

**IBOM POWER COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

IBOM POWER COMPANY LIMITED
INDEX TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Page
Corporate information	3
Report of the directors	4 - 5
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	19
4 Financial risk management	20
5 Revenue	25
6 Cost of sales	25
7 Operating expenses	25
8 Finance (costs) - net	26
9 Current income tax	26
10 Property, plant and equipment	27
11 Prepayments	28
12 Trade and other receivables	28
13 Cash and cash equivalents	29
14 Share capital	29
15 Employment benefit obligation	29
16 Trade and other payables	32
17 Borrowings	32
18 Cash generated from operations	33
19 Related party transactions	34
20 Employees information	35
21 Contingencies and capital commitments	35
22 Going concern	35
23 Events after reporting date	35
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 2015

Corporate Information

Company registration number	RC 399519
Registered Office	2nd Floor, APICO Investment House 143, Olusegun Obasanjo way Uyo Akwa Ibom state
Directors	<div> Dr Elijah Akpan Engr. Meyen Etukudo (MNSE) Barr. Aniedi Akpabio Dr. Victor Udo Engr. Billy Etukudo Engr. Edet Efreteui </div> <div> Chairman (appointed 1 August 2016) Managing Director (appointed 1 August 2016) Chairman (resigned 31 July 2016) Managing Director (resigned 31 July 2016) (resigned 31 July 2016) (resigned 31 July 2016) </div>
Company Secretary	Barr. Ime Asibong 2nd Floor, APICO Investment House 143, Olusegun Obasanjo way 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 2015

The directors submit their report together with the audited financial statements for the year ended 31 December 2015, which disclose the state of affairs of Ibom Power Company Limited ("the Company").

Incorporation

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:

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 2015 N'000	31 December 2014 N'000
Revenue	5,592,782	4,667,734
Loss before income tax	(10,112,179)	(5,314,896)
Taxation	-	-
Loss for the year	(10,112,179)	(5,314,896)

Analysis of shareholding

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

As at 31 December 2015, the shares of the Company were held as follows:

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

There were no changes in the Company's shareholding from 2014.

Redeemable preference shares

The Federal Government of Nigeria through the Niger Delta Power Holding Company Limited held eighty (80) million redeemable preference shares in the Company as at 31 December 2015 (31 December 2014: 80 million). 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.

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.

IBOM POWER COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

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. 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.

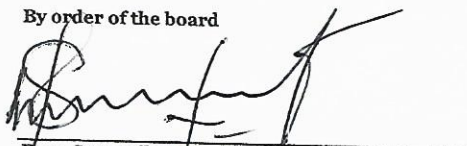
Donations and gifts

The Company made no donations during the year (2014: 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

27th DECEMBER 2016

IBOM POWER COMPANY LIMITED
STATEMENT OF DIRECTOR'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015, 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 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.



Director

27TH DECEMBER 2016



Director

27TH DECEMBER 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 2015 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 Ubeh



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 2015 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 N10.112 billion (2014: N5.315 billion) incurred by the Company during the year ended 31 December, 2015 and, as of that date; the Company's total liabilities exceeded its total assets by N39.442 billion (2014: N28.529 billion). These conditions, along with other matters as set forth in Note 17, 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.



23 December 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 2015

	Note	31 December 2015 N'000	31 December 2014 N'000
Revenue	5	5,592,782	4,667,734
Cost of sales	6	(9,082,695)	(5,946,987)
Gross loss		(3,489,913)	(1,279,253)
Operating expenses	7	(1,273,452)	(2,319,089)
Operating loss		(4,763,365)	(3,598,342)
Finance income	8	-	32,260
Finance costs	8	(5,348,814)	(1,748,814)
Finance costs - net	8	(5,348,814)	(1,716,554)
Loss before tax		(10,112,179)	(5,314,896)
Taxation		-	-
Loss for the year		(10,112,179)	(5,314,896)
Other comprehensive income:			
Actuarial loss on employment benefit obligation	15	(801,419)	-
Total comprehensive loss for the year		(10,913,598)	(5,314,896)

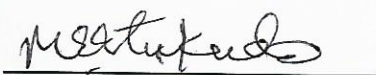
The notes on pages 13 to 35 form an integral part of these financial statements.

IBOM POWER COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31 December 2015 N'000	31 December 2014 N'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	13,980,284	14,255,348
Prepayments	11	31,881	33,914
		<u>14,012,165</u>	<u>14,289,262</u>
Current assets			
Trade and other receivables	12	3,035,447	2,336,872
Cash and cash equivalents	13	173,067	220,385
		<u>3,208,514</u>	<u>2,557,257</u>
TOTAL ASSETS		<u>17,220,679</u>	<u>16,846,519</u>
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	14	20,000	20,000
Retained losses		(39,462,364)	(28,548,766)
TOTAL EQUITY		<u>(39,442,364)</u>	<u>(28,528,766)</u>
LIABILITIES			
Non-current liabilities			
Employment benefit obligation	15	1,709,552	630,799
		<u>1,709,552</u>	<u>630,799</u>
Current liabilities			
Current income tax	9	108,718	108,718
Trade and other payables	16	10,630,015	6,084,937
Borrowings	17	44,214,758	38,550,831
		<u>54,953,491</u>	<u>44,744,486</u>
TOTAL LIABILITIES		<u>56,663,043</u>	<u>45,375,285</u>
TOTAL EQUITY AND LIABILITIES		<u>17,220,679</u>	<u>16,846,519</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 27th Dec 2016 and were signed on its behalf by



