

**IBOM POWER COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

IBOM POWER COMPANY LIMITED
INDEX TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Page
Corporate information	3
Report of the directors	4
Statement of directors' responsibilities	6
Report of independent auditors	7 - 8
Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
1 General information	13
2 Summary of significant accounting policies	13
3 Critical accounting estimates and judgements	18
4 Financial risk management	18
5 Revenue	24
6 Cost of sales	24
7 Operating expenses	24
8 Finance (costs) - net	24
9 Current income tax	25
10 Property, plant and equipment	25
11 Prepayments	26
12 Trade and other receivables	26
13 Cash and cash equivalents	27
14 Share capital	28
15 Trade and other payables	29
16 Borrowings	29
17 Cash generated from operations	29
18 Related party transactions	29
19 Employees information	30
20 Contingencies and capital commitments	30
21 Going concern	31
22 Events after reporting date	31
23 Transition to IFRS	31
Statement of value added	36
Five year financial summary	37

IBOM POWER COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Corporate Information

Company Registration No.	RC 399519	
Registered Office	67, Bennet Bassey Street Ewet Housing Estate Uyo, Akwa Ibom State	
Directors	Barr. Aniedi Akpabio Dr. Victor Udo Engr. Billy Etuk Edet Efretuei Gareth Wilcox (British)	Chairman Managing Director (appointed 1 June 2014) Managing Director (resigned 31 May 2014)
Company Secretary	Barr. Ime Asibong 67, Bennet Bassey Street Ewet Housing Estate Uyo, Akwa Ibom State	
Auditors	PricewaterhouseCoopers Chartered Accountants Landmark Towers, 5B, Water Corporation Road Victoria Island Lagos	
Principal bankers	Access Bank Central Bank of Nigeria Diamond Bank First Bank First City Monument Bank Guaranty Trust Bank Mainstreet Bank United Bank for Africa Zenith Bank	

**IBOM POWER COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

Incorporation and address

Ibom Power Company Limited was incorporated in Nigeria under the Companies and Allied Matters Act as a private company, and is domiciled in Nigeria. The address of its registered office is:

67 Bennet Bassey Street
Ewet Housing Estate
Uyo Akwa Ibom

Principal activities

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

Results for the year

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

	31 December 2013 ₦'000	31 December 2012 ₦'000
Revenue	266,706	2,441,163
Loss before income tax	(5,864,030)	(1,194,752)
Taxation	-	-
Loss for the year	(5,864,030)	(1,194,752)

Analysis of shareholding

Akwa Ibom Investments and Industrial Promotion Council (AKIIPOC) was the only shareholder of the Company that held more than 10% of the issued ordinary share capital of the Company.

As at 31 December 2013, the shares of the of the Company where held as follows:

Shareholders

	Shareholding (units)	Percentage (%)
AKIIPOC	19,999,999	99.99
Globeleq Ibom Holdings BV	1	0.01
	20,000,000	100

No changes in the Company's shareholding from 2012.

Redeemable preference shares

The Federal Government of Nigeria, the 36 State governments and the 774 Local governments of Nigeria through the Niger Delta Power Holding Company Limited held 80,000,000 redeemable preference shares in the Company as at 31 December 2013 (31 December 2012: 80,000,000). These shares do not carry any voting rights.

Directors interests in contracts

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

**IBOM POWER COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Employment of disabled persons

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

Employee health, safety and welfare

It is the Company's policy to conduct its activities in such a way that the health, safety and welfare of its employees, contractors and other persons who may be affected are safeguarded. Accordingly, the Company trains all categories of staff in health and safety matters as are commensurate with their jobs, so as to enhance their awareness and increase their effective participation and contribution as individuals. Where appropriate, the Company provides employees with protective clothing and equipment.

Employee training and involvement

The Company is committed to keeping employees informed regarding the Company's performance and progress and to seek their views wherever practicable on matters that particularly affect them as employees. Management, professional and technical expertise are the Company's major assets and investment in developing such skills continue. The expansion of skills within the Company has been achieved through the provision of a range of training programmes, which has broadened opportunities for career development within the organisation.

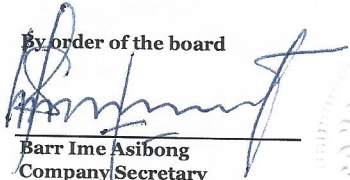
Donations and gifts

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

Auditors

The Company's auditors, Messrs' PricewaterhouseCoopers have indicated their willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act (CAMA).

By order of the board


Barr Ime Asibong
Company Secretary

1st February 2016



**IBOM POWER COMPANY LIMITED
STATEMENT OF DIRECTOR'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2013**

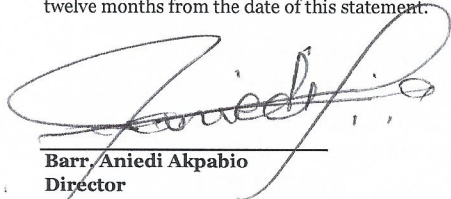
In accordance with the provisions of sections 334 and 335 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004 ("CAMA"), the Directors are responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the Company and of the profit or loss for the year ended 31 December 2013, and in so doing they ensure that:

- (a) Proper accounting records are maintained;
- (b) Applicable accounting policies are adopted and consistently applied;
- (c) Judgments and estimates made are reasonable and prudent;
- (d) The going concern basis is used, unless it is inappropriate to presume that the Company will continue in business; and
- (e) Internal control procedures are instituted which as far as reasonably possible, safeguard the assets of the Company and prevent and detect fraud and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act; CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria No.6, 2011.

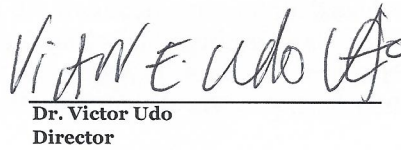
The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its loss for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation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

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



Barr. Aniedi Akpabio
Director

1st February.....2016



Dr. Victor Udo
Director

1st February.....2016



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF IBOM POWER COMPANY LTD

Report on the financial statements

We have audited the accompanying financial statements of Ibom Power Company Limited (“the company”). These financial statements comprise the statement of financial position as at 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors’ responsibility for the financial statements

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

Auditor’s responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers Chartered Accountants
Landmark Towers, 5B, Water Corporation Road, Victoria Island, Lagos
T: +234 1 271 1700, F: +234 1 270 3108, www.pwc.com/ng

Partners: S Abu, W Adetokunbo-Ajayi, UN Akpata, O Alakhume, D Asapokhai, C Azobu, E Erhie, I Ezeuko, D McGraw, P Obianwa, T Ogundipe, P Omontuemhen, T Oputa, T Oyedele, AB Rahji, O Ubah



Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the company's financial affairs at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

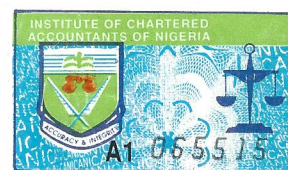
Emphasis of Matter

Without qualifying our opinion, we draw attention to the net loss of N5.864 billion incurred by the Company during the year ended December 31, 2013 and, as of that date; the Company's total liabilities exceeded its total assets by N23.213 billion. These conditions, along with other matters as set forth in Note 16, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Report on other legal requirements

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit;
- iii) the company's statements of financial position and comprehensive income are in agreement with the books of account.



