

**NIGERIAN BULK ELECTRICITY TRADING PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

**NIGERIAN BULK ELECTRICITY TRADING PLC
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FOR THE YEAR ENDED 31 DECEMBER 2014**

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CORPORATE INFORMATION

Directors (2014)

Dr. Ngozi Okonjo-Iweala (Coordinating Minister for the Economy - Minister of Finance)	* - Chairman
Alhaji Saka Abimbola Isau, SAN	** - Vice Chairman
Mr. Rumundaka Wonodi	*** - Managing Director/CEO
Engr. Abdulganiyu Umar	**** - Member
Haruna Sambo Mohammed	* - Member
Hon. Mohammed Kumalia	* - Member
Mr. Paul Usoro, SAN	* - Member
Mr. Benjamin Ezra Dikki (DG, Bureau of Public Enterprises)	* - Member, representing Bureau of Public Enterprises
Prof. Chinedu Nebo (Minister of Power)	***** - Member, representing Ministry of Power
Hajia Zainab Kuchi (Supervising Minister of Power)	***** - Member, representing Ministry of Power

- * The Board of the Company was dissolved via a pronouncement of the Federal Government of Nigeria with effect from 16 July 2015.
- ** The President of Nigeria approved the disengagement of Alhaji Saka Abimbola Isau, SAN as Vice Chairman of the Board with effect from 21 November 2014.
- *** Mr. Rumundaka Wonodi ceased to be the Managing Director/CEO on 7 June 2016. The President of Nigeria approved the appointment of Dr. Marilyn Amobi as MD/CEO from 26 July 2016 to June 2020.
- **** Engr. Abdulganiyu Umar ceased to be on the Board in November 2013 following the privatisation of the Abuja Electricity Distribution Company - this also ended the representation of distribution companies on the Board.
- ***** Prof. Chinedu Nebo was appointed as Minister of Power in February 2013 and served on the Board from February 2013 until its dissolution.
- ***** Hajia Zainab Kuchi served on the Board from November 2012 to January 2013.

The Board of Directors was dissolved in July 2015 and the President of Nigeria directed that Permanent Secretaries act as the Board of all parastatals. In the case of NBET, it was the Permanent Secretary-Ministry of Power, Works and Housing.

In May 2020, the Board was reconstituted with new members, as listed below:

Directors (Current)

Dr. (Mrs.) Zainab Shamsuna Ahmed – (Minister of Finance, Budget & National Planning)	- Chairman
Mr. Alex A. Okoh – (Director General Bureau of Public Enterprises)	- Member
Mr. Ben Akabueze – (Director General Budget Office of the Federation)	- Member
Ms. Patience Oniha – Director General Debt Management Office (DMO)	- Member
Engr. Mustapha Balarabe Shehu - (Independent Non-Executive Director)	- Member
Dr. Suleyman Ndanusa – (Independent Non-Executive Director)	- Member
Mr. Adeyeye O. Adepegba (Independent Non – Executive Director)	- Member
* Dr. Nnaemeka Ewelukwa – Managing Director /Chief Executive Officer Nigeria Bulk Electricity Trading Company Plc (NBET)	- Member

- * The Managing Director/Chief Executive Officer's appointment became effective from 25 July 2020.

Company Secretary (2014)

Nnaemeka Ewelukwa

Company Secretary (Current)

Peter Baginwa Ogbobine*

- *The General Counsel/Company Secretary's appointment became effective from 25 July 2020.

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CORPORATE INFORMATION

Auditors

PricewaterhouseCoopers
Chartered Accountants
Landmark Towers
5B Water Corporation Road
Victoria Island
Lagos

Registered Office

442 Zambezi Street
Maitama, Abuja
Nigeria

Principal Place of Business (2014)

3rd & 8th floors of the Bank of Industry House
Plot 256, Zone A O
Central Business District, Abuja
Nigeria

Current Place of Business

2nd & 3rd Floors, Nigerian Electricity Regulatory Commission Building
Plot 1387, Cadastral Zone, Aoo
Central Business District, Abuja
Nigeria

Principal Bankers

Access Bank Plc^
Central Bank of Nigeria
Diamond Bank Plc^
EcoBank Nigeria Plc^
Fidelity Bank Plc^
First City Monument Bank Plc.
Sterling Bank Plc^
United Bank for Africa Plc^
Zenith Bank Plc^

^ In compliance with the Federal Government of Nigeria's directive on Treasury Single Account (TSA) on 9 August 2015, all monies with commercial banks were transferred to the Company's TSA account with the Central Bank of Nigeria.

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DIRECTORS' REPORT

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

Incorporation

The Company was incorporated in Nigeria as a public limited liability Company on 29 July 2010 under the Companies and Allied Matters Act (CAMA), CAP C20 Laws of the Federation of Nigeria 2004. The Company was issued a trading license by the Nigerian Electricity Regulatory Commission on 15 November 2011 for the purchase of electric power from generation companies and resale to distribution companies and eligible customers in line with the Electric Power Sector Reform Act of 2005. The Company implements its mandate as laid down in its Memorandum of Association.

Principal activities

The principal activities of the Company are:

- to undertake the business of trading in the wholesale electricity market as bulk purchaser and bulk seller of electricity and ancillary services pursuant to the Electric Power Sector Reform Act (2005); and
- to take over the contract management and obligations of the Federal Government of Nigeria under existing Power Purchase Agreements.

Results for the year

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

	2014	2013
	N'000	N'000
Revenue	1,339,038	378,184
Operating gain/(loss)	236,238	(386,316)
Net finance (loss)/income	(1,562,417)	2,825
Loss for the year	(1,326,179)	(383,491)

Shareholding

As at 31 December 2014, shareholding of the Company was as follows:

Shareholders	Shareholding	Percentage
	(units)	holdings
	'000	%
Bureau of Public Enterprises	16,000	80
Ministry of Finance Incorporated	4,000	20
	20,000	100

The Company's authorised number of ordinary shares is 20,000,000 units with a par value of 50 kobo per unit of share.

Directors

The names of the present directors and those that served during the year are listed on page 1. None of the directors have indirect interests in the issued share capital of the Company.

Directors interests in contracts

None of the directors has notified the Company for the purpose of section 277 of CAMA of any direct or indirect interests in contracts or proposal contracts with the Company during the year. The Company has a process in place to identify situations where directors may be involved in contracts; this is closely monitored and evaluated.

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DIRECTORS' REPORT

Employment and employees

The Company gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Health and safety

Health and Safety regulations are in force within the Company's premises and employees are aware of existing regulations.

Employee training and involvement

The Company is committed to keeping employees fully informed as far as possible regarding the Company's performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees. Training is carried out at various levels through both in-house and external courses. Management, professional and technical expertise are the Company's major assets, and investment in developing such skills continues.

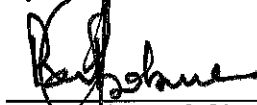
Donations and gifts

The Company made no material contributions to charities during the year (2013: Nil).

Auditors

This will be the last year Messrs. PricewaterhouseCoopers will be in office as the Company's auditors as a result of management's appointment of a new external auditor.

By order of the board



Peter Babinwa Ogbobine

Secretary

Abuja, Nigeria

FRC/2021/002/00000023491

Date: 5 August 2021

**NIGERIAN BULK ELECTRICITY TRADING PLC
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

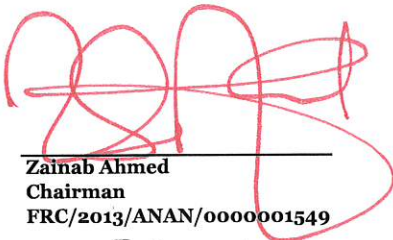
The Companies and Allied Matters Act of the Federation of Nigeria 2004, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with 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 Act No.6, 2011;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.


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

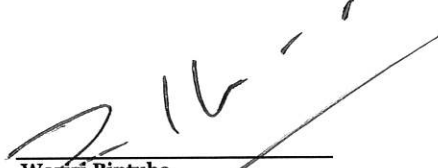
Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.