27th December
.....2016



27th December
.....2016

IBOM POWER COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital ₦'000	Retained loss ₦'000	Total equity ₦'000
Balance as at 1 January 2014	20,000	(23,233,870)	(23,213,870)
Loss for the year	-	(5,314,896)	(5,314,896)
Balance as at 31 December 2014	20,000	(28,548,766)	(28,528,766)
Balance as at 1 January 2015	20,000	(28,548,766)	(28,528,766)
Loss for the year	-	(10,112,179)	(10,112,179)
Other comprehensive loss	-	(801,419)	(801,419)
Balance as at 31 December 2015	20,000	(39,462,364)	(39,442,364)

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

IBOM POWER COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

		31 December 2015 N'000	31 December 2014 N'000
Cash flows from operating activities	Note		
Cash generated from operations	18	493,236	515,881
Benefit paid	15	(1,350)	-
Net cash generated from operating activities		491,886	515,881
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(891,800)	(122,655)
Proceeds from disposal of property, plant and equipment	18	4,040	-
Net cash used in investing activities		(887,760)	(122,655)
Cash flows from financing activities			
Proceeds from borrowings	17	2,942,361	390,000
Repayment of borrowings	17	(2,469,183)	(966,000)
Interest paid	17	(72,313)	(76,631)
Net cash used in financing activities		400,865	(652,631)
Increase/(decrease) in cash and cash equivalents		4,990	(259,405)
Cash and cash equivalents at start of year		3,141	262,546
Cash and cash equivalents at end of year	13	8,131	3,141

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

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

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.

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, as the Company currently receives financial support from its parent Company (AKIIPOC). This support however, is subject to an annual review.

2.1.2 Changes in accounting policy and disclosures

New standards and interpretations adopted

The following standards and amendments have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2015.

Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles:

- IFRS 13 confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2015 are not material to the Company.

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 2015, 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:

Standards

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

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018. The Company is assessing the impact of IFRS 15.

IFRS 16 Leases, supersedes IAS 17 also on leases (effective 1 January 2019). It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. Particularly, it provides that the lessee would also recognise not just the interest rental payments on the lease but also an asset and liability as is the case with a finance lease. This means that both operating and finance leases will be treated similarly. The Company is yet to assess the full impact of IFRS 16 however it is likely to have a material impact on the financial statement.

Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16.

The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate.

The IASB has amended IAS 16 property, plant and equipment to clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. Effective 1 January 2016.

Annual improvements

Annual Improvements to IFRSs 2012-2014 cycle. The latest annual improvements that affect the Company clarify:

- IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. Effective 1 January 2016.
- IAS 19- that when determining the discount rate for post- employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. Effective 1 January 2016.

Disclosure Initiative

Disclosure Initiative - Amendments to IAS 1. The amendments to IAS 1 'Presentation of Financial Statements' are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including materiality, disaggregation and subtotals, notes and OCI arising from investments accounted for under the equity method. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.

The amendments are effective for annual periods beginning on or after 1 January 2016.

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.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 'operating expenses' in 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	33
Plant & machinery	6 - 20	5 - 17
Furniture and fittings	20	5
Office equipment	25 - 33	3 - 4
Motor vehicle	25	4

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 and other receivables and cash and cash equivalents in the statement of financial position (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 and other payables and borrowings. These 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 reporting 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.

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 and the Nigerian Bulk Electricity Trading Plc 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 to 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 and bank overdrafts. 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).

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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.

2.12 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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.

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.

2.13.3 Defined benefit plan

The Company operates a gratuity scheme whereby gratuity is payable to an employee (next of kin- in case of death of an employee) who has rendered continuous service of five years or more or on his termination or voluntary retirement of his/her employment and is in accordance with labor law act. The liability is determined by multiplying the annual gross salary of staff at the time of leaving by the number of years in Company's employment. Also, the Company grants long service awards in form of cash and gifts to staff based on their grades and the number of years of service.

The defined benefit plans are being accounted using the projected unit credit method that considers the rate of inflation, the degree of salary increases of employees, the retirement age among other factors. The gratuity expense under this method is expensed annually as additional staff cost to make for the gratuity liability.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation. When there is no deep market in such bonds, the market rates on government bonds are used. The current service costs and the net interest cost/income are recognised in the statement of profit or loss in respect of the reporting period.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the statement of profit or loss.

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 Nigerian Bulk Electricity Trading Plc (while the Transmission Company of Nigeria was the customer in January 2015 ahead of the Transitional Stage Energy Market - TEM).

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.

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.

2.18 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

3 Critical accounting estimates and judgements

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 customers Transmission Company of Nigeria (TCN) and Nigeria Bulk Electricity Trading Plc (NBET). This was based on management past experiences with the customers 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 the power plant, 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 and interest rate 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.

(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.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(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 more sensitive to movement in Naira/US dollar exchange rates because of the high amount of US dollar-denominated balances.

	31 December 2015	31 December 2014
Total amount exposed to foreign exchange risk	N'000	N'000
Cash and cash equivalent	22,277	74,380
Borrowings	18,476	15,580
Total	40,753	89,959

This relates to Cash and cash and equivalents held in foreign currencies.