1 March 2016

Engagement Partner: Cyril Azobu
FRC/2012/ICAN/00000000648
For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

IBOM POWER COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	<u>Note</u>	<u>31 December 2013 ₦'000</u>	<u>31 December 2012 ₦'000</u>
Revenue	5	266,706	2,441,163
Cost of sales	6	(4,959,383)	(2,261,279)
Gross (loss)/profit		(4,692,677)	179,884
Operating expenses	7	(863,872)	(1,192,678)
Operating (loss)		(5,556,549)	(1,012,794)
Finance income	8	167,024	75,636
Finance costs	8	(474,505)	(257,594)
Finance costs - net	8	(307,481)	(181,958)
Loss before tax		(5,864,030)	(1,194,752)
Taxation		-	-
Loss for the year		(5,864,030)	(1,194,752)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(5,864,030)	(1,194,752)

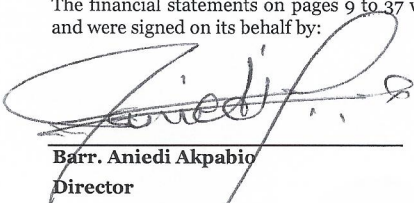
The notes on pages 13 to 35 form an integral part of these financial statements.

IBOM POWER COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

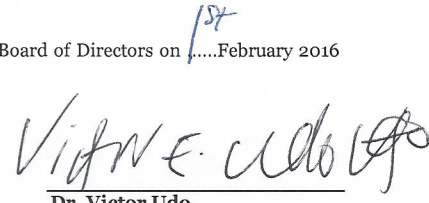
	Note	31 December 2013 ₦'000	31 December 2012 ₦'000	1 January 2012 ₦'000
ASSETS				
Non-current assets				
Property, plant and equipment	10	15,254,699	15,633,460	16,763,123
Prepayments	11	2,995,945	6,721,076	4,937,384
		<u>18,250,644</u>	<u>22,354,536</u>	<u>21,700,507</u>
Current assets				
Trade and other receivables	12	20,776	1,305,501	299,608
Cash and cash equivalents (excluding bank overdraft)	13	264,327	79,411	230,611
		<u>285,103</u>	<u>1,384,912</u>	<u>530,219</u>
TOTAL ASSETS		<u>18,535,747</u>	<u>23,739,448</u>	<u>22,230,726</u>
EQUITY AND LIABILITIES				
Equity				
Ordinary shares	14	20,000	20,000	20,000
Retained losses		(23,233,870)	(17,369,840)	(16,175,088)
TOTAL EQUITY		<u>(23,213,870)</u>	<u>(17,349,840)</u>	<u>(16,155,088)</u>
LIABILITIES				
Current liabilities				
Current income tax	9	108,718	108,718	108,718
Trade and other payables	15	4,369,454	4,517,320	3,778,385
Borrowings	16	37,271,445	36,463,250	34,498,711
TOTAL LIABILITIES		<u>41,749,617</u>	<u>41,089,288</u>	<u>38,385,814</u>
TOTAL EQUITY AND LIABILITIES		<u>18,535,747</u>	<u>23,739,448</u>	<u>22,230,726</u>

The notes on pages 13 to 35 form an integral part of these financial statements.

The financial statements on pages 9 to 37 were approved and authorised for issue by the Board of Directors on 1st February 2016 and were signed on its behalf by:


 Barr. Aniedi Akpabio
 Director

1st February2016


 Dr. Victor Udo
 Director

1st February2016

**IBOM POWER COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Share capital ₦'000	Retained loss ₦'000	Total equity ₦'000
Balance as at 1 January 2012	20,000	(16,175,088)	(16,155,088)
Loss for the year	-	(1,194,752)	(1,194,752)
Balance as at 31 December 2012	20,000	(17,369,840)	(17,349,840)
Balance as at 1 January 2013	20,000	(17,369,840)	(17,349,840)
Loss for the year	-	(5,864,030)	(5,864,030)
Balance as at 31 December 2013	20,000	(23,233,870)	(23,213,870)

The notes on pages 13 to 35 are an integral part of these financial statements.

IBOM POWER COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	<u>Note</u>	<u>31 December 2013 N'000</u>	<u>31 December 2012 N'000</u>
Cash flows from operating activities			
Cash generated from/(used in) operations	17	491,136	(1,927,031)
Net cash generated from/(used in) operating activities		491,136	(1,927,031)
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(806,934)	(6,750)
Interest income		4,718	1,236
Net cash used in investing activities		(802,216)	(5,514)
Cash flows from financing activities			
Proceeds from borrowings		720,000	1,785,724
Repayment of borrowings		(144,000)	-
Interest paid		(81,785)	(4,379)
Net cash generated from financing activities		494,215	1,781,345
Net increase/(decrease) in cash and cash equivalents		183,135	(151,200)
Cash and cash equivalents at beginning of year		79,411	230,611
Cash and cash equivalents at end of year	13	262,546	79,411
Cash and cash equivalents comprise:			
Cash and cash equivalents		262,546	79,411

The notes on pages 13 to 35 are an integral part of these financial statements.

**IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

1 General information

Ibom Power Company Limited was incorporated in Nigeria under the Companies and Allied Matters Act as a private Company and is domiciled in Nigeria.

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation and adoption of IFRSs

The financial statements of Ibom Power Company Limited have been prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to the interpretations issued by the IFRIC. IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied in preparing these financial statements. These financial statements are the first Ibom Power Company Limited financial statements to be prepared in accordance with IFRS.

The Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2012 throughout all periods presented, as if these policies had always been in effect. Note 23 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended December 31, 2013 prepared under Nigerian GAAP.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Directors believe that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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

2.1.1 Going concern

The Directors have no doubt that the Company would remain in existence after 12 months from the date of this financial statements. The Company currently receives financial support from its parent Company Akwa Ibom Investment and Industrial Promotion Council (AKIIPOC). This support however, is subject to an annual review.

2.1.2 Changes in accounting policy and disclosures

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The standard is effective for accounting periods beginning on or after 1 January 2018. The Company is yet to assess the full impact of adopting IFRS 9.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

IFRS 15, 'Revenue recognition' (effective date - 1 January 2018). This standard establishes the principles that an entity should apply to report useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It replaces the previous revenue Standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related interpretations on revenue recognition; IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue Barter Transactions Involving Advertising Services.

It stipulates that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The framework will be applied consistently across transactions, industries and capital markets, and will improve comparability in the 'top line' of the financial statements of companies globally. The Company is yet to assess the full impact of IFRS 15.

IFRIC 21, 'Levies' (effective date - 1 January 2014), sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subject to significant levies so the impact on the Company is not material.

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

2.2 Foreign currency translation

2.2.1 Functional and presentation currency

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

2.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income or other operating expenses'.

2.3 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the Profit or loss during the period in which they are incurred.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Depreciation starts when the asset is available for use. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other (losses)/gains - net' in the profit or loss.

The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Asset category	Depreciation rate (%)	Years
Building	3	30
Plant & machinery	6 - 20	5 - 18
Furniture and fittings	20	5
Office equipment	25 - 33	3 - 4
Motor vehicle	25	4

**IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Land is not depreciated. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.4 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.5 Financial instruments

2.5.1 Financial assets

(a) Classification

The Company classifies its financial assets as loans and receivables. The Company does not hold any financial assets in any other financial instrument category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade receivables, other receivables, and cash and cash equivalents in the balance sheet (See note 2.7 and 2.8)

(b) Recognition & measurement

Loans and receivables are initially recognized at fair value plus transaction costs. Subsequently, loans and receivables are carried at amortised cost less any impairment.

2.5.2 Financial liabilities

(a) Classification

Financial liabilities are classified as financial liabilities at amortised cost. The Company has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition.

Financial liabilities at amortised cost

These include trade payables and borrowings. These are recognised at fair value plus transaction costs and are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as an expense in the period in which they are incurred, except when they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised.

(b) Recognition and measurement

Financial liabilities are recognized initially at fair value, net of any transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

2.5.3 Derecognition

Financial assets and liabilities are derecognised when the rights to receive cash flows or settle obligations have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

2.5.4 Offsetting financial instruments

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

2.6 Impairment of financial assets

2.6.1 Assets carried at amortised costs

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. As a practical expedient, the Company may measure impairment using an impairment model or the aged analysis of debtors in determining specific impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

2.7 Trade receivables

These are amounts due from the Transmission Company of Nigeria for sale of electricity generated in the ordinary course of business. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss within administrative costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the profit or loss.

