Azura Power West Africa Limited

Annual Report

31 December 2015

Contents

Corporate information

Registration Number: RC. 916450

Directors:	David Ladipo - Managing Director Sundeep Bahanda Phillip Ihenacho Opuiyo Oforiokuma Olusola Lawson Sean MacDonald Crispin Holliday Paul Hanrahan
Company Secretary:	ALSEC Nominees Limited St. Nicholas House 10th Floor, Catholic Mission Street Lagos Nigeria
Solicitors:	Trinity International LLP Dashwood House 69 Old Broad Street London United Kingdom Templars (Barristers & Solicitors) 13A, A.J. Marinho Drive Victoria Island Annexe Lagos Nigeria
Registered Office:	St. Nicholas House 10th Floor, Catholic Mission Street Lagos Nigeria
Auditors:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos Nigeria
Principal Bankers:	First City Monument Bank Plc Standard Chartered Bank Nigeria Limited Standard Chartered Bank UK Zenith Bank Plc

Directors' report

For the year ended 31 December 2015

The Directors present their report on the affairs of Azura Power West Africa Limited, together with the financial statements and auditor's report for the year ended 31 December 2015.

Principal Activity and Business Review

Azura Power West Africa Limited ("the Company" or "APWAL") was incorporated in Nigeria on 14 October 2010 as a limited liability company to generate power in Nigeria.

Since its inception till 28 December 2015, the Company had been in the development stage of the Azura-Edo Independent Power Plant (Azura-Edo IPP) project with its strategic partners. The Azura-Edo Independent Power Plant is located on land provided by the Edo State Government and will have a combined output of 459MW using heavy-duty E-class Open Cycle Gas Turbines (OCGTs).

The Directors are pleased to report the achievement of a number of key milestones for the year ended 2015.

On 28 December 2015, the Company reached financial close on the 459MW Azura-Edo IPP project. Financial close occurred when all the project and financing agreements were signed and all the required conditions contained in them had been met. It enabled funding arrangements (e.g. loans and equity) to start flowing so that project implementation could actually start. On 29 December 2015, the first debt drawdown took place upon the satisfaction or waiver of all conditions precedent to First Disbursement.

On 31 December 2015, the EPC Contractor received its advance payment and the Notice to Proceed (NTP) to the project site. Contractor mobilization to site occurred on 4 January 2016 and the period of construction is estimated to be three-years. Upon commercial operations at the end of the three-year construction period, the Company will sell power under a 20- year Power Purchase Agreement (PPA) to the Nigerian Bulk Electricity Trading PLC (NBET). The PPA was signed on 22 April 2013 (subsequently amended on 1 December 2014 and 25 November 2015).

The Company will source gas from nearby fields through a long-term Gas Sales Purchase Agreement (GSPA) signed on 14 April 2014 (subsequently amended on 1 December 2014 and 24 November 2015) with Seplat Petroleum Development Company PLC (Seplat), a leading indigenous independent oil and gas company and Nigerian Petroleum Development Company (NPDC). Seplat is the operator of the Oben Gas Plant located about 50km from the Project site. The gas will be transported by the Nigerian Gas Company (NGC) under a gas transportation agreement signed on 22 July 2014.

Funding Arrangements

The Azura-Edo IPP funding structure is comprised of both equity and debt. The debt holders comprise fifteen (15) international and local lending institutions as well as shareholders. During the year under review, the Company drew down cash amounts of $106.1 million from its Shareholders Loan facility, $31.98 million from Senior Loans, $65 million from Mezzanine Loans and $24.81 million (₦4.9 billion) from its Local Loan Facility. The amounts drawn down were primarily used to pay for project costs consisting of development costs, financing costs, lender fees, professional fees, security registration, resettlement costs and the EPC contractor. Certificate of capital importations (CCIs) have been received for the amounts utilized from the shareholders and the foreign loans during the year ended 31 December 2015.

Directors' report (cont'd)

The Company is yet to commence generation of power, and as such it, earned no revenue and incurred a loss before tax of ₦458.98 million for the year ended 31 December 2015 (2014 : ₦357.67 million). The loss has arisen mainly from various security expenses, employee benefit expenses, community/public relations and professional fees, foreign exchange losses as well as accretion expense resulting from the unwinding of discount on provision for resettlement obligation.