Sensitivity to USD (dollars)

	31 December 2015	31 December 2014
	N'000	N'000
Effect of 5% increase in USD on profit or loss	765	2,054
Effect of 5% decrease in USD on profit or loss	(765)	(2,054)

Sensitivity to GBP

	31 December 2015	31 December 2014
	N'000	N'000
Effect of 5% increase in GBP on profit or loss	15	1,417
Effect of 5% decrease in GBP on profit or loss	(15)	(1,417)

Sensitivity to Euro

	31 December 2015	31 December 2014
	N'000	N'000
Effect of 5% increase in Euro on profit or loss	334	248
Effect of 5% decrease in Euro on profit or loss	(334)	(248)

This relates to borrowings held in foreign currencies

Sensitivity to USD

	31 December 2015	31 December 2014
	N'000	N'000
Effect of 5% increase in USD on profit or loss	924	779
Effect of 5% decrease in USD on profit or loss	(924)	(779)

(ii) Interest rate risk

The Company is significantly exposed to interest rate risk. It is exposed to changes in interest rates on financial assets or financial liabilities bearing floating interest rates due to the risk that future cash flows will fluctuate. Also, its fixed interest rate financial assets and 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 increase in interest rates would result in a increase 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 2015, the Company had a loan with Afrexim which consisted of a single facility: US \$8.3 million (N 1.63 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%. The loan remains outstanding to date.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Sensitivity of variable rate borrowings to interest rate movement.

	31 December 2015 N'000	31 December 2014 N'000
Effect of 5% increase in interest rate on profit or loss	16,799	9,800
Effect of 5% decrease in interest rate on profit or loss	(16,799)	(9,800)

(iii) Commodity price risk

During the year, the Company was not exposed to any commodity price risk (2014 : Nil).

(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 concentrated risk as it has two customers, the Transmission Company of Nigeria and Nigeria Bulk Electricity Trading Plc which are Government owned companies. 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 collectibility of its trade and other receivables in future periods. As at 31 December 2015, the Company had trade receivables of N 3.19 billion (2014: N 2.29 billion) and the balances were due from the Transmission Company of Nigeria and Nigeria Bulk Electricity Trading Plc.

There are no policies in place to ensure that credit limits are set for the customers. However, credit risk is managed by the finance manager through the commercial department. This department is responsible for following up with the Company's customers 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 2015 N'000	31 December 2014 N'000
Cash and cash equivalents	173,067	220,385
Trade receivables (Gross)	3,190,937	2,293,771
Other receivables (Gross)	1,555,795	1,555,795
Gross amount	4,919,799	4,069,951
Impairment	(1,752,017)	(1,555,795)
Net amount	3,167,782	2,514,156

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:

31 December 2015	Cash & cash equivalents N'000	Trade receivables N'000	Other receivable N'000	Total N'000
Neither past due nor impaired	173,067	2,484,715	-	2,657,782
Past due but not impaired	-	510,000	-	510,000
Impaired	-	196,222	1,555,795	1,752,017
Gross	173,067	3,190,937	1,555,795	4,919,799
Impairment allowance	-	(196,222)	(1,555,795)	(1,752,017)
Net	173,067	2,994,715	-	3,167,782

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

31 December 2014	Cash & cash equivalents N'000	Trade receivables N'000	Other receivable N'000	Total N'000
Neither past due nor impaired	220,385	420,829	-	641,214
Past due but not impaired	-	2,424,575	-	2,424,575
Impaired	-	-	1,555,795	1,555,795
Gross	220,385	2,845,404	1,555,795	4,621,584
Impairment allowance	-	-	(1,555,795)	(1,555,795)
Net	220,385	2,845,404	-	3,065,789

(ii) Credit quality of financial assets

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 customers are the Transmission Company of Nigeria and the Nigerian Bulk Electricity Trading Company. No credit limits have been set for these customers. However based on history, there is an expectation that amounts owed are received within a period of one month. Where payment for receivables are delayed for over one year impairment allowances are 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 customers are wholly owned government entity.

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

Trade and other receivables

	31 December 2015 N'000	31 December 2014 N'000
Counter party without external credit rating:		
Transmission Company of Nigeria	-	420,829
Nigeria Bulk Electricity Trading Plc	2,484,715	-
	2,484,715	420,829

Financial assets that are neither past due nor impaired

	31 December 2015 N'000	31 December 2014 N'000
Cash and cash equivalents		
AA	73,137	64,720
A	28,648	111,351
Others	718	717
Non rated	70,564	43,597
	173,067	220,385

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' ratings denote strong prospects for ongoing viability. Fundamental characteristics are strong and stable, such that it is unlikely that the bank would have to rely on extraordinary support to avoid default.

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

'Non rated' are banks or cash in hand that are not rated by Fitch.

This is based on Fitch national long-term rating.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

The aging analysis for trade receivables past due but not impaired amounts to the following:

Trade receivables

Over 1 month but less than one year

Total

31 December 2015 N'000	31 December 2014 N'000
510,000	2,424,575
510,000	2,424,575

(iv) Financial assets that are impaired

As at 31 December 2015, impaired financial assets amount to N1.752 billion. This amount relates to receivable from the Transition Company of Nigeria (31 December 2014: N1.556 billion) and it's as a result of the credit and economic conditions affecting the government. The Company does not hold any collateral as security.

(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.