2.8 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposit held at call with banks, other short term investments (money market investments) with original maturities of three months or less. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.9 Share capital

Ordinary shares are classified as equity. When new shares are issued, they are recorded as share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. Mandatorily redeemable preference shares are classified as Liabilities (note 2.10).

2.10 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

2.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

2.12 Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by each reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

2.12.1 Pioneer status

The Company obtained an approval for pioneer status from the Nigerian Investment Promotion Commission (NIPC) on the 28th of April 2010. The Inspectorate division of the Federal Ministry of Industries issued the Company with a certificate of production certifying the production day to be effective on 1 January 2011. The pioneer status exempts the company from paying tax for up to a five (5) year period commencing from the date the pioneer status was granted. See note 9 for further details.

2.13 Employee benefits

2.13.1 Wages, salaries and annual leave

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

2.13.2 Defined contribution plan

The Company operates a defined contribution scheme for its employees in line with the Pension Reform Act 2004. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

2.14 Revenue recognition

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

Generation and sale of electric power

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

Amount received from customer in advance of receiving the goods or services is recognised as a liability in the statement of financial position described as "deferred revenue".

All power generation and transmission activities are monitored by Government licenced operators, through specialised equipment in order to confirm accuracy. Once the amount of energy sent out has been confirmed by operators and agreed by the customer, the Company invoices the customer.

The Company's sole customer is the Transmission Company of Nigeria.

2.15 Interest income

Interest income is accrued on a time basis in the profit or loss, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

2.16 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

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

3 Critical accounting estimates

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

3.1 Critical accounting estimates and assumptions

3.1.1 Impairment of trade and other receivables

The Company annually tests whether the trade receivables have suffered any impairment in accordance with the Company's credit policy. Impairment is calculated based on the best estimate of available information on the ability of debtors to pay and the estimated present value of the cash flow to be received.

Management made certain assumptions about the recoverability of financial assets exposed to credit risk from its only customer - Transmission Company of Nigeria. This was based on management past experiences with TCN and financial capacity of the Company and the outcome of impairments has been consistent with management assumptions over time. However, wherever these assumptions do not hold, it might have a significant impact on the Company's profit or loss in future.

3.2 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

3.2.1 Useful lives of assets

The Company calculates depreciation of property, plant and equipment on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal or other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the Company may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

In respect of plant and machinery, the Company identifies significant components with different useful lives in order to depreciate separately. Management has applied significant judgement in order to determine the significant components and their respective useful lives. Where the significance of a component is not established, it is not separately depreciated.

4.0 Financial risk management

4.1 Financial risk factors

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

Risk management related to financing activities is carried out by the finance manager under policies approved by the board of Directors and in close co-operation with the Company's operating units. The board provides principles and guidance for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(a) **Market risk**

This is the risk of movements in the future cash flows of a financial instrument or forecast transaction as underlying market prices change. The Company is exposed to changes in interest rates and foreign exchange rates. These are known as 'transaction' (or recognised) exposures and 'economic' (or forecast) exposures.

(i) **Foreign exchange risk**

The Company is exposed to risks resulting from fluctuations in foreign currency exchange rates. A material change in the value of any such foreign currency could result in a material adverse effect on the Company's cash flow and future profits. The Company is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the Naira. The Company holds the majority of its cash and cash equivalents in Naira. However, the Company maintains deposits in foreign currency in order to fund ongoing commercial activity and other expenditure incurred in these currencies. The Company also has borrowing denominated in USD.

The table below shows the impact on the Company's profit or loss if the exchange rate between the USD, GBP and EURO on Nigerian Naira had increased or decreased by 5%, with all other variables held constant. The Company is not materially exposed to currency risk on any other foreign currencies. The Company's profit is most sensitive to movement in Naira/US dollar exchange rates because of the high amount of US dollar-denominated balances.

This relates to Cash and Cash and Equivalents held in foreign currencies.

Sensitivity to USD (dollars)

	31 December 2013 ₦'000	31 December 2012 ₦'000	1 January 2012 ₦'000
Effect of 5% increase in USD on profit or loss	74	351	41
Effect of 5% decrease in USD on profit or loss	(74)	(351)	(41)

Sensitivity to GBP

	31 December 2013 ₦'000	31 December 2012 ₦'000	1 January 2012 ₦'000
Effect of 5% increase in GBP on profit or loss	468	14	14
Effect of 5% decrease in GBP on profit or loss	(468)	(14)	(14)

Sensitivity to Euro

	31 December 2013 ₦'000	31 December 2012 ₦'000	1 January 2012 ₦'000
Effect of 5% increase in Euro on profit or loss	263	-	-
Effect of 5% decrease in Euro on profit or loss	(263)	-	-

This relates to borrowings held in foreign currencies

	31 December 2013 ₦'000	31 December 2012 ₦'000	1 January 2012 ₦'000
Effect of 5% increase in USD on profit or loss	97,676	90,609	84,874
Effect of 5% decrease in USD on profit or loss	(97,676)	(90,609)	(84,874)

(ii) **Interest rate risk**

The Company is significantly exposed to interest rate risk. It is exposed to changes in interest rates on financial liabilities bearing floating interest rates due to the risk that future cash flows will fluctuate. Also, its fixed interest rate financial liabilities further exposes it to fair value interest rate risk to the extent that they are remeasured at fair value.

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company is exposed to cash flow interest rate risk on borrowings to the extent that the significant reductions in interest rates would result in a decrease in the interest paid by the Company. There are no fixed interest rate borrowings that are measured at fair value, hence the Company is not expected to have fair value interest rate risk. The contractual cash flows from these loans and resulting liquidity risk are monitored by the finance manager and board of Directors.

As at 31 December 2013, the Company had a loan with Afrexim which consisted of a single facility: US \$8.3 million (N 1.2 billion) restructured loan with a tenure of three years effective from 21 June 2009 (rescheduled in 2011) with an applicable interest rate of LIBOR plus margin of 3%.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Sensitivity of variable rate borrowings to interest rate movement.

	31 December 2013 ₦'000	31 December 2012 ₦'000	1 January 2012 ₦'000
Effect of 5% increase in interest rate on profit or loss	8,783	7,249	5,092
Effect of 5% decrease in interest rate on profit or loss	(8,783)	(7,249)	(5,092)

(b) Credit risk

Credit risk is the risk that a borrower or issuer of a financial instrument will not repay the principal and/or interest according to the terms specified in the credit agreement. Credit risk arises from cash and cash equivalents, balances with banks as well as trade and other receivables. The Company has a concentration risk as it has one customer, the Transmission Company of Nigeria which is a Government owned company. There are no policies in place to ensure that credit limits are set for the Transmission Company of Nigeria. However, credit risk is managed by the finance manager through the Commercial department. This department is responsible for following up with the Company's only customer TCN to recover amounts receivable from power generated and supplied.

Management monitors the aging analysis of receivables on a periodic basis. Below is a breakdown of the Company's financial assets that are exposed to credit risk and the maximum exposures as at each reported date:

(i) Financial instruments exposed to credit risk

	Maximum exposure		
	31 December 2013 ₦'000	31 December 2012 ₦'000	1 January 2012 ₦'000
Cash and cash equivalents	264,327	79,411	230,611
Trade receivables (Gross)	-	1,290,181	214,476
Other receivable (Gross)	1,555,795	1,921,000	1,921,000
Total	1,820,122	3,290,592	2,366,087

Other receivables in the table above exclude staff advances and prepayments as the Company has no contractual right to receive cash in settlement. These are therefore not financial assets (note 12).