Zainab Ahmed
Chairman
FRC/2013/ANAN/0000001549
Date: 5 August 2021



Nnaemeka Ewelukwa
MD/CEO
FRCN/2014/NBA/00000008311
Date: 5 August 2021



Waziri Bintube
Chief Financial Officer
FRC/2021/001/00000023176
Date: 5 August 2021



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF NIGERIAN BULK ELECTRICITY TRADING PLC

Report on the financial statements

We have audited the accompanying financial statements of Nigerian Bulk Electricity Trading Plc (“the company”). These financial statements comprise the statement of financial position as at 31 December 2014 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors’ responsibility for the financial statements

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

Auditor’s responsibility

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

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

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the company’s financial affairs at 31 December 2014 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.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria



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's statements of financial position and profit or loss and other comprehensive income are in agreement with the books of account.

Pedro Omontuemhen

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



...13... September 2021

NIGERIAN BULK ELECTRICITY TRADING PLC
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2014 N '000	31 December 2013 N '000
Revenue	5	162,641	377,134
Other income	6	1,176,397	1,050
Total Revenue		1,339,038	378,184
Administrative and general expenses	7	(613,723)	(409,726)
Payroll and related costs	8	(415,339)	(309,740)
Depreciation and amortisation	10	(73,738)	(45,034)
Operating profit/(loss)		236,238	(386,316)
Finance income	11	419,665	3,122
Finance costs	12	(1,982,082)	(297)
Loss for the year		(1,326,179)	(383,491)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Fair value gains on available for sale investments	25	17,494	-
Total other comprehensive income for the year		17,494	-
Total comprehensive loss for the year attributable to owners		(1,308,685)	(383,491)

The accompanying notes on pages 12 to 33 are an integral part of these financial statements.

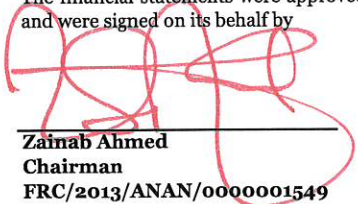
NIGERIAN BULK ELECTRICITY TRADING PLC
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STATEMENT OF FINANCIAL POSITION

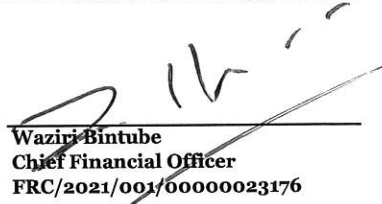
	Note	31 December 2014 N '000	31 December 2013 N '000
ASSETS			
Non-current assets			
Property, plant and equipment	13	214,875	175,255
Intangible assets	14	14,883	13,772
		<u>229,758</u>	<u>189,027</u>
Current assets			
Trade and other receivables	15	362,990	6,240
Financial assets	16	6,951,213	1,768,348
Externally managed investments	17	65,090,842	-
Cash and cash equivalents	18	12,494,526	14,359,154
		<u>84,899,571</u>	<u>16,133,742</u>
TOTAL ASSETS		85,129,329	16,322,769
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Share capital	21	10,000	10,000
Contributions by the Federal Government of Nigeria	22	1,574,775	1,219,649
Power trading capital	23	18,776,003	15,717,672
Accumulated losses	24	(2,029,900)	(703,721)
Fair value reserves	25	17,494	-
TOTAL EQUITY		18,348,372	16,243,600
Non-current liabilities			
Borrowings	20	59,177,904	-
		<u>59,177,904</u>	<u>-</u>
Current liabilities			
Trade and other payables	19	149,682	79,169
Borrowings	20	7,453,371	-
		<u>7,603,053</u>	<u>79,169</u>
TOTAL LIABILITIES		66,780,957	79,169
TOTAL EQUITY AND LIABILITIES		85,129,329	16,322,769

The accompanying notes on pages 12 to 33 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 5 August 2014 and were signed on its behalf by


Zainab Ahmed
Chairman
FRC/2013/ANAN/0000001549


Nnaemeka Ewelukwa
MD/CEO
FRCN/2014/NBA/00000008311


Waziri Bintube
Chief Financial Officer
FRC/2021/001/00000023176

**NIGERIAN BULK ELECTRICITY TRADING PLC
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STATEMENT OF CASH FLOWS

	Note	31 December 2014 N '000	31 December 2013 N '000
Cash flows from operating activities			
Cash generated from/(used in) operations	26	451,967	(88,283)
Net cash flows generated from/(used) in operating activities		451,967	(88,283)
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(109,086)	(80,497)
Acquisition of intangible asset	14	(5,383)	-
Investment in Nigerian treasury bills	16	(5,182,865)	(1,768,348)
Externally managed asset (adjusted for cash element)	17	(52,154,291)	-
Net cash used in investing activities		(57,451,625)	(1,848,845)
Cash flows from financing activities			
Contributions from Federal Government of Nigeria	22	355,126	555,558
Power trading capital received during the year	23	3,058,331	6,848,784
Borrowings during the year	20	64,658,124	-
Net cash generated from financing activities		68,071,581	7,404,342
Increase in cash and cash equivalents		11,071,923	5,467,214
Cash and cash equivalents at start of year		14,359,154	8,891,940
Cash and cash equivalents at end of year		25,431,077	14,359,154
Cash and cash equivalents comprise:			
Cash in hand	18	67	28
Cash at bank (Nigerian banks)	18	3,138,580	11,795,903
Cash equivalents	18	9,355,879	2,563,223
		12,494,526	14,359,154
Externally managed asset - Cash	17	12,936,551	-
		25,431,077	14,359,154
Operational cash flows			
Interest received		1,067,268	-

The accompanying notes on pages 12 to 33 are an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

	Share capital N'000	Contributions from FGN N'000	Power trading capital N'000	Accumulated losses N'000	Fair value reserves N'000	Total equity N'000
Balance at 1 January 2013	10,000	664,091	8,868,888	(320,230)	-	9,222,749
Additions for the year	-	555,558	6,848,784	-	-	7,404,342
Loss for the year	-	-	-	(383,491)	-	(383,491)
Balance as at 31 December 2013	10,000	1,219,649	15,717,672	(703,721)	-	16,243,600
Balance at 1 January 2014	10,000	1,219,649	15,717,672	(703,721)	-	16,243,600
Additions for the year	-	355,126	3,058,331	-	-	3,413,457
Loss for the year	-	-	-	(1,326,179)	-	(1,326,179)
Fair value changes	-	-	-	-	17,494	17,494
Balance as at 31 December 2014	10,000	1,574,775	18,776,003	(2,029,900)	17,494	18,348,372

The accompanying notes on pages 12 to 33 are an integral part of these financial statements.

NIGERIAN BULK ELECTRICITY TRADING PLC
NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS
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1. General information

Nigerian Bulk Electricity Trading Plc (the Company) was incorporated in Nigeria on 29 July 2010. The Bureau of Public Enterprises (BPE) holds 80% of the ordinary shares whilst the Ministry of Finance Incorporated (MOFI) holds the remaining 20% in trust for the Federal Government of Nigeria. The Company's operations are funded through the market administration charges and budgetary appropriations received from the Federal Government of Nigeria, the ultimate controlling party. Funding for the Company's mandate as provided in the Electric Power Sector Reform (EPSR) Act and as laid out in the Power Sector Road Map are appropriated to the Company from the Federal Government's annual budget.

The principal activities of the Company are:

- the business of trading in the wholesale electricity market as the bulk purchaser and bulk seller of electricity and ancillary services pursuant to the Electric Power Sector Reform Act 2005.
- to assume the contract management and obligations of the Federal Government of Nigeria under existing power purchase agreements (PPAs).

The Company is domiciled in Nigeria and the address of its registered office is:

442 Zambezi Street
Maitama
Abuja
Nigeria

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 Nigerian Bulk Electricity Trading Plc 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, except for available-for-sale financial assets and held-for-trading financial assets that have been measured at fair value, and are presented in Naira. The financial statements are presented in naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

2.1.1 Going concern

The financial statements have been prepared on a going concern basis. The Directors have no doubt that the Company would remain in existence after 12 months.

2.1.2 Changes in accounting policy and disclosures

New standards, amendments and interpretations adopted by the Company

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2014 and have a material impact on the Company:

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

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

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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. The standards and amendments are as follows:

- (i) IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in May 2014 and will be effective 1st January 2018. It replaces the parts of IAS 39 that relates 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 amortized cost. The determination is made at the initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instruments. The Company is yet to assess the full impact of the standards on its financial statements.
- (ii) 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 2017 and earlier application is permitted. The Company is assessing the impact of IFRS 15.
- (iii) Amendment to IAS 36, 'Impairment of assets' to align the disclosure requirements in IAS 36 in line with IFRS 13 Fair Value Measurement disclosures, to require the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment also requires additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal, consistently with the disclosure requirements for impaired assets in Nigerian GAAP.

