs, general and administrative expenses	**6,163,914**	**7,928,376**

*** Total employee benefits expense incurred for the year amounted to NGN286,144 (2017: NGN270,502). See note 10(b)(i) for analysis of employee benefits expense.**

8. Other income

	2018	2017
	5,399,122	5,399,122
Rental income *	-	88,315
Gain on disposal of property, plant and equipment	-	6,700
Miscellaneous income	1,696	66
	1,696	**95,081**

* Rental income was recognised from the rental of tank farm and event space. The tank farm was leased by the Company to Seistech Energy Limited for the storage of petroleum products. In 2017, Seistech Energy Limited defaulted on payments and were restricted from accessing the tank farm and their stored product. Seistech Energy

Limited initiated legal proceedings against the Company to resolve the dispute. Rental income has only been recongnised to the extent of consideration received as at year end.

9. Finance income and finance costs

	2018	2017
	NGN'000	NGN'000
Finance income		
Interest income	43	4,872
Finance costs		
Unwinding of discounts (Note 20)	(45,460)	(28,834)
Net finance costs	(45,417)	(23,962)

10. (Loss)/ profit before taxation

(a) Loss before taxation is stated after charging:

	2018	2017
	NGN'000	NGN'000
Depreciation (Note 12)	900,572	891,934
Auditor's remuneration	12,000	12,000
Employee benefits expense (Note 7)	286,143	270,501

(b) Staff costs and directors' remuneration:

i. Staff costs during the year comprise:

	2018	2017
	NGN'000	NGN'000
Employee benefits expense	256,540	243,701
Employer's pension contribution	24,150	24,370
Welfare costs	5,453	2,430
	286,143	270,501

ii.The average number of full time persons employed by the Company during the year was as follows:

	2018	2017
	Number	Number
Management staff	4	4
Senior staff	59	59
Junior staff	47	47
	110	110

iii. The directors of the Company did not receive any remuneration as Directors during the year (2017: Nil).

iv. Higher paid employees of the Company, other than directors, whose duties were wholly and mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:

		2018	2017
		Number	Number
Below N1,000,000		46	46
N1,000,001	- N1,500,000	2	2
N1,500,001	- N2,000,000	4	4
N2,000,001	- N2,500,000	35	35
N2,500,001	- N3,000,000	7	7
N3,000,000	- N3,500,000	-	-
N3,500,001	- N4,000,000	1	1
N4,000,001	- N4,500,000	6	6
Above N4,500,000		9	9
		110	110

11. Income tax

(a) Income tax expense

The tax charge is based on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes, and comprise:

	2018	2017
	NGN'000	**NGN'000**
Current tax expenses		
Company income tax	-	-
Tertiary education tax	1,999	-
	1,999	**-**
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	1,999	-

(b) Reconciliation of effective tax rates

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

		2018		2017
	%	**NGN'000**	**%**	**NGN'000**
Profit before income		-		-
Income tax using the statutory tax rate	-	-		-
Income tax arising from dividend declared		-	-	
Effect of;				
Non-deductible expenses		-		-
Impact of TET on depreciation		-		-
Tax incentives		-		-
Change in estimate related to prior year		-		-
Total income tax expense		-		-

(c) Movement in current tax liability

	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000
Opening balance	1,268,712	1,268,712
Charge for the year:		
-Company Income tax	-	-
-Tertiary education tax	1,999	-
Withholding tax credit note	-	-
Tax paid	(1,999)	-
Closing balance	**1,268,712**	**1,268,712**

(d) Recognised deferred tax assets and liabilities

Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Property, plant and equipment	-	-	-	(9,179,735)	(9,179,735)	(9,179,735)
Provisions	-	20,508	-	20,508	20,508	20,508
Inventories	-	87,235	-	87,235	87,235	87,235
	-	107,743	-	(9,071,992)	(9,071,992)	(9,071,992)

Movement in temporary differences is as follows:

	1 January 2017	Recognised in Profit and loss 2017	31 December 2017	Recognised in Profit and loss 2018	31 December 2018
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Property, plant and equipment	-	-	(9,179,735)	-	-
Provision	-	-	20,508	-	-
Inventories	-	-	87,235	-	-
	-	-	(9,071,992)	-	-

12. Property, plant and equipment

(a) The movement on this account was as follows;

	Land	Buildings	Asset retirement cost	Plant & machinery	Fittings and equipment	Motor Vehicle	Capital work in progress	Total
COST	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**
Balance at 1 January 2017	14,162,710	2,125,427	141,691	20,736,222	42,933	59,005	591,764	37,859,752
Additions	-	3,450	-	335	881	27,000	400,598	432,264
Revision	-	-	121,407	-	-	-	-	121,407
Disposal	-	-	-	-	-	(10,500)	-	(10,500)
Balance as at December 2017	**14,162,710**	**2,128,877**	**263,098**	**20,736,557**	**43,814**	**75,505**	**992,362**	**38,402,923**
Balance at 1 January 2018	14,162,710	2,128,877	263,098	20,736,557	43,814	75,505	992,362	38,402,923
Revision (Note 20)	-	-	(99,370)	-	-	-	-	(99,370)
Additions	-	-	-	-	38,530	-	541,905	580,435
Balance as at December 2018	**14,162,710**	**2,128,877**	**163,728**	**20,736,557**	**82,344**	**75,505**	**1,534,267**	**38,883,988**
DEPRECIATION								
Balance at 1 January 2017	-	217,465	13,487	3,437,571	37,945	33,936	-	3,740,404
Charge for the year	-	55,098	7,085	825,750	37	3,964	-	891,934
Disposal	-	-	-	-	-	(4,200)	-	(4,200)
Balance as at December 2017	**-**	**272,563**	**20,572**	**4,263,321**	**37,982**	**33,700**	**-**	**4,628,138**
Balance at 1 January 2018	-	272,563	20,572	4,263,321	37,982	33,700	-	4,628,138
Charge for the year	-	55,134	13,847	818,995	744	11,852	-	900,572
Balance as at December 2018	**-**	**327,697**	**34,419**	**5,082,316**	**38,726**	**45,552**	**-**	**5,528,710**
CARRYING AMOUNT								
At 1 January 2017	**14,162,710**	**1,907,962**	**128,204**	**17,298,651**	**4,988**	**25,069**	**591,764**	**34,119,348**
At 31 December 2017	**14,162,710**	**1,856,314**	**242,526**	**16,473,236**	**5,832**	**41,805**	**992,362**	**33,774,785**
At 31 December 2018	**14,162,710**	**1,801,180**	**129,309**	**15,654,241**	**43,618**	**29,953**	**1,534,267**	**33,355,278**

(b) The company had no capital commitments as at year end (2017: NGN400 million).

(c) Subsequent to the year (in 2019), due to the sub-optimal performance of its steam turbines, the Company tested its entire plant and machinery for impairment. For this purpose, a 'value in use' calculation had been performed by management to estimate the recoverable amount of its plant and machinery. The cash generating units (CGU's) include the various steam turbines (ST 01 to ST 06) installed by the Company for the power generation.

(d) Capital work-in-progress represents the costs incurred to date on the ongoing rehabilitation of steam turbine 03 (ST 03).

(e) The depreciation for the year is allocated as follows:

	2018	2017
	NGN'000	NGN'000
Direct costs (note 7)	832,842	832,835
General and administrative expenses (note 7)	67,730	59,099
	900,572	891,934