These financial assets are further broken into the following:

	Cash & cash equivalents ₦'000	Trade receivables ₦'000	Other receivable ₦'000	Total ₦'000
31 December 2013				
Neither past due nor impaired	264,327	-	-	264,327
Impaired	-	-	1,555,795	1,555,795
Gross	264,327	-	1,555,795	1,820,122
Impairment allowance	-	-	(1,555,795)	(1,555,795)
Net	264,327	-	-	264,327
31 December 2012				
Neither past due nor impaired	79,411	33,086	-	112,497
Past due but not impaired	-	1,257,095	-	1,257,095
Impaired	-	-	1,921,000	1,921,000
Gross	79,411	1,290,181	1,921,000	3,290,592
Impairment allowance	-	-	(1,921,000)	(1,921,000)
Net	79,411	1,290,181	-	1,369,592
1 January 2012				
Neither past due nor impaired	230,611	193,546	-	424,157
Past due but not impaired	-	-	-	-
Impaired	-	20,930	1,921,000	1,941,930
Gross	230,611	214,476	1,921,000	2,366,087
Impairment allowance	-	(20,930)	(1,921,000)	(1,941,930)
Net	230,611	193,546	-	424,157

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

As at 31 December 2013, the Company had no financial assets that were past due but not impaired; (31 December 2012: N1.257 billion), (1 January 2012: nil).

As at 31 December 2013, impaired financial assets amount to N1.556 billion; (31 December 2012: N1.921 billion), (1 January 2012: N1.921 billion).

(ii) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be referenced to external ratings (if available). If there is no external rating, the credit quality is assessed taking into account the financial position, past experience and other factors.

The Company's maximum exposure to credit risk due to default of the counter party is equal to the carrying value of its financial assets. The Company's only customer is the Transmission Company of Nigeria and no credit limits have been set for this customer. However based on history, there is an expectation that amounts owed are received within a period of one month. The customer is known to delay payment for over one year and based on this, impairment allowances have been made on specific balances assessed to be impaired. Management is however of the view that when amounts are owed beyond the financial year, it is still recoverable given that the customer - Transmission Company of Nigeria is a wholly owned government entity.

An analysis of the credit quality of financial assets that are neither past due nor impaired is presented as follows:

Financial assets that are neither past due nor impaired

	31 December 2013	31 December 2012	1 January 2012
	₦'000	₦'000	₦'000
Cash at bank			
AA	40,907	27,849	1,313
A	220,714	34,700	225,034
Others	717	717	717
Non rated	1,767	15,521	3,263
	264,105	78,787	230,327
Cash in hand	222	624	284
Total cash and cash equivalents	264,327	79,411	230,611

Fitch - National Long-term rating

This is based on Fitch national long-term rating. National Credit Ratings are an assessment of credit quality relative to the rating of the lowest credit risk in a country. This lowest risk will normally, although not always, be assigned to all financial commitments issued or guaranteed by the sovereign state. National Ratings are not intended to be internationally comparable and are denoted by a special identifier for the country concerned. The performance of National Ratings will also not be strictly comparable over time, given the moving calibration of the entire scale to the entity or entities with the lowest credit risk in a country, whose creditworthiness relative to other entities internationally may change significantly over time.

These above ratings are explained as follows:

AA' National Ratings denote expectations of very low default risk relative to other issuers or obligations in the same country. The default risk inherent differs only slightly from that of the country's highest rated issuers or obligations.

A' National Ratings denote expectations of low default risk relative to other issuers or obligations in the same country. However, changes in circumstances or economic conditions may affect the capacity for timely repayment to a greater degree than is the case for financial commitments denoted by a higher rated category.

Others' these represents amounts held in the Central Bank of Nigeria which is the Apex bank.

Non rated' are banks that are not rated by Fitch.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Trade and other receivables	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Counter party without external credit rating:			
Transmission Company of Nigeria	-	33,086	193,546

(iii) **Financial assets that are past due but not impaired**

As of 31 December 2013, the Company had no trade receivables past due but not impaired; (31 December 2012: N1.25 billion). The 2012 amount relates to the sale of power to the Transmission Company of Nigeria (TCN). The aging analysis of trade receivables is as follows:

Trade receivables	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Over 1 month but less than one year	-	1,042,619	-
Over 1 year	-	214,476	-
Total	-	1,257,095	-

(iv) **Financial assets that are impaired**

As at 31 December 2013, impaired financial assets amount to N1.556 billion; (31 December 2012: N1.921 billion), (1 January 2012: N1.921 billion).

(v) **Credit Concentration**

The Company has one customer, the Transmission Company of Nigeria. A substantial amount of the trade and other receivables are due from the Transmission Company of Nigeria which is a government-owned entity. As a result, the credit and economic conditions and other factors affecting the government may result in an increase in the length of time that it takes to collect its receivables and may require the Company to re-evaluate the collectability of its trade and other receivables in future periods. As at 31 December 2013, the Company had no trade receivables (2012: N1.29 billion) and all balances were due from the Transmission Company of Nigeria. These balances were received by the Company including an advance payment for future sale and transmission of power generated from the Transmission Company of Nigeria.

(c) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The cash flow forecast and funding requirements are monitored by the finance manager and board of Directors on a monthly basis. The Company relies on funds from monthly revenue generated, loan and equity contributions received from the parent company to meet its obligations.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from the reporting dates to the contractual maturity date.

		31 December 2013 N'000		
		Less than 1 year	More than 1 year	Total
Borrowings		37,271,445	-	37,271,445
Trade and other payables		2,651,754	-	2,651,754
		39,923,199	-	39,923,199
		31 December 2012 N'000		
		Less than 1 year	More than 1 year	Total
Borrowings		36,463,250	-	36,463,250
Trade and other payables		3,566,788	-	3,566,788
		40,030,038	-	40,030,038
		1 January 2012 N'000		
		Less than 1 year	More than 1 year	Total
Borrowings		34,498,711	-	34,498,711
Trade and other payables		3,041,631	-	3,041,631
		37,540,342	-	37,540,342

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

The amounts disclosed in the tables are the contractual undiscounted cash flows of the liabilities. In the Company's total borrowings shown above, the sum of N5.8 billion (2012: N5.6 billion) from Diamond Bank and Afrexim include interests and penalties capitalised over the years as a result of default on the repayment terms of the contract.

The trade and other payables exclude provisions and other taxes (VAT, PAYE and WHT) and deferred revenue.

4.2 Fair value estimation

The Company does not carry any assets at fair value. For financial assets and financial liabilities that are not at fair value, their carrying amounts approximate their fair values.

4.3 Financial instruments

Financial instruments by category

All financial instruments are carried at amortised cost. The Company's financial instruments are disclosed below:

	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
	Carrying amount		
Financial assets at amortised costs			
<u>Loans and receivables</u>			
Trade and other receivables	-	1,290,181	193,546
Cash and cash equivalents (excluding bank overdraft)	264,327	79,411	230,611
Total	264,327	1,369,592	424,157
Financial liabilities at amortised costs			
<u>Liabilities</u>			
Borrowings	37,271,445	36,463,250	34,498,711
Trade and other payables	2,651,754	3,566,788	3,041,631
Total	39,923,199	40,030,038	37,540,342

4.4 Capital risk management

The Company's capital management policy and objective is to maintain reliable and sustainable capital in order to sustain future development of the business while maintaining adequate returns for the share holders. Capital is defined by total equity and it is monitored regularly by the Company's management.

	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Total borrowings (note 16)	37,271,445	36,463,250	34,498,711
Less: Cash and cash equivalents (note 13)	(264,327)	(79,411)	(230,611)
Net debt	37,007,118	36,383,839	34,268,100
Total equity	(23,213,870)	(17,349,840)	(16,155,088)
Total capital employed	13,793,248	19,033,999	18,113,012
Net debt to capital employed ratio (gearing ratio)	268%	191%	189%

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

5 Revenue

	31 December 2013 N'000	31 December 2012 N'000
Capacity charge	33,944	-
Energy delivered	232,762	2,441,163
	266,706	2,441,163

6 Cost of sales

	31 December 2013 N'000	31 December 2012 N'000
Gas consumption (i)	3,784,746	1,122,753
Operational maintenance	75,272	101,153
Depreciation of power plants (Note 10)	1,099,365	1,037,373
	4,959,383	2,261,279

(i) The Company is billed for gas under a 'take or pay' arrangement. This amount includes cost of actual gas utilised amounting to N61 million (2012: N1.1 billion) and lease payment for use of the Gas facilities directly attributable to generating energy amounting to N3.723 billion (2012: nil).