Borrowings
Trade and other payables

31 December 2015 N'000		
Less than 1 year	More than 1 year	Total
44,214,758	-	44,214,758
9,482,529	-	9,482,529
53,697,287	-	53,697,287

Borrowings
Trade and other payables

31 December 2014 N'000		
Less than 1 year	More than 1 year	Total
38,550,831	-	38,550,831
4,943,819	-	4,943,819
43,494,650	-	43,494,650

The amounts disclosed in the tables above are the undiscounted contractual cash flows of the liabilities. In the Company's total borrowings shown above, the amounts outstanding include interests and penalties capitalised over the years as a result of default on the repayment terms of the contracts.

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

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.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 N'000	31 December 2014 N'000
Financial assets at amortised costs		
<u>Loans and receivables</u>		
Trade and other receivables	3,009,614	2,328,826
Cash and cash equivalents (excluding bank overdraft)	173,067	220,385
Total	3,182,681	2,549,211
Financial liabilities at amortised costs		
<u>Liabilities</u>		
Borrowings	44,214,758	38,550,831
Trade and other payables	9,482,529	4,943,819
Total	53,697,287	43,494,650

The Company's financial instruments are all current.

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 2015 N'000	31 December 2014 N'000
Borrowings (note 17)	44,214,758	38,550,831
Less: Cash and cash equivalents (note 13)	(173,067)	(220,385)
Net debt	44,041,691	38,330,446
Total equity	(39,442,364)	(28,528,766)
Total capital employed	4,599,327	9,801,680
Net debt to capital employed ratio (gearing ratio)	958%	391%

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

5 Revenue

	31 December 2015 N'000	31 December 2014 N'000
Capacity charge		
Energy delivered	3,097,802	2,254,728
	<u>2,494,980</u>	<u>2,413,006</u>
	5,592,782	4,667,734

6 Cost of sales

	31 December 2015 N'000	31 December 2014 N'000
Gas consumption (i)		
Operational maintenance	7,414,505	4,668,376
Depreciation of power plants (Note 10)	630,222	244,072
	<u>1,037,968</u>	<u>1,034,539</u>
	9,082,695	5,946,987

(i) The Company is billed for gas under a 'take or pay' arrangement. This amount includes cost of actual gas utilised amounting to N2.66 billion (2014: N1.72 billion) and lease payment for use of the Gas facilities directly attributable to generating energy amounting to N4.75 billion (2014: 2.96 billion).

7 Operating expenses

	31 December 2015 N'000	31 December 2014 N'000
Employee benefit expense (note 7.1)		
Staff training	882,778	1,091,171
Legal expenses	19,558	15,910
Depreciation (note 10)	66,675	93,200
Security	120,263	87,467
Travels	42,724	111,033
Repairs and maintenance	10,232	190,237
Equipment rentals	15,220	253,253
Auditors remuneration	31,928	242,576
Office supplies	18,520	15,745
*Other operating expenses	48,079	149,502
	<u>17,475</u>	<u>68,995</u>
	1,273,452	2,319,089

*This relates to payment for community relations, licences and permits, etc.

7.1 Employee benefit expense

	31 December 2015 N'000	31 December 2014 N'000
Directors fees and allowances (note 19)		
Salaries and allowances (note 20)	125,632	193,653
Defined contribution plans (note 20)	452,273	256,155
Current service cost (note 15)	26,189	10,564
Interest cost (note 15)	179,570	630,799
	<u>99,114</u>	<u>-</u>
	882,778	1,091,171

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

8 Finance (costs) - net

	31 December 2015 N'000	31 December 2014 N'000
Finance income:		
Finance income	-	32,260
Finance costs:		
Bank charges	(33,443)	(6,256)
Interest expense - borrowings	(2,754,912)	(758,558)
Unrealized exchange loss	(2,560,459)	(984,000)
	(5,348,814)	(1,748,814)
Net finance costs	(5,348,814)	(1,716,554)

Interest income represents the income earned on fixed deposit investment, other bank deposits and effective interest on loans and receivables. Interest expense includes effective interest on borrowings and other finance charges.

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.

The movement in tax payable is as follows:

	31 December 2015 N'000	31 December 2014 N'000
Current income tax liabilities		
At start of the year	108,718	108,718
Charge for the year	-	-
	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 N7.984 billion (2014: N5.293 billion) in respect of accounting losses amounting to N10.914 billion (2014: N5.314 billion) that can be carried forward against future taxable income. Losses can be carried forward beyond the pioneer period and do not expire.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

10 Property, plant and equipment

	Building	Plant & machinery	Furniture and fittings	Office equipment	Motor vehicle	Construction work-in-progress*	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At 1 January 2014	2,340,774	17,461,039	44,761	35,421	209,387	-	20,091,382
Additions	-	-	-	-	122,655	-	122,655
Disposals	-	-	-	-	-	-	-
At 31 December 2014	2,340,774	17,461,039	44,761	35,421	332,042	-	20,214,037
At 1 January 2015	2,340,774	17,461,039	44,761	35,421	332,042	-	20,214,037
Additions	-	780,000	17,000	-	46,800	48,000	891,800
Disposals	-	-	-	-	(154,448)	-	(154,448)
At 31 December 2015	2,340,774	18,241,039	61,761	35,421	224,394	48,000	20,951,389
Accumulated depreciation							
At 1 January 2014	296,255	4,290,846	41,113	29,525	178,944	-	4,836,683
Charge for the year	74,125	1,034,539	426	1,656	11,260	-	1,122,006
Disposals	-	-	-	-	-	-	-
At 31 December 2014	370,380	5,325,385	41,539	31,181	190,204	-	5,958,689
At 1 January 2015	370,380	5,325,385	41,539	31,181	190,204	-	5,958,689
Charge for the year	74,124	1,037,968	3,246	1,656	41,237	-	1,158,231
Disposal	-	-	-	-	(145,815)	-	(145,815)
At 31 December 2015	444,504	6,363,353	44,785	32,837	85,626	-	6,971,105
Net book amount							
31 December 2014	1,970,394	12,135,654	3,222	4,240	141,838	-	14,255,348
31 December 2015	1,896,270	11,877,686	16,976	2,584	138,768	48,000	13,980,284