2.2 Foreign currency translation

(i) 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 Naira which is the Company's functional currency.

(ii) 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 the profit or loss statement.

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 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss statement during the financial period in which they are incurred.

The Company allocates the amount initially recognised 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 derecognised 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 are as follows:

Asset category	Depreciation rate (%)
Furniture & fittings	20
Computer equipment	33
Office equipment	20
Motor vehicles	25

2.4 Intangible assets

Intangible assets are stated at the amount initially recognised, less accumulated amortisation and accumulated impairment losses. Intangible assets include expenditure on licenses obtained from regulatory authorities and computer software licenses. Subsequent expenditure on software is capitalized only when it increases the future economic benefits of the related software. Software maintenance costs are recognised as expenses in the profit or loss statement as they are incurred. Amortisation is recognised in the profit or loss statement on a straight-line basis over the estimated useful life of the software, from the date it is available for use. The estimated useful life of software ranges between 1-3 years while that of the operating license is for a period of 10 years. These are reassessed annually.

2.5 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 to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial instruments

In accordance with IAS 39, all financial assets and liabilities must be recognised in the Company's statement of financial position and measured in accordance with their assigned categories. Acquisition or sales of financial assets, liabilities or equity instrument are recognised on the trade date - the date on which the Company commits to purchase or sell the asset.

(i) Initial recognition and measurement

Financial instruments carried at fair value through profit or loss are initially recognised at fair value while transaction costs, which are directly attributable to the acquisition or issue of the financial instruments, are recognised immediately through profit or loss. Financial instruments that are not carried at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

(ii) Subsequent measurement

Subsequent to initial measurement, held to maturity instruments are measured either at fair value or amortized cost based on their classification.

(iii) Classification and related measurement

Management determines the classification of its financial instruments at initial recognition. The Company uses trade date accounting for regular way contracts when recording financial asset transactions.

(iv) Financial assets

The Company classifies its financial assets in terms of the following IAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity financial assets; and available-for-sale financial assets.

Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Company as fair value through profit or loss upon initial recognition (the so-called "fair value option").

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments.

Financial instruments included in this category are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in profit and loss. Interest income and dividend income on financial assets held for trading are included in profit and loss respectively. At the reporting dates covered by these year end financial statements, the Company had no financial assets classified as financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Company intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as fair value through profit or loss;

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- those that the Company upon initial recognition designates as available-for-sale; or
 - those for which the holder may not recover substantially all of its initial investment, for reasons other than credit deterioration.
- Loans and receivables are initially recognised at fair value. Subsequently, loans and receivables are carried at amortised cost less any impairment.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, other than:

- those that the Company upon initial recognition designates as fair value through profit or loss;
- those that the Company upon initial recognition designates as available-for-sale; or
- those that meet the definition of loans and receivables.

These financial assets are subsequently measured at amortized cost using the effective interest rate method. Interest income is included in 'Interest income' in the profit or loss statement.

The Company's investment in held to maturity includes only Nigerian Treasury bills.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.

Available-for-sale financial assets are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive income. Interest calculated using the effective interest method is recognised in 'Interest income', with dividend income included in 'Other income'. When available-for-sale financial assets are sold or impaired, the cumulative gain or loss recognised in a separate reserve in equity are reclassified to profit or loss.

(v) Financial liabilities

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

Financial liabilities at amortised cost

These include trade payables and other payables. They are initially recognised at fair value. Subsequently, they are measured at amortised cost using the effective interest method. They are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(vi) Determination of fair value

At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions of the same instrument.

Subsequent to initial recognition, for financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes quoted debt instruments on major exchanges and broker quotes. For example, the Nigerian Stock Exchange and quotes from the FMDQ OTC PLC website.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry commission, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using market inputs existing at the dates of the statement of financial position. For illiquid financial instruments, the fair values are further adjusted to compensate for the credit risks attached to the issuers.

(vii) 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.

(viii) Offsetting financial instruments

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

2.7 Impairment of financial assets

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 income statement. As a practical expedient, the Company may measure impairment using an impairment model that incorporates critical estimates such as the loss given default, the probability of default and the aged analysis of debtors in determining collective 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 income statement.

2.8 Trade receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. Trade and other receivables are carried at the original invoice amount, less allowances made for doubtful receivables. Where the time value of money is material, receivables are carried at amortized cost. Provision is made when there is objective evidence that the Company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

2.9 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term investments with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value, and are used in the management of the Company's short-term commitments.

2.10 Share capital

The Company has only one class of shares - ordinary shares - which are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax from the proceeds.

The Company benefits from funding (Contributions by the Federal Government of Nigeria and Power Trading Capital) to finance its activities. Funds from the government are recognised at their amount received as such contributions are not refundable. These funds are recognised and presented as equity.

2.11 Trade and other 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). Otherwise, 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 Employee benefits

(i) 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.

(ii) Defined contribution plan

The Company operates a defined contribution scheme for its employees in line with the Pension Reform Act. 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 Company has no further payment obligations once the contributions have been paid. The Company's contributions to the defined contribution schemes are charged to the profit or loss statement in the year to which they relate.

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2.13 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when risks and rewards have passed to the customer.

Due to the uncertainty surrounding the amount that may flow to the Company during the interim period of the power industry, the Company recognised revenue when actual payment has been made by the market operators.

2.15 Interest Income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.16 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 income statement 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.

2.17 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.

(i) Contingent assets and contingent liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised but they are disclosed in the financial statement when they arise.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

(ii) Impairment of financial assets

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.

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4.0 Financial risk management

4.1 Introduction and Overview of Company's Risk Management

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

Financial risk management overview

The main risks that the Company is facing and actively monitoring and managing are the following:

- (i) the credit risk deriving from the possible default of a counterparty; and
- (ii) the liquidity risk deriving from the risk that suitable sources of funding for the Company's operations may not be available.

(a) Credit risk

Credit risk represents the Company's exposure to potential losses deriving from the non-performance of counterparties (Distribution Companies or DISCOs) and other debtors. Credit risk arises from cash and cash equivalents and credit exposures to outstanding receivables and committed transactions.

In accordance with the EPSR Act, the electricity industry needs to transition to a new model, where a government owned bulk buyer carries out contract management and bulk trading (on behalf of the distribution companies or DISCOs) until such time as the industry has developed the settlement, accounting, managerial and governance systems required for successful bilateral contracting.

Therefore, in order to accelerate private sector investments in power generation, an amount was set aside in an escrow account, through which the Federal Government provides credit enhancement to the bulk purchaser that will enter into Power Purchase Agreements (PPAs) with the successor generation companies and IPPs without using the Company's working capital as subsidy for shortfalls in DISCO payments.

This escrow account represents a risk guarantee to secure the Company's payment obligations to sellers for the sale of electrical capacity and electrical energy under the Power Purchase Agreements (PPAs), as proposed by the Bureau of Public Enterprises (BPE). Pursuant to its powers under Section 11 of the Privatization Act, The National Council of Privatization (NCP) at its 5th meeting for the year 2013 on 11 July 2013, approved the amount of N50 billion from the proceeds of the privatization of Egbin Power Plc., to be placed in escrow with the escrow agents, being First City Monument Bank (FCMB), United Bank for Africa (UBA) and First Bank of Nigeria Plc. (FBN) on behalf of the Company.

This amount is to be used solely for the payment to the sellers (Generation Companies or GENCOs) in the event that the DISCOs have not made payment to the Company's clearing account sufficient to pay the sellers. The Escrow account is for a 3 year period and would be terminated when all the escrow funds have been disbursed and/or at the third anniversary of the deposit of the Escrow amount, whichever is earlier. Any balance in the escrow amount as at the third anniversary of the account would be released to BPE. However, the account is renewable if there is a payment default of a seller's invoiced amount.

At 31 December 2014, the Company had no significant concentrations of credit risk.

Below is a breakdown of the Company's financial assets that are exposed to credit risk and the maximum credit risk exposure before collateral held or other credit enhancements as at the reporting date.