7 Operating expenses

	31 December 2013 N'000	31 December 2012 N'000
Employee costs (note 7.1)	432,325	431,914
Impairment of staff advances	-	103,864
Legal expenses	89,579	41,024
Depreciation (note 10)	86,330	99,040
Security	74,834	94,861
Travels	71,676	55,012
Repairs and maintenance	50,259	62,813
Equipment rentals	22,841	1,310
Auditors remuneration	14,525	14,595
Internet	10,489	16,132
Office supplies	8,901	13,555
Other operating expenses	2,113	258,558
	863,872	1,192,678

7.1 Employee costs

	31 December 2013 N'000	31 December 2012 N'000
Directors fees and allowances (note 18)	160,613	140,266
Staff training (note 19)	31,316	27,751
Salaries and allowances (note 19)	230,678	252,088
Pension costs - defined contribution plans (note 19)	9,718	11,809
	432,325	431,914

8 Finance (costs) - net

	31 December 2013 N'000	31 December 2012 N'000
Finance income		
Interest income	161,424	1,236
Unrealized Exchange gain	5,600	74,400
	167,024	75,636
Finance costs		
Bank charges	(23,041)	(4,379)
Interest expense - borrowings	(451,464)	(253,215)
	(474,505)	(257,594)
Net finance costs	(307,481)	(181,958)

Interest income represents the interest income earned on money market investment, other bank deposits and effective interest on borrowings. Interest expense also includes effective interest on borrowings and other finance charges.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

9 Current income tax

The Company obtained an approval for pioneer status from the Nigerian Investment Promotion Commission (NIPC) on the 28th of April 2010. The Inspectorate division of the Federal Ministry of Industries issued the company a certificate of production, certifying the production day to be effective on 1 January 2011. The pioneer status exempts the company from paying tax for up to a five (5) year period commencing from the date the pioneer status was granted. See note 22 for further details.

The movement in tax payable is as follows:

	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Current income tax liabilities			
At start of the year	108,718	108,718	108,718
Charge for the year	-	-	-
At end of the year	108,718	108,718	108,718

9.1 Deferred income tax

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Company did not recognise deferred income tax assets of N3.8 billion (2012: N2.04 billion) in respect of accounting losses amounting to N5.864 billion (2012: N1.194 billion) that can be carried forward against future taxable income. Losses can be carried forward beyond the pioneer period and do not expire.

10 Property, plant and equipment

	Building N'000	Plant & machinery N'000	Furniture and fittings N'000	Office equipment N'000	Motor vehicle N'000	Total N'000
Cost						
At 1 January 2013	2,340,774	16,678,844	43,251	30,192	191,387	19,284,448
Additions	-	782,195	1,510	5,229	18,000	806,934
At 31 December 2013	2,340,774	17,461,039	44,761	35,421	209,387	20,091,382
Accumulated depreciation						
At 1 January 2013	222,130	3,191,481	39,997	27,998	169,382	3,650,988
Charge for the year	74,125	1,099,365	1,116	1,527	9,562	1,185,695
At 31 December 2013	296,255	4,290,846	41,113	29,525	178,944	4,836,683
Cost						
At 1 January 2012	2,334,024	16,678,844	43,251	30,192	191,387	19,277,698
Additions	6,750	-	-	-	-	6,750
At 31 December 2012	2,340,774	16,678,844	43,251	30,192	191,387	19,284,448
Accumulated depreciation						
At 1 January 2012	147,803	2,154,108	37,483	23,879	151,302	2,514,575
Charge for the year	74,327	1,037,373	2,514	4,119	18,080	1,136,413
At 31 December 2012	222,130	3,191,481	39,997	27,998	169,382	3,650,988
Net book value						
At 31 December 2013	2,044,519	13,170,193	3,648	5,896	30,443	15,254,699
At 31 December 2012	2,118,644	13,487,363	3,254	2,194	22,005	15,633,460
At 1 January 2012	2,186,221	14,524,736	5,768	6,313	40,085	16,763,123

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Depreciation expense	31 December 2013 ₦'000	31 December 2012 ₦'000
Included in cost of sales	1,099,365	1,037,373
Included in operating expense	86,330	99,040
	1,185,695	1,136,413

11 Prepayments	31 December 2013 ₦'000	31 December 2012 ₦'000	1 January 2012 ₦'000
Operating lease - Land (note 20)	35,945	37,977	40,009
Gas supply advance payment	2,960,000	6,683,099	4,897,375
	2,995,945	6,721,076	4,937,384

movement in prepayment is analysed as follows:

- Operating lease - Land (note 20)	2013 ₦'000	2012 ₦'000
1st January	37,977	40,009
Charge for the year	(2,032)	(2,032)
31st December	35,945	37,977

- Gas supply advance payment	2013 ₦'000	2012 ₦'000
1st January	6,683,099	4,897,375
Additions	-	1,785,724
Charge for the year	3,723,099	-
31st December	2,960,000	6,683,099
	2,995,945	6,721,076

These are non current prepayments.

Operating lease - Land represents prepaid rent for the Company's operating lease on its land for a period of 30 years.

Gas supply advance payment represents total advance payment made for supply of gas according to the agreed terms of the Gas sales agreement with Septa. The delivery of gas commenced in 2013.

12 Trade and other receivables	31 December 2013 ₦'000	31 December 2012 ₦'000	1 January 2012 ₦'000
Trade receivables	-	1,290,181	214,476
Less: provision for impairment of trade receivables	-	-	(20,930)
Trade receivables - net	-	1,290,181	193,546
Other receivable	1,555,795	1,921,000	1,921,000
Less: impairment of other receivable	(1,555,795)	(1,921,000)	(1,921,000)
Other receivable - net	-	-	-
Staff advances	13,227	112,040	103,864
Less: impairment of staff advances	-	(103,864)	-
Staff advances (net)	13,227	8,176	103,864
Prepayment (current)	7,549	7,144	2,198
Total	20,776	1,305,501	299,608

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Other receivable of N1.56 billion relate to receivable from Transmission Company of Nigeria (TCN) for costs incurred in the construction of transmission line assets linking Iboam Power Plant to the National electric power grid. In 2012, Other receivable also included reimbursable cost of of N365 million for access road constructed by the Company. This was reimbursed by the Akwa Ibom State Government in the reporting period, and the impairment provision previously made was reversed.

Staff advances are monies provided to the staff for Company-related expenses which remain unretired at the end of the year. A total of N103.8 million was impaired in 2012.

Prepayment (current) relate to rent and insurance prepayments.

The fair value of the trade and other receivable approximate their carrying amount.