Based on available information, the Directors expect the Company to commence generation of power in the last quarter of 2018.

Operating Results

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

	2015	2014
	₦'000	₦'000
Revenue	-	-
Loss before taxation	(458,976)	(357,674)
Taxation	-	-
Loss after taxation	(458,976)	(357,674)

No dividend has been recommended by the Directors (2014:Nil).

Directors and their Interests

The Directors who served during the year were as follows:

Name of Director	**Nationality**		**Date Appointed/(Resigned)**
David Ladipo - Managing Director	Nigerian		
Sundeep Bahanda	British		
Phillip Ihenacho	Nigerian		
Lisa Pinsley	American		
Opuiyo Oforiokuma	Nigerian		
Steve Wolf	American	Resigned	(16 January 2015)
Olusola Lawson	Nigerian		
Sean MacDonald	British		
Helen Tarnoy	British	Appointed	16 January 2015

Subsequent to year end, Crispin Holliday and Paul Hanrahan were appointed as directors to the Company on 21 January 2016 and 11 February 2016 respectively. Also, Lisa Pinsley and Helen Tarnoy resigned as directors to the Company on 1 February 2016 and 21 January 2016 respectively.

For the purpose of Section 277 of the Companies and Allied Matters Act of Nigeria, none of the Directors have notified the Company of any declarable interests in the contracts with the Company.

Directors' report (cont'd)

Material Agreements

The Company has entered into the following material agreements:

1 *Gas Sales and Purchase Agreement (GSPA)*

The Company entered into an agreement with Seplat Petroleum Development Company Plc (Seplat) and Nigerian Petroleum Development Company Ltd (NPDC) on 14 April 2014 (subsequently amended on 1 December 2014 and 24 November 2015) for the supply of gas from nearby fields. The tenure of the GSPA is fifteen (15) years commencing from the date Seplat starts gas deliveries to the Company, with an option for a five year renewal after the initial tenor. The GSPA contains take or pay minimum quantities of gas off-take. The Company has an obligation to provide a $55 million irrevocable letter of credit (LC) as a security for its payment obligations which had been provided as at year end. See Note 11 to these financial statements for further information about the LC. The gas will be transported to the power plant under the Gas Transportation Agreement (GTA) signed on 22 July 2014 with the Nigerian Gas Company Limited.

2 *Engineering, Procurement and Construction (EPC) Contract*

Construction of the first phase of the Power Plant will be executed under a fully wrapped, turnkey, engineering, procurement and construction ("EPC") contract by a consortium comprising Siemens AG, Siemens Nigeria Limited and Julius Berger Nigeria Plc. The EPC contract was signed on 30 April 2014 and subsequently amended on 15 December 2014 and 19 November 2015. The contract became operational at year end as the EPC Contractors received advance payment and the Notice to Proceed (NTP) to the project site on 31 December 2015.

3 *Power Purchase Agreement (PPA)*

The Company entered into a 20-year Power Purchase Agreement (PPA) with the Nigerian Bulk Electricity Trading Plc (NBET) in April 2013 (as subsequently amended on 1 December 2014 and 25 November 2015) to sell electric power (capacity and energy) generated from its planned Power Plant in Edo State at an agreed upon pricing model and contract capacity. This agreement underlies the Company's revenue stream as it contains the terms upon which the Company's sole customer (NBET) will buy and pay for the electric energy generated from the plant after construction. It is fundamental to the project finance structure of the Company, since, without it, the Company could not have secured the requisite financing to construct the Plant. NBET is wholly owned by the Federal Government of Nigeria (FGN) and was established as part of the ongoing Nigeria power sector reforms.

NBET's obligation to pay the Company is supported by the Federal Government with underlying support which has been provided by the World Bank in the form of a Partial Risk Guarantee (PRG) and liquidity support. Multilateral Investment Guarantee Agency (MIGA) is also providing termination support to both debt and equity investors.

4 *Subscription Agreement with Edo State Government (ESG)*

Under this arrangement, the ESG will receive 2.5% of the Company's equity based on its transfer of ownership of land (on which the power plant will be built) to the Company and the completion conditions in the subscription agreement, dated 18 June 2014, which have been achieved. The ESG transferred ownership of the land to the Company on 6 May 2012. On 20 December 2015, the Company issued 96,860 ordinary shares of ₦1 each and promissory note of $3.33 million to Edo State Government in fulfilment of its obligation under this agreement. See Notes 15(a) and 16(a)(iii) for details of ordinary shares and promissory notes issued to Edo State Government respectively.