*Construction work-in-progress relates to assets set aside to set up Phase II of the plant.

Depreciation expense

	31 December 2015	31 December 2014
	N'000	N'000
Included in cost of sales	1,037,968	1,034,539
Included in operating expense	120,263	87,467
	1,158,231	1,122,006

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

11 Prepayments

	31 December 2015 N'000	31 December 2014 N'000
Operating lease - Land (note 11.1)	31,881	33,914
Gas supply advance payment (note 11.2)	-	-
	<u>31,881</u>	<u>33,914</u>

Movement in prepayment is analysed as follows:

11.1 - Operating lease - Land

	2015 N'000	2014 N'000
Balance as at 1 January	33,914	35,945
Charge for the year	(2,033)	(2,031)
Balance as at 31 December	<u>31,881</u>	<u>33,914</u>

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

11.2 - Gas supply advance payment

	2015 N'000	2014 N'000
Balance as at 1 January	-	2,960,000
Additions	2,942,361	-
Charge for the year	(2,942,361)	(2,960,000)
Balance as at 31 December	<u>-</u>	<u>-</u>

These are non current prepayments.

12 Trade and other receivables

	31 December 2015 N'000	31 December 2014 N'000
Trade receivables	3,190,937	2,293,771
Less: provision for impairment of trade receivables	(196,222)	-
Trade receivables - net	<u>2,994,715</u>	<u>2,293,771</u>
Other receivable	1,555,795	1,555,795
Less: impairment of other receivable	(1,555,795)	(1,555,795)
Other receivable - net	<u>-</u>	<u>-</u>
Staff advances	35,055	35,055
Less: impairment of staff advances	(35,055)	-
Staff advances (net)	<u>-</u>	<u>35,055</u>
Staff loans	14,899	-
Less: impairment of staff loans	-	-
Staff advances (net)	<u>14,899</u>	<u>-</u>
Prepayment (current)	<u>25,833</u>	<u>8,046</u>
Total	<u>3,035,447</u>	<u>2,336,872</u>

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 Ibom Power Plant to the National electric power grid.

Staff loans are loans granted to staff at zero interest rate and are recognised at fair value on initial recognition. These are financial instruments.

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

	31 December 2015 N'000	31 December 2014 N'000
At 1 January	1,555,795	1,555,795
Provision for other receivable impairment	-	-
At 31 December	<u>1,555,795</u>	<u>1,555,795</u>

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

	31 December 2015 N'000	31 December 2014 N'000
At 1 January	35,055	35,055
Provision for other receivable impairment	(35,055)	-
At 31 December	-	35,055

The creation and release of provision for impaired receivables 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.

13 Cash and cash equivalents

	31 December 2015 N'000	31 December 2014 N'000
Cash in hand	639	16,175
Cash at bank	172,428	204,210
Cash and cash equivalents (excluding bank overdrafts)	173,067	220,385

In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks and bank overdrafts.

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

Cash in hand and at bank	173,067	220,385
Bank overdrafts (note 17)	(164,936)	(217,244)
Cash and cash equivalents	8,131	3,141

14 Share capital

Authorised

100 million ordinary shares of N1

Issues and fully paid

20 million ordinary shares of N1 e

	31 December 2015 N'000	31 December 2014 N'000
100 million ordinary shares of N1	100,000	100,000
20 million ordinary shares of N1 e	20,000	20,000

15 Employment benefit obligation

15.1 Defined gratuity benefits

The Company introduced a new defined benefit scheme in 2014. Under the scheme, gratuity is payable to an employee (next of kin- in case of death of an employee) who has rendered continuous service for five years or more or on his termination or voluntary retirement of his/her employment and is in accordance with labour law act. The liability is determined by multiplying the current annual basic salary of staff at the time of leaving by the number of years in Company's employment.

In 2015, external actuaries were engaged to determine the liability based on the projected credit unit method. The actuarial report also covers for these benefit in 2014. Hence the initial liability recognised in 2014 from the Company's computation was restated to reflect the amount in the actuarial report.

15.2 Long service awards

The Company grants long service awards in form of cash and gifts to staff based on their grades and the number of years of service. The scheme is an unfunded plan and the liability has been estimated as shown below.