Movements on the provision for impairment of trade receivables are as follows:

	31 December 2013 N'000	31 December 2012 N'000
At 1 January	-	20,930
Unused amounts reversed	-	(20,930)
At 31 December	-	-

Movements on the provision for impairment of other receivables are as follows:

	31 December 2013 N'000	31 December 2012 N'000
At 1 January	1,921,000	1,921,000
Unused amounts reversed	(365,205)	-
At 31 December	1,555,795	1,921,000

The impairment of receivables and the reversal thereof have been included in 'other operating expenses' in the statement of profit or loss account (note 7). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

13 Cash and cash equivalents

	31 December 2013 N'000	31 December 2012 N'000	1 January 2012 N'000
Cash in hand	222	624	284
Cash at bank	264,105	78,787	184,574
Cash and bank	264,327	79,411	184,858
Short term investment	-	-	45,753
Cash and cash equivalents (excluding bank overdrafts)	264,327	79,411	230,611

Cash and cash equivalents include the following for the purposes of the statement of the cash flow:

Cash in hand and at bank	264,327	79,411	230,611
Bank overdrafts (note 16)	(1,781)	-	-
Cash and cash equivalents	262,546	79,411	230,611

Short term investment represents money market investments which consist of Bankers' Acceptance held with a commercial bank in Nigeria. These have original maturity of three months or less.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

14 Share capital	31 December	31 December	1 January
	2013	2012	2012
	₦'000	₦'000	₦'000
Authorised			
100 million ordinary shares of N1 each	100,000	100,000	100,000
	100,000	100,000	100,000
Issues and fully paid			
20 million ordinary shares of N1 each	20,000	20,000	20,000
	20,000	20,000	20,000

15 Trade and other payables	31 December	31 December	1 January
	2013	2012	2012
	₦'000	₦'000	₦'000
Trade payables	2,544,708	3,472,019	2,887,012
Other payables	107,046	94,769	154,619
Deferred revenue	571,071	-	-
Accrued expenses	521,135	477,469	394,141
Withholding tax	320,642	241,878	342,613
Value added tax	304,852	231,185	-
	4,369,454	4,517,320	3,778,385

Deferred revenue relates to advance payment made by the Transmission Company of Nigeria (TCN) for future sale and transmission of power generated.

16 Borrowings	31 December	31 December	1 January
	2013	2012	2012
	₦'000	₦'000	₦'000
Current			
Bank overdraft (Note 13)	1,781	-	-
Diamond bank (Note 16.1)	3,879,645	3,772,950	3,634,435
Africa Export Import Bank (Afrexim) (Note 16.2)	1,953,525	1,812,189	1,697,489
AKIIPOC (Note 16.3)	18,456,511	18,456,511	16,670,787
Access bank (Note 16.4)	563,983	-	-
Redeemable Preference shares (Note 16.5)	12,416,000	12,421,600	12,496,000
	37,271,445	36,463,250	34,498,711

16.1 Diamond bank

The Diamond bank loan consists of two facilities: N1.92 billion restructured loan with tenure of three years, interest rate of 20% per annum and repayment to commence in January 2010 and N400 million loan with tenure of three years and an interest rate of 20% per annum. Repayment commenced in July 2009. The Company breached the terms of the loan agreement and as at 31 December 2013, the loans were in significant default and attempts to renegotiate the new terms had not been finalised. These loans are therefore repayable on demand and are classified as current liabilities.

16.2 Afrexim loan

The Africa Export Import Bank (Afrexim) loan consist of a single facility: US \$8.3 million (N1.2 billion) restructured loan with tenure of three years effective from 21 June 2009 and an applicable interest rate of LIBOR plus margin of 3%. The Company breached the terms of the loan agreement and as a result a rescheduling was carried out again in 2011. The Company is currently further renegotiating this loan although as at the reporting period a new contract had not been finalised therefore the loan is payable on demand.

16.3 AKIIPOC

This represents the interest free loans received from the Akwa Ibom Investment and Industrial Promotion Council (AKIIPOC) from inception to date. There are no specified repayment terms.

16.4 Access Bank

The Access bank loan consists of a single facility of N720 million. The term commenced on the 28th of June 2013 with a tenure of 9 months (inclusive of 3 months moratorium). Interest rate is fixed at 18%. During the year, the contract was modified leading to an extinguishment of the old facility and recognition of a new contract per IAS 39 para 40. An extinguishment loss of N15 million has been charged to the statement of profit or loss (2012: nil).

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

16.5 Redeemable preference shares

The Company issued 80,000,000 redeemable preference shares of No.50 each to the Federal Government, the 36 State governments and the 774 Local governments of Nigeria through the Niger Delta Power Holding Company Limited (NDPHC), at the price of \$1.00 per share. These preference shares carry no dividend and are over due for redemption.

17 Cash generated from operations

	31 December	31 December
	2013	2012
	₦'000	₦'000
Reconciliation of loss before tax to cash used in operations		
Loss before tax	(5,864,030)	(1,194,752)
Adjustments for:		
– Depreciation (Property, plant & equipment) (note 10)	1,185,695	1,136,413
– Interest income (note 8)	(161,424)	(1,236)
– Unrealized exchange gain (note 8)	(5,600)	(74,400)
– Interest expense and bank charges (note 8)	474,505	257,594
Changes in working capital:		
Decrease/(increase) in trade and other receivables	1,284,725	(1,005,893)
Decrease/(increase) in non current prepayment	3,725,131	(1,783,692)
Increase in trade and other payables	(147,866)	738,935
Cash generated from / (used in) operations	491,136	(1,927,031)

18 Related party transactions

The Company is owned 99.99% by Akwa Ibom Investments and Industrial Promotion Council (AKIIPOC), with the ultimate parent being the Akwa Ibom State Government. During the last financial year, refunds for access roads constructed were received from AKIIPOC amounting to N356 million (2012: N1.8 billion non-interest bearing loan from AKIIPOC for advance payments for the supply of gas per the Gas Sales Agreement).

18.1 Key management compensation

Key management personnel of Ibom Power Company Limited include the Executive directors and Managing director. The compensation paid or payable to key management for employee services is shown below:

	31 December	31 December
	2013	2012
	₦'000	₦'000
Short term employee benefits	160,613	140,266

	31 December	31 December
	2013	2012
	₦'000	₦'000
The aggregate emoluments of key management personnel were:		
Fees	10,975	15,538
Allowances	117,638	92,728
Managing director's salary	32,000	32,000
	160,613	140,266

Fees and other emoluments disclosed above include amounts paid to:

	31 December	31 December
	2013	2012
	₦'000	₦'000
The Chairman	5,400	5,400
The highest paid Director	32,000	32,000

Five (5) key management personnel received fees and other emoluments (excluding pension contributions and certain benefits) during the year (2012: Five (5)).

There were no other compensation and loans to key management personnel during the year.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

19 Employees information

19.1 Employee costs during the year amounted to:

	31 December	31 December
	2013	2012
	₦'000	₦'000
Wages and Salaries (excluding MD's salary) (note 7)	230,678	252,088
Staff training (note 7)	31,316	27,751
Pension costs- defined contribution plans (note 7)	9,718	11,809
	271,712	291,648

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

	31 December	31 December	1 January
	2013	2012	2012
Management staff	4	6	7
Senior staff	50	56	53
Junior staff	38	49	46
	92	111	106

19.2 Employees of the Company other than directors, whose duties were wholly or mainly discharged in Nigeria received remuneration (excluding pension contributions) in the following ranges:

	31 December	31 December
	2013	2012
Below ₦500,000	-	1
₦500,001 - ₦1,000,000	38	48
₦1,000,001 - ₦1,500,000	31	37
Above ₦1,500,000	23	25
	92	111

The Company operates a defined contributory pension scheme. The scheme is funded by contributions which are based on contributions by both staff members and the Company. The scheme covers all employees of the Company. Total amount contributed by the company in this scheme is shown in note 7.1.

20 Contingencies and capital commitments

20.1 Contingencies

As at 31 December 2013, the Company had a total of seven (7) (2012: 11) pending litigations with a cumulative claim of ₦13.3 billion (2012: ₦11.5 billion). These litigations are related to claims by various parties. Based on the advice of the Company's legal counsel, the Directors are of the opinion that the claims are frivolous and that no significant liability will arise.

20.2 Capital commitments

- (a) There were no capital expenditures contracted for at the end of each reporting period not yet incurred.
- (b) The Company holds land under a non-cancellable operating lease agreement. The lease is for a period of 30 years. The Company also has a gas sale agreement with Septa Energy Nigeria Limited over a period of 10 years.