Directors’ report (cont'd)

5 *Put Call Option Agreement (PCOA)*

The Put Call Option Agreement (PCOA) was executed on 22 October 2014 with Azura-Edo Limited, the Federal Government of Nigeria (“FGN"), and Nigerian Bulk Electricity Trading Plc (“NBET"). Should the PPA ever have to be terminated, the PCOA sets out the terms and conditions under which the FGN and/or NBET will have a right or an obligation (or both) to purchase the shares or the assets of the Company from its owners (Azura-Edo Limited); and in each case, the price that must be paid therefore.

6 *Shareholder Loan Facility Agreement*

On 20 December 2015, the Company signed an 8-year term loan agreement with its parent Azura-Edo Limited for a facility amount of $129.73 million. This new agreement superseded the old shareholder loan agreement dated 1 December 2014 with a facility amount of $118.71 million.

7 *Common Terms Agreement and Loan Financing Agreements*

The Common Terms Agreement (CTA) was executed on 27 November 2014 and provides a common framework of understanding for the lender consortium. The CTA was amended and restated on 9 December 2015 principally to align the contractual timelines surrounding disbursements, interest payments and principal repayments with the realities in view of the unforeseen delay to financial close.

The lender consortium comprises CDC Group Plc; DEG – Deutsche Investitions – Und Entwicklungsgesellschaft Mbh; ICF Debt Pool LLP; International Finance Corporation; Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.; Société De Promotion et de Participation pour la Coopération Économique S.A.; Swedfund International AB; Overseas Private Investment Corporation; The Emerging Africa Infrastructure Fund Ltd; Firstrand Bank Limited (Acting through its Rand Merchant Bank Division); Siemens Bank GMBH; The Standard Bank of South Africa Limited; Standard Chartered Bank; and First City Monument Bank Limited.

Fifteen (15) individual loan financing agreements between the Company and the above suite of lenders were also executed between 25-27 November 2014 and contain specific payment requirements and account funding requirements that are customary for power project financing transactions of this nature. Lenders will be providing $566.5 million and ₦24 billion of long-tenor senior and mezzanine financing for the project as follows:

- $501.5 million of offshore senior debt facilities, which includes a $55 million of a GSPA Letter of Credit facility.
- $65 million of offshore USD mezzanine debt facilities, which will be funded by Development Finance Institutions (DFIs).
- ₦24 billion of an Onshore Senior Debt Facility, provided through the Bank of Industry (BOI) Power and Airline Intervention Fund (PAIF)) concessional window.

Other existing key operational agreements include the Operation and Maintenance Agreement signed on 5 May 2014 (as amended), which appoints PIC Group to operate and maintain the power plant. The Long Term Maintenance Contract executed on 24 July 2014 (as amended) between APWAL and Siemens Nigeria Limited and Siemens AG sets out the terms for long term maintenance services comprising parts, repairs, and scheduled outages. These agreements became effective on 31 December 2015.

Directors' report (cont'd)

On 24 June 2014, the Company entered into two agreements with the Transmission Company of Nigeria (TCN) Plc; Grid Connection Agreement which provides the terms and conditions for connection of the power plant with the Transmission Network System of TCN and Ancillary Services Agreement that provides for additional services. These agreements were non - operational at year end.

As part of the Company's corporate governance activities, subsequent to the reporting date, the Company set up the Board Audit and Risk Committee (BARC) on 13 May 2016. BARC is mainly responsible for the financial reporting issues of the Company which includes the review of the audited financial statements, review of the Company's budgets and recommendation of the financial statements to the Company's board of directors for approval, among others.

Shareholding Structure

The shareholding structure of the Company is as follows:

	Ordinary Shares of ₦1 each	
	2015	2014
	Number	Number
Azura-Edo Limited ***	3,777,564	5,096,199
ALSEC Nominees Limited **	-	1
Edo State Government *	96,860	-
	3,874,424	5,096,200

* During the year, the Company issued 96,860 ordinary shares of ₦1 each to Edo State Government in fulfilment of the terms of the Subscription Agreement.

** During the year, ALSEC Nominees Limited surrendered the single share that was held in trust for Azura-Edo Limited to the Company.