In the reporting period, the expected costs of these benefits were accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Movement in employee benefit

	Gratuity		Long service award		Total	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000	2015 N'000	2014 N'000
At 1 January	612,840	-	17,959	-	630,799	-
Current service cost	163,947	612,840	15,623	17,959	179,570	630,799
Interest cost	95,185	-	3,929	-	99,114	-
Actuarial loss	799,302	-	2,117	-	801,419	-
Benefits paid	-	-	(1,350)	-	(1,350)	-
At 31 December	1,671,274	612,840	38,278	17,959	1,709,552	630,799
Amounts recognised in						
Current service cost	163,947	612,840	15,623	17,959	179,570	630,799
Interest cost	95,185	-	3,929	-	99,114	-
Total	259,132	612,840	19,552	17,959	278,684	630,799

The Company had no plan assets for the period ended 31 December 2015 (2014: nil).

Amounts recognised in other comprehensive income

	Gratuity		Long service award		Total	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Actuarial loss	799,302	-	2,117	-	801,419	-

The principal actuarial assumptions for the reporting period were as follows:

	2015		2014	
	Gratuity	Long-service	Gratuity	Long-service
Discount rate	12%	12%	15%	15%
Rate of benefits increase	12%	-	12%	-
Inflation rate	9%	9%	9%	9%

Assumptions regarding future mortality experience are set based on actuarial advice, published statistics and experience in the industry.

15.3 Mortality in service

The rates of mortality assumed for employees are the rates published in the tables, published jointly by the Institute and Faculty of Actuaries in the UK. It was rated down by one year to accurately reflect mortality in Nigeria.

Sample age

25
30
35
40
45

Gratuity	Long-service
Number of deaths in year out of 100,000 lives	Number of deaths in year out of 10,000 lives
69	7
65	7
36	9
144	14
264	26

Withdrawal from service

Age band
18- 29
30- 44
45- 49

Gratuity	Long-service
0.04	0.04
0.03	0.03
0.01	0.02

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

The sensitivities of the overall pension liability to 1% change in discount rate and inflation rate are presented below:

At 31 December 2015		Gratuity	Long-service
15.4 Post		₦'000	₦'000
Liability (base)		1,671,274	38,278
Discount rate	1% Increase	(251,251)	(2,223)
	1% Decrease	304,780	2,454
Liability (base)		1,671,274	38,278
Inflation rate	1% Increase	310,602	2,688
	1% Decrease	(259,648)	(2,467)
At 31 December 2014		Gratuity	Long-service
		₦'000	₦'000
Liability (base)		612,840	17,959
Discount rate	1% Increase	(66,750)	7,425
	1% Decrease	135,663	10,645
Liability (base)		612,840	17,959
Inflation rate	1% Increase	141,163	10,856
	1% Decrease	(72,176)	7,214

15.5 Risk exposure

The Company faces many kinds of pension risk. Of these, gratuity financial risk has the power to make or break the Company by lowering its share price and undermining plans for expansion and growth. Financial risk incorporates the factors that impact the health of the gratuity plan, including market volatility, changes to inflation and interest rates, increasing administrative costs and longevity. If gratuity financial risk is not managed properly, the financial health of the business may be threatened, and the Company may lose focus on its core business strategy as attention is diverted toward gratuity benefit issues.

a. Types of defined benefit risks

The main types of risk, which could influence the gratuity plan are as follows:

- (i) Inflation risk
This is the risk that the investments will not grow quickly enough to outpace inflation. This can happen with low risk investments such as cash or bonds.
- (ii) Investment risk
This is the risk that the value of the investment could go down as well as up. Cash funds have very little chance of falling in value, but there is a degree of investment risk with most other funds.
- (iii) Market Risk
This is the unexpected risk of a significant reduction in the market value of plan assets.
- (iv) Interest Risk
This is the risk of an unexpected significant rise/fall of market interest rates. A rise leads to a fall in long term asset values and a rise in liability values.
- (v) Credit Risk
This is the risk that Plan assets can be lost through the actions of third parties – Banks, Custodians, Brokers etc.
- (vi) Mortality Risk
This is the risk that mortality experience may be worse than anticipated

b. Funding status

The Company's severance package is unfunded as at the reporting date.

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

15.6 Average maturity period

The weighted average duration of the gratuity plan and the long service award is 21.92 and 9.92 years respectively. The expected maturity analysis and the gratuity and long service award benefit scheme is as follows:

	Less than a year	Between 2 - 5 years	Between 5 - 10 years	Beyond 10 years	Total
	N'000	N'000	N'000	N'000	N'000
31 December					
Gratuity	10,565	94,459	956,577	94,171,753	95,233,354
Long service award	4,303	24,300	66,347	232,498	327,448
Total	14,868	118,759	1,022,924	94,404,251	95,560,802
31 December					
Gratuity	6,435	59,270	887,725	71,212,673	72,166,103
Long service award	1,451	26,444	65,972	227,206	321,073
Total	7,886	85,714	953,697	71,439,879	72,487,176

16 Trade and other payables

	31 December 2015 N'000	31 December 2014 N'000
Trade payables	8,890,655	4,290,401
Accrued expenses	551,696	545,866
Withholding tax	580,894	577,686
Value added tax	566,592	563,432
Deferred revenue	-	-
Other payables	40,178	107,552
	10,630,015	6,084,937

17 Borrowings

Current

Diamond bank (Note 17.1)
Africa Export Import Bank (Afrexim) (Note 17.2)
AKIPOC (Note 17.3)
Access bank (Note 17.4)
Bank overdraft- Access bank (Note 13)
Redeemable Preference shares