13. Intangible asset

(a) Reconciliation of carrying amount

	License cost	Accounting Software	Total
COST	NGN'000	NGN'000	NGN'000
Balance at 1 January 2017	-	-	-
Additions	26,283	2,773	29,056
Balance at 31 December 2017	**26,283**	**2,773**	**29,056**
Balance at 1 January 2018	26,283	2,773	29,056
Additions	-	-	-
Balance as at December 2018	**26,283**	**2,773**	**29,056**
AMORTISATION			
Balance as at 1 January 2017	-	-	-
Charge for the year	7,447	832	8,279
Balance as at December 2017	**7,447**	**832**	**8,279**
Balance as at 1 January 2018	7,447	832	8,279
Charge for the year	1,752	555	2,307
Balance as at December 2018	**9,199**	**1,387**	**10,586**
Carrying amount			
At 1 January 2017	**-**	**-**	**-**
At 31 December 2017	**18,836**	**1,941**	**20,777**
At 31 December 2018	**17,084**	**1,386**	**18,470**

The amortisation of license cost is included in 'direct cost'; the amortisation of accounting software cost is included in 'general and administrative expenses'.

14. Inventories

	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000
Consumable spare parts	192,062	209,209
Other consumables	173,603	191,690
	365,665	**400,899**

Inventories recognized as expense include consumable spare parts and other consumables used in maintenance during the year. They are included in other direct costs in costs of sales and amounted to NGN61.04 million (2017: NGN49.23 million). No inventory was written off during the year (2017:Nil). No inventories have been pledged as collateral at year end (2017: Nil).

15. Trade and other receivables

	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000
Trade receivables	6,267,297	5,176,260
Unbilled receivables	568,751	1,042,794
Due from related parties (Note 21(d))	3,705,286	2,268,832
	10,541,334	8,487,886

Information about the Company's exposure to credit and market risks, and impairment losses for trade and other receivables, is included in Note 22.

16. Prepayments

Prepayments comprise:

	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000
Rentals	158	158
Insurance	1,835	1,024
Current portion of prepayment	**1,993**	**1,182**

17. Cash and cash equivalents

	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000
Bank balances	173,248	802,981
Call deposit *	-	65,245
Cash in hand	150	262
	173,398	868,488

* Call deposit represents rolling fixed deposit held with a commercial bank. Call deposits are held with commercial banks at interest rates between 6% and 10% per annum. Information on the Company's exposure to credit risk in included in Note 22.

18. Capital and reserves

(a) Share capital comprises:

	31 Dec 2018	31 Dec 2017
Authorized:	NGN'000	NGN'000
20,000,000 ordinary shares of 50k each	10,000	10,000
Issued, called-up and fully paid:		
10,000,000 ordinary shares of 50k each	5,000	5,000

All ordinary shares rank equally with regard to the Company's residual assets. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

(b) Dividend

No dividends were declared in the current year (2017: Nil).

The movement in dividend payable during the year was as follows:

	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000
Balance at 1 January	211,876	211,876
Dividend declared	-	-
Payments	-	-
Balance at 31 December	211,876	211,876

(c) Other reserves
Other reserves comprise:

	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000
Federal government funding (Note18(c)(i))	3,763,369	3,763,369
Federal government funding (Note 18(c)(i))	509,898	509,898
	4,273,267	**4,273,267**

***(i)*. Federal government funding**

This represents contributions from the Federal Government to support the Company to meet its objectives of improving electricity generation in the country. The amount has been recognised in other reserves as it is viewed as contribution from a shareholder.

19. Trade and other payables

Trade and other payables comprise:

	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000
Trade payables	12,412,931	11,245,762
Other payables	32,096	14,633
Dividend payable (Note 18(b))	211,876	211,876
Accrued expenses	756,340	623,191
Payable to NELMCO (Note 19(a))	316,724	316,724
	13,729,967	**12,412,186**
Statutory deductions	467,594	463,497
	14,197,561	**12,875,683**

(a) Payable to NELMCO

Payable to NELMCO represents certain pre-completion receivables collected on behalf of NELMCO net of commission income. Information on the Company's exposure to liquidity risk is included in Note 22.

20. Provision for decommissioning obligation

Provision for decommissioning obligation represents the Company's provision for Asset Retirement Obligation (ARO) on Sapele Power Plant. This estimate is based on evaluation performed by the Company. ARO cost was reduced by NGN99.37 million at the end of the year due to the change in the applicable discount rate from 13.35% used in prior year to 15.24% at 31 December 2018.
This estimate for ARO is based on evaluation performed by internal experts.