The land lease expenditure charged to the statement of profit or loss during the year is disclosed under 'other operating expenses' in note 7. Also, the gas infrastructure lease expenditure under the 'take or pay' Gas purchase agreement is disclosed under 'cost of sales' in the statement of profit or loss.

The Company has no future minimum lease payments to be disclosed for both land rental and gas infrastructure lease because the total lease payment per the land rental contract was made at inception of the lease and this has been disclosed as a long term prepayment (see note 11). In addition, the gas purchase contract also did not state the future quantity of gas expected to be delivered to the Company which is the basis for determining the future minimum lease payments at inception of the contract.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

21 Going concern

The Directors have no doubt that the Company would remain in existence after 12 months from the date of this financial statements, as the Company currently receives financial support from its parent Company (AKIPOC). This support however, is subject to an annual review.

22 Events after reporting date

22.1 Pioneer status granted

The Company was granted pioneer status beginning on 1 January 2011 and covers a period of five (5) years thereafter. The approval for this status came on the 28th of April 2010, however the issue of the certificate of production day was not made until the 17th of September 2014 which is a date after this reporting period. At each of these year ends, the financial statements (2012 and 2013) were yet to be issued and as a result these financial statements have been adjusted to reflect the impact of the pioneer status. No additional tax liability has been computed as at 31 December 2013 (2012: Nil) and no income tax was paid in these years.

23 Transition to IFRS

23.1 Explanation of transition to IFRS

These are the Company's first financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The Company has applied IFRS 1 in preparing these financial statements. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2013, the comparative information presented in these financial statements for the year ended 31 December 2012, and in the preparation of an opening IFRS statement of financial position at 1 January 2012 (the date of the Company's transition to IFRS).

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

Initial elections upon adoption

The key principle of IFRS 1 is full retrospective application of all standards in force at the closing statement of financial position date for the first IFRS financial statements. There are optional exemptions that reduce the burden of retrospective application where the costs might exceed the benefits to users, and mandatory exceptions where retrospective application is not permitted. The exemptions provide limited relief for first time adopters, mainly in areas where the information needed to apply IFRS retrospectively might not be available.

In preparing these financial statements in accordance with IFRS 1, the Company has applied the Estimates exceptions. Estimates under IFRS at 1 January 2012 are consistent with estimates made for the same date under Nigerian GAAP, unless there is evidence that those estimates were in error. No other exceptions were relevant to the Company. No optional exemptions were applied by the Company.

Reconciliation of Nigerian GAAP to IFRS

The transition to IFRS did not have any impact on the total operating, investing or financing cash flows. The following tables represent the reconciliations from Nigerian GAAP to IFRS for the respective periods noted for equity, earnings and comprehensive income.

(i) Reconciliation of equity as previously reported under Nigerian GAAP to IFRS

	Note	31 December 2012		
		N-GAAP ₦'000	Adjustment ₦'000	IFRS ₦'000
ASSETS				
Non-current assets				
Property, plant and equipment	(a)	17,194,462	(1,561,002)	15,633,460
Prepayment	(b)	6,683,099	37,977	6,721,076
		<u>23,877,561</u>	<u>(1,523,025)</u>	<u>22,354,536</u>
Current assets				
Trade and other receivables	(c)	1,305,501	-	1,305,501
Cash and cash equivalents		79,411	-	79,411
		<u>1,384,912</u>	<u>-</u>	<u>1,384,912</u>
TOTAL ASSETS		<u>25,262,473</u>	<u>(1,523,025)</u>	<u>23,739,448</u>

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

EQUITY

Ordinary shares		20,000	-	20,000
Preference shares	(g)	40,000	(40,000)	-
Share premium	(g)	10,080,800	(10,080,800)	-
Retained losses	(f)	(13,543,161)	(3,826,679)	(17,369,840)

TOTAL EQUITY

	(3,402,361)	(13,947,479)	(17,349,840)
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LIABILITIES

Non-current liabilities

Borrowings	(d)	18,456,511	(18,456,511)	-
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Current liabilities

Borrowings	(d)	5,585,139	30,878,111	36,463,250
Trade and other payables	(e)	4,514,466	2,854	4,517,320
Current income tax liabilities		108,718	-	108,718
		<u>10,208,323</u>	<u>30,880,965</u>	<u>41,089,288</u>

TOTAL LIABILITIES

	28,664,834	12,424,454	41,089,288
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TOTAL EQUITY AND LIABILITIES

	25,262,473	(1,523,025)	23,739,448
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1 January 2012

Effect of transition to IFRS

Note	N-GAAP ₦'000	Adjustment ₦'000	IFRS ₦'000	
ASSETS				
Non-current assets				
Property, plant and equipment	(a)	18,306,752	(1,543,629)	16,763,123
Prepayment	(b)	4,897,375	40,009	4,937,384
		<u>23,204,127</u>	<u>(1,503,620)</u>	<u>21,700,507</u>
Current assets				
Trade and other receivables	(a)	299,608	-	299,608
Cash and cash equivalents		230,611	-	230,611
		<u>530,219</u>	<u>-</u>	<u>530,219</u>
TOTAL ASSETS		23,734,346	(1,503,620)	22,230,726

EQUITY AND LIABILITIES

EQUITY

Ordinary shares		20,000	-	20,000
Preference shares	(f)	40,000	(40,000)	-
Share premium	(f)	10,080,800	(10,080,800)	-
Retained losses	(g)	(12,293,828)	(3,881,260)	(16,175,088)
TOTAL EQUITY		(2,153,028)	(14,002,060)	(16,155,088)

LIABILITIES

Non-current liabilities

Borrowings	(d)	17,281,367	(17,281,367)	-
		<u>17,281,367</u>	<u>(17,281,367)</u>	<u>-</u>

Current liabilities

Borrowings	(d)	4,721,344	29,777,367	34,498,711
Trade and other payables	(e)	3,775,945	2,440	3,778,385
Current income tax		108,718	-	108,718
		<u>8,606,007</u>	<u>29,779,807</u>	<u>38,385,814</u>

TOTAL LIABILITIES

	25,887,374	12,498,440	38,385,814
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TOTAL EQUITY AND LIABILITIES

	23,734,346	(1,503,620)	22,230,726
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IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(ii) Reconciliation of statement of profit or loss as previously reported under Nigerian GAAP to IFRS

	31 December 2012		
	N-GAAP	Effect of transition to IFRS	
	₦'000	Adjustment	IFRS
		₦'000	₦'000
Revenue	2,441,163	-	2,441,163
Cost of sales	(2,236,941)	(24,338)	(2,261,279)
Gross profit	204,222	(24,338)	179,884
Operating expenses	(1,197,197)	4,519	(1,192,678)
Other income	1,236	(1,236)	-
Operating loss	(991,739)	(21,055)	(1,012,794)
Finance income	-	75,636	75,636
Finance costs	(257,594)	-	(257,594)
Finance costs -net	(257,594)	75,636	(181,958)
Loss before tax	(1,249,333)	54,581	(1,194,752)
Income tax credit	-	-	-
Loss for the year	(1,249,333)	54,581	(1,194,752)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	(1,249,333)	54,581	(1,194,752)

Notes to the reconciliation of equity and comprehensive income

The adjustments on the transition to IFRS are as follows:

(a) Property plant and equipment

Under NGAAP the Company did not estimate & recognize residual values. However under IFRS, the residual values have been assessed to be five (5) percent (%) of the costs of the assets. Under NGAAP, the Company recognised an upfront payment for its leased land at a fixed price plus annual rentals for 30 years (the lease period) as part of its property, plant and equipment. Under IFRS, the land was determined to be held on an operating lease and so the upfront payments made have now been reclassified to prepayments. Subsequently, the accumulated depreciation recognised to date has been reversed. Under NGAAP, the Company recognised transmission lines assets constructed on the behalf of the Transmission Company of Nigeria (TCN) as part of its property, plant and equipment. Under IFRS, transmission line assets was determined to be a receivable from the Transmission Company of Nigeria and so Transmission Cost have now been reclassified to Other Receivable. Subsequently, the accumulated depreciation recognised has been reversed and full doubtful receivable provision recognised for other receivable

	31 December	1 January
	2012	2012
	₦'000	₦'000
<i>Statement of financial position impact</i>		
Assessed residual values	(233,732)	(127,894)
Reclassified to prepayments	(60,958)	(60,958)
Accumulated depreciation on leased land reversed	22,981	20,949
Reclassified to other receivable	(1,555,795)	(1,555,795)
Accumulated depreciation on transmission line reversed	266,502	180,069
	(1,561,002)	(1,543,629)

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(b) Prepayment

Under NGAAP, the Company recognised an upfront payment of a fixed price plus annual rentals for 30 years (the lease period) on the leased land as part of its property, plant and equipment. Under IFRS, the land was determined to be on an operating lease and so the upfront payment paid has now been reclassified to prepayments. Furthermore, this upfront amount has been spread over the life of the lease and in the relevant years the amortised amounts have been recognised on a straight line basis in the statement of profit or loss.