(i) Financial instruments exposed to credit risk

	Maximum exposure	
	31 December 2014	31 December 2013
	N '000	N '000
Cash and cash equivalents	12,494,526	14,359,154
Trade and other receivables	362,990	6,240
Treasury bills - held to maturity	6,951,213	1,768,348
Externally managed assets (loans & receivables and cash)	35,515,348	-
Total	55,324,077	16,133,742

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These financial assets are further broken into the following:

31 December 2014	Cash & cash equivalent N'000	Trade receivables N'000	Treasury bills - held to maturity N'000	Externally managed assets (loans & receivables and cash) N'000	Total N'000
Neither past due nor impaired	12,494,526	362,990	6,951,213	35,515,348	55,324,077
Past due but not impaired	-	-	-	-	-
Impaired	-	-	-	-	-
Gross	12,494,526	362,990	6,951,213	35,515,348	55,324,077
Impairment allowance	-	-	-	-	-
Net	12,494,526	362,990	6,951,213	35,515,348	55,324,077

31 December 2013	Cash & cash equivalent N'000	Trade receivables N'000	Treasury bills - held to maturity N'000	Total N'000
Neither past due nor impaired	14,359,154	6,240	1,768,348	16,133,742
Past due but not impaired	-	-	-	-
Impaired	-	-	-	-
Gross	14,359,154	6,240	1,768,348	16,133,742
Impairment allowance	-	-	-	-
Net	14,359,154	6,240	1,768,348	16,133,742

The Company carries out an impairment trigger assessment for its trade and other receivables at each reporting year end. The Company considers impairment triggers to be customers elapsing their credit periods and customers defaulting on a payment. At the reporting year end, there was no evidence of impairment triggers. Thus, the Company did not carry out an impairment test. As a result, no impairment loss has been recognised in these financial statements for the Company's trade and other receivables. Management is of the view that the carrying amounts of its trade and other receivables are fully recoverable.

(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) or to historical information about the counterparty default rates.

Trade and other receivables consists of contributions from the Federal Government, staff loans, cash advance and prepayments. The counterparties have no external ratings. These receivables are less than six months with no defaults in the past.

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 2014 N '000	31 December 2013 N '000
Cash and bank balances		
A+	419,955	1,940,586
A-	411,876	1,739,213
AA-	270,484	1,902,813
AAA	622,852	-
B	805,758	-
B-	-	4,129,731
BB-	9,355,879	2,563,223
BBB+	607,655	2,083,561
Others	-	28
Financial assets - Held to maturity		
BB-	6,951,213	1,768,348
Externally managed investment		
A+	9,417,379	-
A-	3,737,240	-
AA-	12,936,551	-
B	9,424,178	-
	54,961,020	16,127,503

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"A" ratings indicate expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

"AA" ratings indicate reliable and stable financial institution(s) with the lowest expectation of default risks. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

"B" ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

"BB" ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.

"BBB" ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

"Others" consists of cash in hand balances.

This is based on Fitch national long-term rating and foreign currency long term rating.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due. The Company uses both long term and short term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash resources to meet operational needs. Cash flow forecasting is performed by the finance department through budgeting and quarterly budget report. Cash flow projections take into consideration the Company's financing plans and source of funds. Surplus cash held by the Company over and above balance required for working capital management are transferred to the treasury department which invests in interest bearing accounts (i.e. Nigerian Treasury Bills).

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 2014			31 December 2013	
	N'ooo	N'ooo	N'ooo	N'ooo	N'ooo
	Less than 3 months	3 months - 1 year	2 years to 5 years	Less than 3 months	3 months - 1 year
Trade and other payables	149,682	-	-	79,169	-
Current portion of borrowings	-	7,453,371	-	-	-
Non-current portion of borrowings	-	-	59,177,904	-	-
	149,682	7,453,371	59,177,904	79,169	-

The amounts disclosed in the tables above are the contractual undiscounted cash flows of the liabilities. The Company does not have any long term liabilities.

(c) Market risk

Market risk is the possibility that changes in currency exchange rates, interest rates or commodity prices will adversely affect the value of the Company's financial assets, liabilities or expected future cash flows.

(i) Foreign exchange risk

Exchange rate risk does not arise due to the fact that all substantial transactions entered into by the Company are denominated and settled in Nigerian Naira, which is the Company's functional currency.

(ii) Interest rate risk

The Company's has no risk arising from interest rate as it currently has no long term loan or bank overdraft. It finances its activities from funds provided by the government and through its generated revenue.

(ii) Price risk

The Company is not exposed to securities price risk because there are no investments in equity held by the Company. The Company is not permitted to invest in equity investments.

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(d) Capital risk management

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

The Company considers its capital structure to include common share capital and net working capital (defined as cash and cash equivalents, accounts receivable and other receivables and other current assets less accounts payable and accrued liabilities less other current liabilities).

The Company relies on the cash resources available from income on services provided, capital contributions and budgetary allocations by the Federal Government of Nigeria.

Capital is defined by total equity and it is monitored regularly by the Company's management. The Company is not subject to an externally imposed capital.

4.2 Financial instruments by category

The carrying values of financial assets and liabilities on the statement of financial position approximates their fair values. Trade and other receivables/payables, held to maturity and cash and cash equivalents are the Company's short term financial instruments. Accordingly, management is of the opinion that their fair values are not expected to be materially different from their carrying values.

Financial instrument classification	31 December 2014		31 December 2013	
	Carrying value N '000	Fair value N '000	Carrying value N '000	Fair value N '000
Loans and receivables:				
Trade receivables and other receivables	362,990	362,990	6,240	6,240
Externally managed assets (loans & receivables and cash)	35,515,348	35,515,348	-	-
	35,878,338	35,878,338	6,240	6,240
Held to Maturity:				
Treasury bills	6,951,213	6,945,141	1,768,348	1,806,338
Available for sale				
Externally managed assets (available for sale)	29,575,494	29,575,494	-	-
Assets valued through profit or loss:				
Cash and cash equivalents	12,494,526	12,494,526	14,359,154	14,359,154
Other financial liabilities:				
Trade and other payables	149,682	149,682	79,169	79,169
Borrowings	66,631,275	66,631,275	-	-
	66,780,957	66,780,957	79,169	79,169

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument. The three levels of the fair value hierarchy are as follows:

> Level 1 – inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

> Level 2 – inputs to the valuation methodology are derived from quoted prices for identical assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace

> Level 3 – inputs to the valuation methodology are not based on observable market data.

Cash and cash equivalents have been classified as Level 1. They are carried at cost, which approximates fair value due to the short-term nature of the instrument. Available for sale instruments have also been classified as Level 1 as they are carried at unadjusted market values.

Held to maturity have been classified as Level 2. They are valued using the information substantially observed or corroborated in the marketplace.

Accounts receivable and other receivables and trade payable and accrued liabilities are all short-term in nature and as such, their carrying values approximate fair values.

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5 Revenue	31 December 2014 N'000	31 December 2013 N'000
Market proceeds	162,641	377,134
	<u>162,641</u>	<u>377,134</u>

This relates to market revenue obtained from the Market Operator (MO) in line with the Rules for the interim period between the completion of privatisation and the start of the transitional electricity market (TEM). These charges are deducted from payments made by the distribution companies and remitted to the Company by the Market Operator. These revenues are remitted to the Company on a monthly basis.

6 Other income	31 December 2014 N'000	31 December 2013 N'000
Sundry income	-	1,050
Income from Nigerian Treasury Bills	1,176,397	-
	<u>1,176,397</u>	<u>1,050</u>

To ensure adequate liquidity for the Company's activities under the Transitional Electricity Market, the Ministry of Finance gave approval to retain all interest received on Nigerian Treasury Bills. The approval came into effect retroactively from 1 April 2014.

7 Administrative and general expenses	31 December 2014 N'000	31 December 2013 N'000
Other operating expenses	509,008	326,059
Market Operator- Registration Fee	-	1,500
Directors' emoluments and other expenses (Note 9)	82,519	59,971
Auditors' remuneration	22,196	22,196
	<u>613,723</u>	<u>409,726</u>

8 Payroll and related costs	31 December 2014 N'000	31 December 2013 N'000
(i) Staff cost		
Salaries and wages	398,248	294,531
Pension costs- defined contribution plans	17,091	15,209
	<u>415,339</u>	<u>309,740</u>

In the first 6 months of 2014, pension was determined on monthly basis at the rate of 7.5% of the basic, housing, and transport allowance, contributed by both the employee and the Company to the pension fund administrator chosen by the employee. Subsequently for the rest of year, the employee and the employer contributions were 8% and 10% respectively.