The movement in this account is as follows:

	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000
Balance at 1 January	340,528	190,287
Accretion for the year (Note 9)	45,460	28,834
Revision at year end (Note 12(a))	(99,370)	121,407
Balance at 31 December	**286,618**	**340,528**

21. Related party transactions

(a) Parent and ultimate controlling party

In 2014, 95% of the Company's shares were acquired by Eurafric Power Limited (EPL) from BPE and MOFI. As a result, the parent company and the ultimate controlling entity is Eurafric Power Limited. EPL also obtained bank loans which were secured on a share charge over hundred percent (100%) of the equity share capital of the Company.

In 2015, the Company granted a financing facility to EPL. Total amount available under the facility is 167.31 million. There were no drawdowns by EPL during the year (2017: Nil). The facility bears no interest, is unsecured, payable on demand and has been classified as a current asset in these financial statements.

(b) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company. The directors are considered the key management personnel of the Company. No remuneration was paid to these personnel by the Company during the year (2017:Nil).

(c) Other related party transactions

(i) Eurafric Oil and Coastal Limited

In 2015, the Company had a short term working capital financing facility obtained from Eurafric Oil and Coastal Services Ltd. It attracted interest at 5% per month. Interest incurred in 2015 was N4.08 million and the Company made full repayments in 2015 amounting to N61.19 million comprising of the principal and accrued interest amount.

In 2014, the Company granted a financing facility to Eurafric Oil and Coastal Limited. There were no drawndowns by Eurafric Oil and Coastal Limited during the year (2017: Nil). This facility bears no interest, is unsecured, payable on demand and has been classified as a current asset in these financial statements.

(d) Due from related parties comprise:

	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000
Due from related party - Eurafric Power Limited	3,586,005	2,156,235
Due from related party - Eurafric Oil and Coastal Limited	119,281	112,597
	3,705,286	**2,268,832**

Information on the Company's exposure to credit risk is included in Note 22.

22. Financial instruments

Financial risk management overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are currently being developed to identify and analyse risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems will be reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, will develop a disciplined and constructive control environment in which all it's employees understand their roles and obligations.

The Company's Board of Directors will oversee and monitor compliance with the Company's risk management policies and procedures, and will review the adequacy of the risk management framework in relation to the risks faced by the Company.

(a) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure.

	Note	31 Dec 2018	31 Dec 2017
		NGN'000	NGN'000
Trade and other receivables	15	10,541,334	8,487,886
Bank balances	17	173,398	868,488
		10,714,732	9,356,374

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each distribution company and the ability of the Operator of the Nigeria Electricity Market ("ONEM" or "Market Operator") and the Nigerian Bulk Electricity Trading Plc (NBET) to regulate and enforce payments by distribution companies.

The Company is closely monitoring the economic environment in the industry and is taking actions to limit its exposure to its sole customer. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

As at year end, the aging of trade and other receivables that were not impaired was as follows:

	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000
Past due 0 - 30 days	673,112	-
Past due 31 - 60 days	123,019	-
Past due 61 - 180 days	441,704	924,629
Past due 181 days and above	305,088	969,228
	1,542,923	1,893,857

Impairment

The Company recorded impairment losses on its financial assets from NBET. The directors are of the opinion that the Company should adopt a neutral position and make provisions for the long outstanding receivables above 365 days until the amounts are recovered by virtue of the Federal Government's interest and policies for the power sector in Nigeria.

The movement in the allowance for impairment in respect of individual trade and other receivables during the year was as follows.

	31 Dec 2018	31 Dec 2017
	NGN'000	NGN'000
Balance as at 1 January	3,740,298	-
Opening balance adjustments*	-	4,418,445
Impairment loss adjustment for the year	(241,869)	(678,147)
Balance as at 31 December	3,498,429	3,740,298

Due from related parties

The Company has transactions with its parent and other related parties. Payment terms are usually not established for transactions and amounts receivable from related parties are not impaired except the member is facing bankruptcy. In the directors view, all amounts are collectible. No impairment was recorded with respect to amounts due from related parties in the current year (2017: Nil).