	31 December 2015 N'000	31 December 2014 N'000
Diamond bank	6,364,789	4,018,161
Africa Export Import Bank (Afrexim)	2,756,162	2,179,732
AKIPOC	19,208,871	18,456,511
Access bank	-	279,183
Bank overdraft- Access bank	164,936	217,244
Redeemable Preference shares	15,720,000	13,400,000
	44,214,758	38,550,831

Movements on the borrowings are as follows:

	AKIPOC N'000	Diamond bank N'000	Afrexim loan N'000	Access Bank N'000	Redeemable preference shares N'000	Total N'000
At 1 January 2015	18,456,511	4,018,161	2,179,732	496,427	13,400,000	38,550,831
Interest paid	-	-	-	(72,313)	-	(72,313)
Interest accrued	-	2,346,628	335,971	72,313	-	2,754,912
Exchange difference - Unrealised	-	-	240,459	-	2,320,000	2,560,459
Addition during the year	2,942,361	-	-	-	-	2,942,361
Repayment	(2,190,000)	-	-	(279,183)	-	(2,469,183)
Movement in Overdraft (note)	-	-	-	(52,308)	-	(52,308)
At 31 December 2015	19,208,872	6,364,789	2,756,162	164,936	15,720,000	44,214,758

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

17.1 Diamond bank

The Diamond bank loan consists of two facilities: N 1.92 billion restructured loan with tenure of three years, interest rate of 20% per annum and repayment to commence in January 2010 and N 400 million loan with tenure of three years and an interest rate of 20% per annum. Repayment commenced in July 2009. The contract terms of the loans were not adhered to and as at 31 December 2015, 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.

17.2 Afrexim loan

The Afrexim loan consist of a single facility: US \$8.3 million (N 1.2 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 did not comply with the repayment terms of this contract and therefore rescheduled it in 2011. The Company is now further renegotiating this loan; however as at the reporting date a new contract had not been finalised. The loan is therefore treated as payable on demand.

17.3 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. During the year, additional loan of N2.94 billion was received by IPC while repayment of loans amounted to N2.19 billion. See note 19 for movement of this liability.

17.4 Access Bank

The Access bank loan consists of a single restructured facility of N 390 million. The term commenced on the 12th of February 2014 with a tenure of 6 months. Interest rate is fixed at 20.5% with a flat fee of 0.75%. The Company defaulted on the terms of the loan and this attracted 1% penalty charges and accrued interest on outstanding loan balance in line with the loan terms. These loans are repayable on demand as contractual term has not been renegotiated.

17.5 Redeemable preference shares

The Akwa Ibom State Government (AKSG) received the sum of \$80 million from the Federal Government of Nigeria (FGN) on behalf of Ibom Power Company (IPC). Consequently, Ibom Power Company issued 80 million redeemable preference shares of No.50 each at the price of \$1 per share. These shares were registered with the Corporate Affairs Commission and share certificates issued 1st March 2007. The right to these preference shares were later transferred to Niger Delta Power Holding Company (NDPHC).

Changes in the preference shares balances over the years are due to fluctuations in the foreign exchange rate between the Naira and the Dollar.

These preference shares are mandatorily redeemable. Hence, they are classified as liabilities.

18 Cash generated from operations

	31 December 2015 N'000	31 December 2014 N'000
Reconciliation of loss before tax to cash used in operations		
Loss before tax		
Adjustments for:	(10,112,179)	(5,314,896)
– Depreciation (property, plant & equipment) (note 10)	1,158,231	1,122,006
– Loss on disposal of property, plant & equipment (note 18.1)	4,593	-
– Interest income (note 8)	-	(32,260)
– Unrealized exchange loss (note 8)	2,560,459	984,000
– Provision for impairment of trade receivable	196,222	-
– Interest expense	2,754,912	764,814
– Post employment benefits (note 15)	278,684	630,799
Changes in working capital:		
Increase in trade and other receivables	(894,797)	(2,316,096)
Decrease in non current prepayment	2,033	2,962,031
Increase in trade and other payables	4,545,078	1,715,483
Cash generated from operations	493,236	515,881

IBOM POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

18.1 Proceeds on disposal

In the statement of cash flows, proceeds from disposal of property, plant, equipment and intangible assets comprise:

	31 December 2015 N'000	31 December 2014 N'000
Net book value of property, plant, equipment disposed (note 10)	(8,633)	-
Loss on disposal of property, plant & equipment	(4,593)	-
Proceeds on disposal	<u>4,040</u>	<u>-</u>

19 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 year, Akwa Ibom State Government paid N2.94 billion on behalf of Ibom Power Company to Septa Gas for gas consumed and received N2.19 billion from Ibom Power Company. However, the amount due to AKIIPOC at the end of the year is shown below:

	2015 N'000	2014 N'000
<u>Due to related party: AKIIPOC</u>		
At 1 January	18,456,511	18,456,511
Additions during the year	2,942,361	-
Repayments	(2,190,000)	-
At 31 December	<u>19,208,871</u>	<u>18,456,511</u>

19.1 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 2015 N'000	31 December 2014 N'000
Short term employee benefits	<u>125,632</u>	<u>193,653</u>
	31 December 2015 N'000	31 December 2014 N'000
The aggregate emoluments of key management personnel were:		
Fees	8,125	7,871
Managing Director's salary	32,000	32,000
Allowances	85,507	153,782
	<u>125,632</u>	<u>193,653</u>

Fees and other emoluments disclosed above include amounts paid to:

	31 December 2015 N'000	31 December 2014 N'000
The Chairman	<u>5,400</u>	<u>5,400</u>
The highest paid Director	<u>32,000</u>	<u>32,000</u>

The number of key management personnel who received fees and other emoluments (excluding pension contributions and other benefits) during the year was four (4) (2014: 4).