(ii) Employee remuneration bands:

Employees whose emoluments were within the following ranges in the year were:

	Number	
	31 December 2014	31 December 2013
N1,000,001 - N2,000,000	3	1
N2,000,001 - N5,000,000	20	12
N5,000,001 - Above	21	21
	<u>44</u>	<u>34</u>

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9 Directors' emoluments

Remuneration paid to the Company's directors was:

	31 December 2014 N'000	31 December 2013 N'000
Fees and allowances	38,020	52,695
Other expenses	44,499	7,276
	82,519	59,971

Fees and other emoluments disclosed above include amounts paid to:

	31 December 2014 N'000	31 December 2013 N'000
Chairman (excluding pension contributions)	-	350
Highest paid director	42,765	38,122

10 Depreciation and amortisation

	31 December 2014 N'000	31 December 2013 N'000
Depreciation expense	69,466	40,912
Amortisation expense	4,272	4,122
	73,738	45,034

11 Finance income

	31 December 2014 N'000	31 December 2013 N'000
Bank interest income	4,335	3,122
Investment income	394,688	-
Net exchange gains	20,642	-
	419,665	3,122

The bank interest income received relates to initial bank interest received on the USD 350 million loan before it was transferred to Nigeria Sovereign Investment Authority (NSIA) for management. Finance income includes investment income which represents all the income earned on externally managed assets (See Note 17).

12 Finance cost

	31 December 2014 N'000	31 December 2013 N'000
Other financial charges	8,931	297
Interest expense	1,973,151	-
	1,982,082	297

Interest expense represent the interest on the Company's borrowings during the year. It was computed using the effective interest rate (See Note 20).

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13 Property, plant and equipment

	Furniture & fittings N'000	Computer Equipment N'000	Motor Vehicles N'000	Office Equipment N'000	Total N'000
Cost					
<i>At 1 January 2013</i>	78,664	8,804	54,646	9,912	152,026
Additions	2,277	8,754	65,670	3,796	80,497
<i>At 31 December 2013</i>	80,941	17,558	120,316	13,708	232,523
<i>At 1 January 2014</i>	80,941	17,558	120,316	13,708	232,523
Additions	17,448	9,226	48,980	33,432	109,086
<i>At 31 December 2014</i>	98,389	26,784	169,296	47,140	341,609
Accumulated depreciation					
<i>At 1 January 2013</i>	4,538	2,091	8,342	1,387	16,358
Charge for the year	15,827	5,006	17,656	2,421	40,910
<i>At 31 December 2013</i>	20,365	7,097	25,998	3,808	57,268
<i>At 1 January 2014</i>	20,365	7,097	25,998	3,808	57,268
Charge for the year	19,226	6,172	36,619	7,449	69,466
<i>At 31 December 2014</i>	39,591	13,269	62,617	11,257	126,734
Net book value					
<i>At 1 January 2013</i>	74,126	6,713	46,304	8,525	135,668
<i>At 31 December 2013</i>	60,576	10,461	94,318	9,899	175,255
<i>At 31 December 2014</i>	58,798	13,515	106,679	35,883	214,875

14 Intangible assets

	License N'000	Computer Software N'000	Total N'000
Cost			
<i>At 1 January 2013</i>	12,305	8,675	20,980
Additions	-	-	-
<i>At 31 December 2013</i>	12,305	8,675	20,980
<i>At 1 January 2014</i>	12,305	8,675	20,980
Additions	-	5,383	5,383
<i>At 31 December 2014</i>	12,305	14,058	26,363
Accumulated amortisation			
<i>At 1 January 2013</i>	1,436	1,649	3,085
Charge for the year	1,231	2,892	4,123
<i>At 31 December 2013</i>	2,667	4,541	7,208
<i>At 1 January 2014</i>	2,667	4,541	7,208
Charge for the year	1,230	3,042	4,272
<i>At 31 December 2014</i>	3,897	7,583	11,480
Net book value			
<i>At 1 January 2013</i>	10,869	7,026	17,895
<i>At 31 December 2013</i>	9,638	4,134	13,772
<i>At 31 December 2014</i>	8,408	6,475	14,883

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Nigerian Electricity Regulatory Commission (NERC) issued license and computer software recognised as intangible assets are amortized on a straight line basis and have an average remaining useful life of approximately 7.8 and 1.5 years respectively.

15 Trade and other receivables	31 December 2014 N'000	31 December 2013 N'000
Staff loans	-	300
Cash advances	7,338	5,573
Prepayments	530	367
Other receivable	355,122	-
	362,990	6,240

Other receivable represents the balance of annual contributions received from the Federal Government of Nigeria (FGN) through the Ministry of Power during the year. The Company was unable to utilise the funds in 2014, hence the funds were returned. However, the Company obtained an approval from the Accountant General of the Federation for the rollover of the funds in 2015 and the funds were received in 2015.

16 Financial assets - held to maturity	31 December 2014 N'000	31 December 2013 N'000
Investment securities	6,951,213	1,768,348
	6,951,213	1,768,348

Financial assets - held to maturity represents the Company's investments in Nigerian Treasury Bills.

17 Externally managed investment	31 December 2014 N'000	31 December 2013 N'000
Loans and receivables	22,578,797	-
Available for sale	29,575,494	-
Cash and cash equivalents	12,936,551	-
	65,090,842	-

The externally managed investment represents sum of USD\$350 million transferred to Nigeria Sovereign Investment Authority (NSIA) under an Investment Management Agreement signed during the year. NSIA acts as a manager of the Fund while the Company acts as customer. In addition to being a manager, NSIA also acts as a custodian and consideration will be paid to NSIA after certain milestones have been met and the customer's share of returns has been paid. NSIA's objective is to outperform a benchmark return of 1.21% - a blended rate provided across four leading Nigerian banks. The funds were invested in investment securities classified under IFRS as loans and receivables (N22.6 billion) and available for sale securities (N29.6 billion). The balance of N12.9 billion was held as cash and cash equivalents at the end of the period.

18 Cash and cash equivalents	31 December 2014 N'000	31 December 2013 N'000
Cash in hand	67	28
Cash at bank (Nigerian banks)	3,138,580	11,795,903
Cash equivalents	9,355,879	2,563,223
	12,494,526	14,359,154

The Company's cash and cash equivalents balance is largely made up of funds received in respect of the Power Trading Capital and the Contributions from the Federal Government of Nigeria.

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19 Trade and other payables	31 December 2014 N'000	31 December 2013 N'000
Trade payables	57,947	78,213
Other payables and accrued expenses	80,202	59
Interest payable to consolidated revenue fund (CRF)	11,533	897
	149,682	79,169

Trade payables are amounts due to various vendors for goods and services provided to the Company in the year 2014. Other payables are investment management related obligations such as fund management fees, sub-managers fee and global custodian fees. Interest payable to CRF are interest income earned on sitting bank balances yet to be remitted to the Consolidated Revenue Fund (CRF) account. Receipts for these amounts are obtained from the Accountant General of the Federation.

20 Borrowings	31 December 2014 N'000	31 December 2013 N'000
Opening loan balance	-	-
Shareholders' loan	64,658,124	-
Interest accrued during the period	1,973,151	-
Repaid during the period	-	-
	66,631,275	-
Non-current:		
Loan	59,177,904	-
Current:		
Loan	7,453,371	-
	66,631,275	-

In March 2014, the Federal Government of Nigeria secured a \$1 billion Eurobond facility and \$350 million was availed to the Company to boost the operations of the Company. These funds were disbursed to the Company at 5.375% on 6 June 2014 with a tenor of four and a half years, with a one year moratorium on interest payments. The carrying value of the liability is at amortised cost and the closing rate as 31 December 2014 has been applied to arrive at the carrying Naira value. The Eurobond facility of \$350 million was transferred to Nigeria Sovereign Investment Authority (NSIA) under an investment management agreement; see Note 17.

21 Share capital	31 December 2014 N'000	31 December 2013 N'000
Authorized:		
20,000,000 ordinary shares @ No.50 each	10,000	10,000
Issued and fully paid:		
20,000,000 ordinary shares @ No.50 each	10,000	10,000

Total authorised number of ordinary shares is 20,000,000 units with a par value of 50 kobo per unit of share. The Company's shares are held by Bureau of Public Enterprise and Ministry of Finance Incorporated at 80% and 20% respectively.