Cash and cash equivalents

The Company held cash and cash equivalents of NGN173.40 million as at year end (2017:NGN868.49 million), which represents its maximum credit exposure on these assets. The cash and cash equivalents (with the exception of NGN0.15 held as cash by the Company (2017: NGN0.26 million) are held by banks and financial institutions in Nigeria.

Other receivables

The Company closely reviews the sundry receivables due from the its rental income, for evidence of impairment. No impairment loss was recognised during the year (2017: Nil).

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated withits financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has a clear focus on ensuring sufficient access to capital to finance growth. As a part of the liquidity management process, the Company sources funds from related companies which can be utilised to meet its liquidity requirements. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

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

			Contractual cash flows			
		Carrying amount NGN'000	**Total NGN'000**	**3 months or less NGN'000**	**3 - 12 months NGN'000**	**Above one year NGN'000**
Non-derivative financial liabilities						
At 31 December 2018	**Note**					
Loan and borrowings		-	-	-	-	-
Trade and other payables	19	13,729,967	13,729,967	13,729,967	-	-
		13,729,967	**13,729,967**	**13,729,967**	**-**	**-**
At 31 December 2017						
Loan and borrowings		-	-	-	-	-
Trade and other payables	19	12,412,186	12,412,186	12,412,186	-	-
		12,412,186	**12,412,186**	**12,412,186**	**-**	**-**

(c) Market risk

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

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

(i). Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company is not exposed to currency risk because sales and purchases are not denominated in a currency other than the functional currency of the Company, the Naira. All material transactions primarily are denominated in Naira (NGN).

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows.

	31 Dec 2018 USD	**31 Dec 2017 USD**
Financial asset		
Cash and cash equivalents	125,835	858,788

The following significant exchange rates have been applied during the year.

	Average rate		Reporting date spot rate	
	2018	**2017**	**2018**	**2017**
	NGN	**NGN**	**NGN**	**NGN**
USD	305.58	305.29	306.50	305.50

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Increase/(decrease) in proift or loss
	NGN'000
At 31 December 2018	
USD (20% strengthening)	-
At 31 December 2017	
USD (20% strengthening)	52,386.07

***(ii).* Interest rate risk profile**

In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations in earnings.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	31 Dec 2018	**31 Dec 2017**
	NGN'000	**NGN'000**
Fixed-rate instruments		
Financial assets	-	65,245

Fair value sensitivity analysis for fixed rate instruments.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(d) Capital risk management

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

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	31 Dec 2018	**31 Dec 2017**
	NGN'000	**NGN'000**
Total liabilities	24,824,883	23,556,915
Less: Cash and cash equivalents	(173,398)	(868,488)
Adjusted net debt	24,651,485	22,688,427
Total equity	19,631,255	19,997,102
Adjusted net debt to equity ratio	1.26	1.13

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

(e) Fair values Accounting classification and fair value

The following table shows the carrying amount of financial assets and financial liabilities. It does not include fair value information as the carrying amounts of these financial assets and financial liabilities not measured at fair value are reasonable approximations of their fair values.

31 December 2018	Note	Loan and receivables NGN'000	Other financial liabilities NGN'000	Total NGN'000
Financial assets not measured at fair value				
Trade and other receivables	15	10,541,334	-	10,541,334
Cash and cash equivalents	17	173,398	-	173,398
		10,714,732	**-**	**10,714,732**
Financial liabilities not measured at fair value				
Trade and other payables	19	-	(13,729,967)	(13,729,967)
		-	**(13,729,967)**	**(13,729,967)**
31 December 2017				
Financial assets not measured at fair value				
Trade & other receivables	15	8,487,886	-	8,487,886
Cash and cash equivalents	17	868,488	-	868,488
		9,356,374	**-**	**9,356,374**
Financial liabilities not measured at fair value				
Loans and borrowings		-	-	-
Trade and other payables	19	-	(12,412,186)	(12,412,186)
		-	**(12,412,186)**	**(12,412,186)**

- Trade and other payables excludes statutory deductions.
- Trade and other receivables, loans and borrowings, trade and other payables and cash and cash equivalents are the Company's financial instruments. Accordingly, management believes that their fair values are not expected to be materially different from their carrying values.