	31 December	1 January
	2012	2012
	₦'000	₦'000
Reclassified from property, plant and equipment	60,958	60,958
Prepaid rent amortised	(22,981)	(20,949)
	37,977	40,009

(c) Trade and other receivables

Under NGAAP, the Company recognised transmission lines assets constructed on the behalf of the Transmission Company of Nigeria (TCN) as part of its property, plant and equipment. Under IFRS, transmission line assets was determined to be a receivable from the Transmission Company of Nigeria and so Transmission Cost has now been reclassified to Other Receivable. Consequently, the accumulated depreciation recognised has been reversed and full doubtful receivable provision recognised.

	31 December	1 January
	2012	2012
	₦'000	₦'000
<i>Statement of financial position impact</i>		
Reclassified to other receivable	1,555,795	1,555,795
Doubtful receivable provision	(1,555,795)	(1,555,795)
	-	-

(d) Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. For borrowings that are considered to be in significant default, their carrying amounts are made up of the principal amount plus capitalised interest and penalties. These will be classified as current liabilities as they are considered to be payable on demand.

	31 December	1 January
	2012	2012
	₦'000	₦'000
<i>Statement of financial position impact</i>		
Reclassification from non current borrowings	18,456,511	17,281,367
Reclassification to current borrowings	(18,456,511)	(17,281,367)
	-	-

(e) Trade and other payables

The Company pays leave allowance to staff as at when due based on the staff submission of leave application. The staff is free to carry forward unutilized leave periods from one financial year to the other and there is no limit placed on this. Payments on outstanding leave days may be made to staff on resignation. Under NGAAP there is no requirement to recognise a liability for this, however recognition of accumulated leave liability is in line with IFRS.

	31 December	1 January
	2012	2012
	₦'000	₦'000
<i>Statement of financial position impact</i>		
Other payable- accumulated leave liability	(2,854)	(2,440)

(f) Preference shares and share premium

Under NGAAP, the Company recognised redeemable preference shares and related share premium as equity. Under IFRS, redeemable preference shares and related share premium was determined to be a liability and so the redeemable preference shares and related share premium has been reclassified from equity to borrowings - current.

	31 December	1 January
	2012	2012
	₦'000	₦'000
<i>Statement of financial position impact</i>		
Reclassification from equity	10,120,800	10,120,800
Reclassification to current borrowings	12,421,600	(12,496,000)
	22,542,400	(2,375,200)

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(g) Reconciliation of NGAAP retained earnings to IFRS retained earnings

	31 December	1 January
	2012	2012
	₦'000	₦'000
Retained earnings as previously reported under NGAAP	(13,543,161)	(12,293,828)
IFRS adjustments at start of the year	(3,881,260)	-
Revised residual value adjustments	(105,837)	(127,894)
Depreciation on leased land reversed	2,031	20,949
Depreciation on transmission line reversed	86,433	180,069
Allowance for doubtful receivable provision	-	(1,555,795)
Prepaid rent amortisation adjustments	(2,032)	(20,949)
Adjustments to leave liability	(414)	(2,440)
Unrealized exchange gain/(loss) on preference shares	74,400	(2,375,200)
	(3,826,679)	(3,881,260)
Retained earnings as reported under IFRS	(17,369,840)	(16,175,088)

Explanation of material adjustments to the statement of cash flows

The transition to IFRS did not have any impact on the cash flows generated by the Company.

IBOM POWER COMPANY LIMITED
STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	%	2012	%
	₦'000		₦'000	
Revenue	266,706		2,441,163	
Interest income	167,024		75,636	
	433,730		2,516,799	
Bought-in materials and services (local)	(4,228,276)		(1,890,009)	
Value (absorbed)/added	<u>(3,794,546)</u>	<u>100</u>	<u>626,790</u>	<u>100</u>
Applied as follows:				
Employees				
Salaries, wages and other staff costs	432,325	11	431,914	70
Providers of capital				
Interest on borrowings	451,464	13	253,215	40
Maintenance of assets				
Depreciation	1,185,695	31	1,136,413	181
For the future				
Loss for the year	(5,864,030)	(155)	(1,194,752)	(191)
Value (absorbed)/added	<u>(3,794,546)</u>	<u>100</u>	<u>626,790</u>	<u>100</u>

The statement of value added is presented in this financial statement for the purpose of complying with the Companies and Allied Matters Act disclosure requirements.

IBOM POWER COMPANY LIMITED
FIVE-YEAR FINANCIAL SUMMARY
FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF FINANCIAL POSITION

	IFRS			NGAAP	
	31 December 2013 ₱'000	31 December 2012 ₱'000	31 December 2011 ₱'000	31 December 2010 ₱'000	31 December 2009 ₱'000
ASSET EMPLOYED					
Property, plant and equipment	15,254,699	15,633,460	16,763,123	19,419,493	20,538,846
Prepayments	2,995,945	6,721,076	4,937,384	-	-
Trade and other receivables	20,776	1,305,501	299,608	5,790,066	5,353,431
Cash and cash equivalents	264,327	79,411	230,611	176,774	107,945
Borrowings	(37,271,445)	(36,463,250)	(34,498,711)	(21,427,945)	(19,345,893)
Trade and other payables	(4,369,454)	(4,517,320)	(3,778,385)	(3,033,709)	(2,717,986)
Current income tax liabilities	(108,718)	(108,718)	(108,718)	(106,973)	-
Net (liabilities)/assets	(23,213,870)	(17,349,840)	(16,155,088)	817,706	3,936,343
CAPITAL AND RESERVES					
Ordinary shares	20,000	20,000	20,000	20,000	20,000
Preference shares	-	-	-	40,000	40,000
Share premium	-	-	-	10,080,800	10,080,800
Retained losses	(23,233,870)	(17,369,840)	(16,175,088)	(9,323,094)	(6,204,457)
Shareholders' funds	(23,213,870)	(17,349,840)	(16,155,088)	817,706	3,936,343

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	IFRS			NGAAP	
	31 December 2013 ₱'000	31 December 2012 ₱'000	31 December 2011 ₱'000	31 December 2010 ₱'000	31 December 2009 ₱'000
Revenue	266,706	2,441,163	1,059,311	931,464	12,352
Other income	-	-	7,543	12,758	82,096
Cost of sales	(4,959,383)	(2,261,279)	(975,010)	(236,301)	(20,509)
Operating expenses	(863,872)	(1,192,678)	(3,060,833)	(3,821,919)	(2,085,173)
Finance costs (net)	(307,481)	(181,958)	-	-	-
Taxation	-	-	(1,745)	(4,639)	(100,834)
Loss after taxation	(5,864,030)	(1,194,752)	(2,970,734)	(3,118,637)	(2,112,068)

The five-year financial summary is presented in this financial statement for the purpose of complying with the Companies and Allied Matters Act disclosure requirements.