22 Contributions by the Federal Government of Nigeria	31 December 2014 N'000	31 December 2013 N'000
At 1 January	1,219,649	664,091
Additions in the year	355,126	555,558
At 31 December	1,574,775	1,219,649

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This represents annual contributions from the Federal Government of Nigeria (FGN) through the Ministry of Power for start up and operational activities of the Company. This contribution is based on the allocation to Nigerian Bulk Electricity Trading Plc., in the annual budget approved by the President of the Federal Republic of Nigeria. The sum of N355,125,920 was received in the year 2014 (2013: N555,558,080).

23 Power trading capital	31 December 2014 N'000	31 December 2013 N'000
At 1 January	15,717,672	8,868,888
Additions in the year	3,058,331	6,848,784
At 31 December	18,776,003	15,717,672

Transactions with the Ministry of Finance represent funds received in respect of the Power Trading Capital which represents cash back up in order to guarantee agreements signed by the Company with the power generation companies (GENCOs). On 7 July 2014, the board of directors approved for the Company to borrow the sum not exceeding N2 billion from the capitalisation funds, for financing the recurrent expenditure of NBET.

24 Accumulated losses	31 December 2014 N'000	31 December 2013 N'000
At 1 January	(703,721)	(320,230)
Transfer from profit or loss for the year	(1,326,179)	(383,491)
At 31 December	(2,029,900)	(703,721)

25 Fair value reserves	31 December 2014 N'000	31 December 2013 N'000
Items that may subsequently be reclassified to profit or loss		
Opening balance	-	-
Change in value of available-for-sale financial assets (Note 17)	17,494	-
Closing balance	17,494	-

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in fair value reserve in other comprehensive income until the financial asset is derecognised or impaired.

26 Reconciliation of loss before tax to cash generated from operations	31 December 2014 N'000	31 December 2013 N'000
Loss before tax	(1,326,179)	(383,491)
Adjustments for:		
– Depreciation (Property, plant & equipment)	69,466	40,910
– Amortization (Intangible assets)	4,272	4,123
– Net fair value changes	17,494	-
– Interest expense (unpaid)	1,973,151	-
Changes in working		
Increase/(Decrease) in trade and other payables	70,513	57,921
(Increase)/decrease in debtors and prepayments	(356,750)	192,254
Cash generated from/(used in) operations	451,967	(88,283)

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27 Related party transactions and balances

Related parties of the Company are determined based on the fact that these entities have representatives on the Company's Board. The related parties of the Company are as follows:

1. The Federal Ministry of Finance
2. The Bureau of Public Enterprise - Parent
3. Ministry of Power
4. Federal Government of Nigeria - Ultimate Controlling Parent

The following transactions were carried out with related parties:

(a) Transactions with related entities		31 December 2014 N'000	31 December 2013 N'000
The Bureau of Public Enterprises	Parent Company	51,657,029	50,000,000
Ministry of Finance		3,058,331	6,848,784
Ministry of Power		355,122	555,563
		55,070,482	57,404,347

Transactions with the Bureau of Public Enterprises (BPE) represent the escrowed funds stated in Note 28 'Capital commitments, contingent assets and liabilities'.

Transactions with the Ministry of Finance represent funds received in respect of the Power Trading Capital which represents cash back up in order to guarantee agreements signed by the Company with the generation companies (GENCOs).

Transactions with Ministry of Power represent annual budgetary receipts from the Federal Government for start up and operational activities of the Company.

(b) Key management compensation

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity. The key management personnel are the Company's Directors and management staff. Key management personnel includes staff on the senior manager cadre and above. The compensation paid or payable to key management for employee services is shown below:

	31 December 2014 N'000	31 December 2013 N'000
Salaries and other short-term employee benefits		
Directors	82,519	59,971
Management	205,320	187,023
	287,839	246,994

There was no other compensation paid during the period. There were no loans to key management personnel.

28 Capital commitments, Contingent assets and liabilities

(a) Capital commitments

There were no capital expenditures contracted for at the end of each reporting period not yet incurred.

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(b) Contingent assets

Escrow agreement

The National Council of Privatization (NCP) at its 5th meeting for the year 2013 which held on 11 July 2013, approved the sum of N50 billion from the proceeds of the privatization of Egbin Power Plc in favour of the Company as payment guarantee for the Power Purchase Agreements (PPAs) it executed with the privatised Generation Companies (GENCOs). The funds were deposited in interest bearing escrow accounts and represented a risk guarantee to secure the Company's payment obligations to the GENCOs for the sale of electrical capacity and electrical energy under their PPAs with NBET.

Based on this, the Company signed a N50 billion Escrow Agreement with the BPE, United Bank for Africa Plc (UBA), First Bank of Nigeria Plc and First City Monument Bank Plc (Plc) in December 2013, for use in the event that the privatised Distribution Companies (DISCOs) cannot fulfil their obligations under their respective Vesting Contracts with the Company and there is a shortfall in available funds to permit full payment to the GENCOs. The Escrow Agreement was stated to be for an unbroken period of three (3) years, with renewal being contingent on a payment default of a GENCO's invoiced amount within the stated time period.

See note 29.2 for further information.

(c) Contingent liabilities and commitments

The Company and the Federal Government of Nigeria (FGN) entered into a Put/Call Options Agreements (PCOA) with Azura Edo Limited and Azura Power West Africa Limited (Azura) on 22 October 2014; where the Company or the FGN can elect to either take title to Azura's power plant or purchase the shares in the plant if the Power Purchase Agreement (PPA) is unduly terminated as a result of a breach from the counterparty or a prolonged force majeure event. The counterparty and its shareholders also have same rights as the Company and FGN in case of a breach of contract by the Company or a prolonged force majeure event.

Since Azura's commissioning in May 2018, it has been generating electric power for the grid and NBET has been purchasing the electricity in accordance with the PPA. There is no impact on the contingent liability of NBET/FGN under the PCOA as there has been no breach of contract on the part of NBET or FGN, and the PPA has not terminated.

In December 2017, the Honourable Minister of Finance completed the execution of the PCOAs for CT Cosmos Limited and Afringia Power Limited by countersigning the respective PCOAs earlier executed by the Company and these solar power project developers.

29 Events after reporting date

29.1 Along with all other Ministries, Departments and Agencies of Government (MDAs), the Company's Board of Directors was dissolved via a presidential directive conveyed by Circular No. SGF.19/S.81/XIX/964, dated 16 July 2015, directing the Chief Executive Officers of affected MDAs to refer matters requiring their boards' attention to the President through the Permanent Secretaries of their respective supervising ministries or offices for action. The Company was under the supervision of the Federal Ministry of Power, Works and Housing. However, its Board of Directors was reconstituted in 2018 and is chaired by the Honourable Minister of Finance, Zainab Ahmed, with the Director-General of Bureau of Public Enterprises, Alex Okoh, as Vice Chairman. On 5 May 2020, the President approved the board of directors' reconstitution as provided in page 1.

29.2 Escrow accounts

The proceeds from the sale of the Olorunsogo power plant resulted in an escrowed fund of \$10.1 million. Based on instruction from the Bureau of Public Enterprises (BPE), the escrow bank, FCMB, subsequently converted this amount to N2.01billion in April 2015. FCMB applied an interest rate of 0.5% p.a to the escrow account.

Concerning the Omotosho power plant, in April 2015, BPE notified the escrow bank, Diamond Bank, of the movement of the Omotosho escrow fund to FCMB. An interest rate of 0.5% p.a was applied to this account.

On 1 July 2015, along with all parties, Management negotiated the interest rate of Egbin escrow agreement to 2%, up from the 0.02% p.a.

As of the report signing date, the escrow has been fully utilised to settle liabilities to the former Power Holding Company of Nigeria and payment to the power generation companies for January and February 2017 invoices.

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In February 2016, the total sum of N20.97 billion, consisting of N17.3 billion from Egbin escrow account, N1.67 billion from Olorunsogo escrow account and N2 billion from Omotosho escrow account, were used to settle obligations to the generation companies.

The balance and accrued interests in the Olorunsogo escrow account and Omotosho escrow account were used in making payment on the power plants debts. The escrow balances for Olorunsogo and Omotosho are now fully depleted.