23. Going concern

The Company incurred a loss after tax of NGN0.37 billion for the year ended (2017: a loss after tax of NGN0.08 billion). The Company's current liability position exceed its current asset position by NGN 4.38 billion (2017:NGN 4.39 billion). The Company's recorded a 25% decrease in direct costs and maintenance of the plant with a (9)% decrease in operating expenses, however the net current liability was a result of a NGN3.74 billion (2017: NGN 3.50 billion) provision made on long outstanding receivables from NBET.

The management's strategy is to manage the existing cash generated by operating activities to meet the maintenance needs and day to day activities of the plant, sign new contracts to improve the plants production while securing funding for the rehabilitation of the plant. The major component of the Company's total current liabilities is the Company's gas payables, of which the Company has delayed settlement pending receipts of outstanding receivables from NBET. The management wasable to operated with a (80)% decrease in cash flows during the year by growing current liabilities by -%.

On the basis of the above, the directors have concluded that they have reasonable expectation that the Company will be able to realize its assets and settle its liabilities in the ordinary course of business. Accordingly, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

24. Events after the reporting date

There are no events after the reporting period which could have had a material effect on the financial position of the Company as at 31 December 2018 and on the profit for the year ended on that date which has not been adequately provided for.

Other national disclosures

Value added statement
For the year ended 31 December

****The value added statement is not a part of the financial statements***

	2018	%	2017	%
	NGN'000		**NGN'000**	
Revenue	5,601,918		7,098,510	
Brought in materials and services				
Local	(5,055,467)		(6,547,464)	
	546,451		**551,046**	
Finance income	43		4,872	
Other income	1,696		95,081	
Value added	**548,190**	**100**	**650,999**	**100**
To Employee;				
-as salaries,wages and other staff costs	286,143	52	270,501	42
To provider of finance;				
-Finance cost and similar charges	45,460	8	28,834	4
To government as;				
- Taxes	1,999	-	-	-
Retained in the business:				
To maintain and replace;				
- Property, plant and equipment	580,435	107	432,264	66
To pay interim dividends	-	-	-	-
To deplete reserve	(365,847)	(67)	(80,600)	(12)
Value added/(eroded)	**548,190**	**100**	**650,999**	**100**

Financial summary
As at 31 December

Statement of profit or loss and other comprehensive income

	2018	2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Revenue	5,601,918	7,098,510	7,055,066	5,028,691	4,163,778
Results from operating activities	(318,431)	(56,638)	447,672	1,410,266	631,238
(Loss)/ profit before taxation	(363,848)	(80,600)	429,165	1,360,301	626,548
(Loss)/ profit for the year	(365,847)	(80,600)	(10,334)	635,098	387,700

Statement of financial position

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Employment of fund					
Property, plant and equipment	33,373,748	33,795,562	34,119,448	34,724,755	35,133,279
Net current assets/(liabilities)	(4,383,883)	(4,385,940)	(360,923)	444,583	752,754
Non-current liabilities	(9,358,610)	(9,412,520)	(9,262,278)	(9,249,768)	(8,918,045)
	19,631,255	**19,997,102**	**24,496,247**	**25,919,570**	**26,967,988**
Funds employed					
Share capital	5,000	5,000	5,000	5,000	25,000
Retained earnings	15,352,988	15,718,835	20,217,880	21,641,303	22,689,721
Other reserve	4,273,267	4,273,267	4,273,267	4,273,267	4,273,267
	19,631,255	**19,997,102**	**24,496,147**	**25,919,570**	**26,987,988**