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 2015

20 Employees information

20.1 Employee costs during the year amounted to:

	31 December 2015 N'000	31 December 2014 N'000
Wages and Salaries (excluding MD's salary) (note 7.1)	452,273	256,155
Pension costs- defined contribution plans (note 7.1)	26,189	10,564
	478,462	266,719

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

	31 December 2015	31 December 2014
Management staff	5	4
Senior staff	61	50
Junior staff	33	36
	99	90

20.3 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 2015	31 December 2014
Below N500,000	-	-
N500,001 - N1,000,000	15	36
N1,000,001 - N1,500,000	18	31
Above N1,500,000	66	23
	99	90

21 Contingencies and capital commitments

21.1 Contingencies

As at 31 December 2015, the Company had a total of ten (10) (2014: 7) pending litigations with a cumulative claim of N6.9 billion (2014: N13.3 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.

21.2 Capital commitments

- (a) There were no capital expenditures contracted for at the end of the 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.

22 Going concern

The directors have no doubt that the Company would remain in existence after twelve (12) months from the date of approval of this financial statements, as the Company currently receives financial support from its parent Company (AKICORP). AKICORP has also indicated her willingness to provide any required financial support for next twelve (12) months and beyond from the date of approval of this financial statements.

23 Events after reporting date

(a) Gas sales and purchase agreement

The Company updated her gas and sales purchase agreement with Accugas via a signed addendum dated 26 April, 2016 and with effective date of 1 January, 2016. Key terms of agreement include reduction of 'take or pay' quantity of gas from 43,500 million british thermal units (MMBTU) per day to 16,000 MMBTU per day. Daily 'take or pay' quantity of gas reduction is expected to reduce gas cost from effective date.

(b) Access bank final settlement agreement

The Company signed a final settlement agreement with Access bank dated 13 December, 2016 in respect of Access bank outstanding Access bank loan of N164.9 million currently in default. Key terms include final settlement sum of N175.3 million and no further interest accrual from 1 November, 2016. The Company is expected to repay all outstanding liabilities as soon as possible.

IBOM POWER COMPANY LIMITED
STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 N'000	%	2014 N'000	%
Revenue	5,592,782		4,667,734	
Finance income	-		32,260	
	5,592,782		4,699,994	
Bought-in materials and services (local)	(10,909,040)		(7,043,155)	
Value absorbed	(5,316,258)	100	(2,343,161)	100
Applied as follows:				
Employees				
To pay salaries, wages and other staff costs	882,778	17	1,091,171	(47)
Providers of capital				
To pay interest on borrowings	2,754,912	52	758,558	(32)
Maintenance of assets				
Depreciation	1,158,231	22	1,122,006	(48)
For the future				
Loss for the year	(10,112,179)	(190)	(5,314,896)	227
Value absorbed	(5,316,258)	100	(2,343,161)	100

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 2015

STATEMENT OF FINANCIAL POSITION

	IFRS				
	31 December 2015 N'000	31 December 2014 N'000	31 December 2013 N'000	31 December 2012 N'000	31 December 2011 N'000
ASSET EMPLOYED					
Property, plant and equipment	13,980,284	14,255,348	15,254,699	15,633,460	16,763,123
Prepayments	31,881	33,914	2,995,945	6,721,076	4,937,384
Trade and other receivables	3,035,447	2,336,872	20,776	1,305,501	299,608
Cash and cash equivalents	173,067	220,385	264,327	79,411	230,611
Post employment benefit	(1,709,552)	(630,799)	-	-	-
Borrowings	(44,214,758)	(38,550,831)	(37,271,445)	(36,463,250)	(34,498,711)
Trade and other payables	(10,630,015)	(6,084,937)	(4,369,454)	(4,517,320)	(3,778,385)
Current income tax liabilities	(108,718)	(108,718)	(108,718)	(108,718)	(108,718)
Net liabilities	(39,442,364)	(28,528,766)	(23,213,870)	(17,349,840)	(16,155,088)
TOTAL EQUITY					
Ordinary shares	20,000	20,000	20,000	20,000	20,000
Retained losses	(39,462,364)	(28,548,766)	(23,233,870)	(17,369,840)	(16,175,088)
Shareholders' funds	(39,442,364)	(28,528,766)	(23,213,870)	(17,349,840)	(16,155,088)

STATEMENT OF PROFIT OR LOSS

	IFRS				NGAAP
	31 December 2015 N'000	31 December 2014 N'000	31 December 2013 N'000	31 December 2012 N'000	31 December 2011 N'000
Revenue	5,592,782	4,667,734	266,706	2,441,163	1,059,311
Other income	-	-	-	-	7,543
Cost of sales	(9,082,695)	(5,946,987)	(4,959,383)	(2,349,252)	(975,010)
Operating expenses	(1,273,452)	(2,319,089)	(863,872)	(1,193,042)	(3,060,833)
Finance costs (net)	(5,348,814)	(1,716,554)	(307,481)	(256,358)	-
Taxation	-	-	-	-	(1,745)
Loss after taxation	(10,112,179)	(5,314,896)	(5,864,030)	(1,357,489)	(2,970,734)

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.