Before the finalisation of the PAF term sheet, which gave the Company access to the N701 billion loan from the Central Bank of Nigeria, the balance of N32.7 billion held in the Egbin escrow account was utilised in supplementing payments to power generation companies for January 2017 and part of the February 2017 invoices. The Central Bank of Nigeria has since refunded the balance to the Company.

29.3 Between 1 January 2015 and the report signing date, the Company entered into Power Purchase Agreements with the following entities:

Gas fired plants	Contract price	Capacity	Date	Status
Bresson A.S. Nigeria Limited	N13.912per/kWh	90MW	21 December 2015	Non-operational and not under construction)
First Independent Power Limited (FIPL) - Eleme*	N9.859per/kWh	75MW	15 January 2015	Existing brownfield power plant
First Independent Power Limited (FIPL) - Trans Amadi*	N9.859per/kWh	100MW	15 January 2015	Existing brownfield power plant
First Independent Power Limited (FIPL) - Omoku*	N9.859per/kWh	150MW	15 January 2015	Existing brownfield power plant
Kingline Development Nigeria Limited	N22.87per/kwh	550 Mw	14 December 2017	Non-operational and not under construction)

* The contract tariffs for the FIPL power plants have been escalated to N20.675per/kWh as at December 2017

Solar power plants	Contract price	Capacity	Date	Status
Nova Solar 5 Farms Nigeria Limited	\$0.115per/kWh	100MWAC	21 July 2016	Non-operational and not under construction)
Middle Band Solar One	\$0.115per/kWh	100MWAC	21 July 2016	Non-operational and not under construction)
Anjeed Kafanchan Solar	\$0.115per/kWh	100MWAC	21 July 2016	Non-operational and not under construction)
Nigeria Solar Capital Partners Ltd ("NSCP")	\$0.115per/kWh	100MWAC	21 July 2016	Non-operational and not under construction)
Pan Africa Solar Limited	\$0.115per/kWh	75MWAC	21 July 2016	Non-operational and not under construction)
Quaint Global Energy Solutions Nigeria Limited (succeeded by Access Quaint Solar Nigeria Limited)	\$0.115per/kWh	50MWAC	12 August 2016	Non-operational and not under construction)
LR Aaron Power	\$0.115per/kWh	100MWAC	9 August 2016	Non-operational and not under construction)
KvK Power (NIG) Pvt Limited^	\$0.115per/kWh	100MWAC	21 July 2016	Non-operational and not under construction)
EN Consulting and Projects Limited	\$0.115per/kWh	50MWAC	21 July 2016	Non-operational and not under construction)
Nova Scotia Power Development Limited	\$0.115per/kWh	80MWAC	21 July 2016	Non-operational and not under construction)
Oriental Renewable Solutions Limited	\$0.115per/kWh	50MWAC	21 July 2016	Non-operational and not under construction)
CT Cosmos Nigeria Limited	\$0.075per/kWh	70MWAC	9 August 2016	Non-operational and not under construction)
Afrinegia Power Limited	\$0.075per/kWh	50MWAC	21 July 2016	Non-operational and not under construction)
Motir Dusable Power Investment Limited^^	\$0.115per/kWh	50MWAC	21 July 2016	Non-operational and not under construction)

Furthermore, the Company is in the process of negotiating put-call option agreements (PCOAs) with other developers in addition to the ones already executed between 2014 and 2017.

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Afrinergia power limited & CT Cosmos Nigeria have executed PCOA (however, the PCOA has not been approved by the Federal Ministry of Finance). The tariff of other solar developers has also been subjected to further negotiation resulting in a new agreed rate of \$0.075per/kWh.

[^] The contract capacity has been amended to 55MWAC

^{^^} The developer has discontinued the project.

29.4 Transactions with generation companies and distribution companies

Between 1 February 2015 and 31 March 2021, the Company has paid the generation companies N2.30 trillion against invoices of N3.05 trillion, representing 75.4% of the total outstanding. Total outstanding invoices due to generation companies as of 31 March 2021 is N753.11 billion and;

Between 1 February 2015 and 31 March 2021, the eleven distribution companies have paid N996 billion to the Company from total invoices of N3.03 trillion, representing 32.9% payment. Total outstanding invoices is N2.03 trillion, and estimated interest receivable is N877.9 billion based on the interest rate of NIBOR+4%.

29.5 Payment Assurance Facility (N701 billion)

The Federal Executive Council (FEC), at its meeting on 1 March 2017, approved a N701 billion Payment Assurance Facility for the power sector to be provided by the Central Bank of Nigeria (CBN). The facility is a 10-year loan to the Company at 5% interest. This facility is meant to provide the Company with the funds to assure existing generation companies payment of up to 80% of the monthly invoices and 90% of invoices for gas suppliers. As of 31 December 2018, the total sum of N623.6 billion has been utilised to pay the invoices of generation companies and gas suppliers. The balance of N77.4 billion remains unutilised. As of 28 February 2019, the total sum of N701 billion has been fully utilised in the payment of the invoices of generation companies and gas suppliers.

Interest on the CBN N1.3 trillion loan became payable in January 2019 as the moratorium period lapsed after one year. As of 31 March 2021, an interest amount of N79.81 billion has accumulated, for which NBET has paid N21.56 billion. The current outstanding interest amount stands at N58.25 billion, which NBET intends to forward to the Ministry of Finance to settle as there was no provision in its 2020 budget.

Following the depletion of the loan facility, FEC had approved an expansion of the N701 billion facility, with an additional sum of N600 billion, bringing the facility to a total of N1.3 trillion. The additional sum was to assure generation companies of 100% payment from their January 2019 invoice till the fund is depleted. As of March 2021, NBET had drawn a total sum of N361.2 billion, leaving an unutilised balance of N238.7billion.

Mainstream Energy Solutions Ltd, Transcorp Power Limited, Egbin Power Plc. and North South Power Company Ltd (Plaintiffs) instituted an action against the Federal Government of Nigeria, Minister of Power Works and Housing, the Company, Central Bank of Nigeria, Azura Power West Africa Limited and Accugas Limited (Defendants) vide a writ of summons dated 19 February 2018 but filed at the Federal High Court, Abuja, with suit No. FHC/ABJ/CS/180/2018, on 20 February 2018. The case was filed to stop the Company from settling the invoices of the 5th and 6th defendants from the N701 billion Payment Assurance Facility created to pay equitably and fairly, 80% of all bills and invoices submitted by power generation and gas supply entities carrying out the business of generating power. The injunction as requested by the plaintiffs was denied on 8 February 2019. The court adjourned the matter to 20 May 2020 to hear the substantive suit but, the court did not sit on the adjourned date.

The matter further came up on 28 September 2020, and the Plaintiffs moved a motion to discontinue the suit, which was granted. Part of NBET's argument was that the subject matter was not in existence, so discontinuing the case meant that the plaintiffs had conceded to NBET's argument.

29.6 The Company, pursuant to its vesting contracts with various distribution companies, received nine (9) bank guarantees from 9 distribution companies worth a total sum of N56.97 billion. A deed of assignment was executed between the Company and United Bank of Africa Plc, who, pursuant to a letter of appointment, appointed a Security Trustee to hold the bank guarantees on its behalf. The Security Trustee is United Capital Trustee Limited, which has the bank guarantees via a Security Trust Deed. The Security Trust Deed was executed on 20 May 2016. The parties to the deed are NBET, United Capital Trustees Limited and the respective generation companies that are the beneficiaries.

However, two ongoing court cases at the Federal High Court of Nigeria, namely; Benin Electricity Distribution Plc and others (Ibadan Electricity Distribution Plc and Kaduna Electricity Distribution Plc) vs NERC and NBET, and Enugu Electricity Distribution Plc and others (Kano Electricity Distribution Plc and Jos Electricity Distribution Plc) vs NERC, currently impede access by the generation companies to the Company's payment security. Therefore, this has prompted the Company to request that United Capital Trustees Limited freeze the annual administrative fee on the Security Trust Deed.

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Furthermore, in 2020, the bank guarantees provided by Benin Electricity Distribution Plc, Abuja Electricity Distribution Company and Kaduna Electricity Distribution Company expired. While the bank guarantee for Abuja Electricity Distribution Company has subsequently been renewed, the bank guarantee for Benin Electricity Distribution Plc and Kaduna Electricity Distribution Company remains outstanding.

- 29.7** The Company renegotiated the terms of the Investment Management Agreement on its \$350 million investment with Nigeria Investment Authority (NSIA) and set a more favourable new hurdle rate of 4% optimising its investment income and capping the investment management fee at \$1 million per annum. The agreement took effect on 1 October 2016. Furthermore, the Company entered into a USD120 million swap contract with the Central Bank of Nigeria on 1 March 2016 through the investment activities of NSIA on the proceeds of the \$350 million Eurobond availed to the Company by the FGN. The swap contract expired on 30 November 2017.

CBN's decision to devalue the Naira has had both FX gains and losses to the Company's assets and liabilities. Notably affected is the Company's Eurobond facility, which has significantly increased in Naira value as the Company's liabilities in the form of loan repayments/interests have increased.

29.8 Repayment of NBET's \$350m Eurobond Shareholder loan

The \$350m Eurobond Shareholder loan availed to the Company in March 2014 fell due for repayment in June 2018. The total principal and interest due for repayment were \$428.28 million. Hence the Company liquidated the entire portfolio in the management of NSIA and realised the sum of \$417.46 million. This has been paid to the Debt Management Office (DMO), leaving a shortfall of \$10.82 million. Having envisaged a shortfall, the Company made a provision of N2.62 billion in its 2018 Budget for this purpose. As of December 2019, NBET had paid the total N3.82billion (\$12.54 million) provided in its budget to DMO, leaving an outstanding balance of \$96,000 due to DMO. NBET included this balance in its 2021 appropriation.

- 29.9** Following the declaration of the Transitional Electricity Market (TEM) on 1 February 2015, the Company took the responsibility in the transitional stage for purchasing bulk power from generation companies and Independent Power Producers (IPPs) and reselling the power to the distribution companies and eligible customers according to demand, based on vesting contracts and power sale agreements entered into with the distribution companies and eligible customers respectively.

Following the Company's designation as Nigeria sovereign agent in international power sale agreements earlier executed by the defunct Power Holding Company of Nigeria (PHCN), the Company and PHCN in 2017 executed agreements for the novation of these agreements to the Company. The agreements relate to the international power export to Société Nigérienne d'Electricité (NIGELEC) and Communauté Electrique du Bénin (CEB) respectively.

- 29.10** Government directive has necessitated the implementation of the Treasury Single Account (TSA) policy at the Company. All the Company's banking activities on its Central Bank of Nigeria (CBN) accounts are consummated on the Remita platform. This compliance has affected the Company's sundry income previously generated from its investments in Nigerian Treasury Bills (NTB).

29.11 Power Sector Reform Plan

NBET has received a total of N138 billion out of N193.3 billion from the 2018 appropriation under the Power Sector Reform Plan for the power sector reform program. NBET has also received a total of N81.1 billion from its 2020 Budget appropriation under the power reform program. The proceeds received has been used to reduce the growing outstanding balance due to GenCos, this is reflected in the outstanding balances as at 31 March 2021.

- 29.12** In addition to the law suits already mentioned, there is a lawsuit relating to issues in the electricity market, in which NBET has been listed amongst the Defendants:

- Mr. Chinwe Henry Mbakwem vs NERC & 20 Ors. with Suit No FHC/ABJ/Cs/1128/2018, which is ongoing and scheduled to come up at the Federal High Court on 25 June 2019.

The claimant alleged that NBET has failed to pay sums due to the Generation Companies (GenCos) when due for the supply of power to the National Grid. NBET continues to owe, delay payments, and or underpay invoices. He claimed this had resulted in the inability of GenCos to meet their operational payment obligations to various entities, including gas suppliers. According to the claimant, this breach of duty has contributed to the unsteady electricity supply in the Nigerian Electricity Market. NBET has filed a motion seeking the dismissal of the case due to lack of merit. The matter was adjourned to 26 November 2020. The court's failure to sit on the adjourned date was on account of the COVID-19 pandemic. The matter was adjourned to 22 February 2021, and the court ordered a hearing notice be served on the plaintiff. The case was adjourned to 28 June 2021.

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• Enugu Electricity Distribution Company (EEDC) V. NERC, BPE & NBET – Suit No. FHC/ABJ/CS/122/2020

By an ex parte application, EEDC complained about NERC's regulatory requirement for them to remit a stipulated minimum payment to NBET, as provided under the 2016 – 2018 Minor Review of Multi-Year Tariff Order (MYTO) 2015 and Minimum Remittance Order for the Year 2019, dated 19 August 2019, with Effective Date of 1 July 2019 ("Minimum Remittance Order 2019"), and the December 2019 Minor Review and of Multi-Year Tariff Order (MYTO) 2015 and Minimum Remittance Order for the Year 2020, dated 31 December 2019, with an effective date of 1 January 2020 ("Minimum Remittance Order 2020").

The court ordered that the defendants be put on notice. An order was issued asking parties to maintain the status quo. No date has been communicated to NBET yet, and NERC is to procure a lawyer to defend both NBET and NERC.

• Cyrex Energy Ltd & 1 Other v. FGN & 4 Ors

The parties to the lawsuit are FGN (1st Defendant), Hon. AGF (2nd Defendant), CBN (3rd Defendant), NERC (4th Defendant) and NBET (5th Defendant).

The plaintiffs alleged that the FGN established the CBN NEMSF facility to pay the plaintiffs and other power producers to address the payment shortfall during the interim period. After reconciliations, the parties identified the outstanding debt to be N2,292,847,594.44, of which gas charge was N1,789,847,594.44, and the capacity charge was N503,259,141.36. The defendants had paid the gas charge component, but the capacity charge component is still unpaid.

When filing the suit, the plaintiffs noted the indebtedness was N966,257,551.41, being the principal sum and accrued interest calculated at the rate of 16%: prime lending rate as contained in the PPA as 4% and the LPR as at 2014 as 12%.

The matter came up on 15 December 2020 for a mention, and it was adjourned till 23 March 2021. On that day, the court heard NBET's preliminary objection and further adjourned the matter to 8 June 2021.

- 29.13** On 17 September 2020, the Board of Directors of NBET resolved that the N2 billion borrowed from the capital fund, approved by the board on 7 July 2014, for financing the recurrent expenditure of NBET, be classified and treated as a deposit for shares (equity).

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VALUE ADDED STATEMENT

	31 December 2014 N'000	%	31 December 2013 N'000	%
Revenue	162,641		377,134	
Less bought-in materials and services:	(2,158,646)		(406,901)	
Other operating income	1,176,397		1,050	
Value eroded	(819,608)	100	(28,717)	100
Distributed as follows				
Employees:				
To pay salaries, wages and other staff costs	415,339	-50%	309,740	-1078%
Maintenance of assets:				
Depreciation and amortization	73,738	-10%	45,034	-157%
Future:				
Transfer to reserve	(1,308,685)	160%	(383,491)	1335%
Value eroded	(819,608)	100%	(28,717)	100%

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FOUR-YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

	IFRS			NGAAP
	2014 N'000	2013 N'000	2012 N'000	2011 N'000
ASSETS & LIABILITIES				
Non-current assets	229,758	189,027	153,563	12,100
Net current liabilities	18,118,614	16,054,573	9,069,186	322,189
Net Assets	18,348,372	16,243,600	9,222,749	334,289
EQUITY				
Share capital	10,000	10,000	10,000	10,000
Contributions by the Federal Government of Nigeria	1,574,775	1,219,649	664,091	381,250
Power trading capital	18,776,003	15,717,672	8,868,888	-
Accumulated losses	(2,029,900)	(703,721)	(320,230)	(56,961)
Fair value reserves	17,494	-	-	-
Total equity	18,348,372	16,243,600	9,222,749	334,289

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	IFRS			NGAAP
	2014 N'000	2013 N'000	2012 N'000	2011 N'000
Revenue	162,641	377,134	190,401	-
Other income	1,176,397	1,050	15	-
Operating expenses	(1,102,800)	(764,500)	(454,144)	(56,961)
Net finance (expense)/income	(1,562,417)	2,825	459	-
Loss for the year	(1,326,179)	(383,491)	(263,269)	(56,961)
Other comprehensive income	17,494	-	-	-
Total comprehensive loss	(1,308,685)	(383,491)	(263,269)	(56,961)