*** During the year, Azura-Edo Limited surrendered 4,999,999 shares to the Company and additional 3,681,364 ordinary shares of ₦1 each were issued to Azura-Edo Limited at a price of ₦10 per share.

Azura-Edo Limited has charged all its shares in the Company in favor of the Company's external lenders until all obligations to the lenders have been fully discharged.

Charitable Donations

Donation amounting to ₦100,000 was made into University of Benin Faculty of Engineering Endowment Fund during the year (2014: Nil). In accordance with Section 38(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation to any political association, or for any political purpose in the course of the year (2014: Nil).

Employment and Employees

(a) **Employee Consultation and Training**

The Company places considerable value on the involvement of its employees in major policy matters and keeps them informed on matters affecting them as employees and on various factors affecting the performance of the Company. This is achieved through regular meetings with employees and consultations with their representatives.

Directors' report (cont'd)

(b) **Dissemination of Information**

In order to maintain shared perception of our goals, the Company is committed to communicating information to employees in as fast and effective a manner as possible. This is considered critical to the maintenance of team spirit and high employee morale.

(c) **Employment of Physically Challenged**

The Company has no physically challenged persons in its employment (2014:Nil). However, the Company's employment policy does not discriminate against any individual for reason of his/her infirmity as each employment case is purely treated on merit.

(d) **Employee Health, Safety and Welfare**

The Company places a high premium on the health, safety and welfare of its employees in their place of work. In order to protect staff and other persons against risk to health and safety hazards arising out of or in connection with the Company's planned construction activities, the Company has established an Environmental, Health, and Safety (EH&S) management system. The Company has also put in place various forms of insurance policies, including workmen compensation insurance and life insurance to adequately secure and protect its employees.

Property, Plant and Equipment

Information relating to changes in property, plant and equipment is disclosed in Note 9 to these financial statements.

Events after the reporting date

See Note 25 to these financial statements

Independent Auditors

In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria, the auditors KPMG Professional Services, have indicated their willingness to continue in office as independent auditors of the Company.

ALSEC NOMINEES LIMITED

BY ORDER OF THE BOARD

....

Company Secretaries

ALSEC Nominees Limited

Company Secretary

Lagos, Nigeria
29 August 2016

Statement of directors' responsibilities in relation to the financial statements for the year ended 31 December 2015

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Signature

Sundeep Bahanda
FRC/2014/IODN/00000007525

29 August 2016
Date

Signature

David Ladipo
FRC/2014//IODN/00000007487

29 August 2016
Date

KPMG

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INDEPENDENT AUDITOR'S REPORT

To the Members of **Azura Power West Africa Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **Azura Power West Africa Limited** ("the Company"), which comprise the statement of financial position as at 31 December, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 53.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011, 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 these 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 the audit to obtain reasonable assurance about whether 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 judgment, 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 of financial statements that give a true and fair view 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 audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of **Azura Power West Africa Limited** ("the Company") as at 31 December, 2015, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and the statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Ayodele A. Soyinka
FRC/2012/ICAN/00000000405
For: KPMG Professional Services
Chartered Accountants
29 August 2016
Lagos, Nigeria

Statement of financial position

As at:

	Note	31 December 2015	31 December 2014
		₦'000	₦'000
ASSETS			
Property, plant and equipment	*9*	18,370,393	1,491,845
Intangible assets	*10*	49,355	49,355
Other receivables	*11*	6,616,038	-
Prepayments	*12*	7,840,850	462,029
Non-current assets		32,876,636	2,003,229
Other receivables	*11*	3,506,632	32,604
Prepayments	*12*	13,814	18,178
Cash and cash equivalents		14,392,996	501,397
Current assets		17,913,442	552,179
Total assets		**50,790,078**	**2,555,408**
EQUITY			
Share capital	*13*	3,874	5,096
Share premium	*14*	33,998	866
Retained earnings		944,742	(1,651,582)
Other reserves	*15(a)*	-	438,015
Hedging reserve	*15(b)*	(1,176,149)	-
Total equity		(193,535)	(1,207,605)
LIABILITIES			
Interest rate swaps	*20*	1,176,149	-
Loans and borrowings	*16(a)*	45,036,647	2,337,312
Deferred income	*17*	2,300,960	-
Non-current liabilities		48,513,756	2,337,312
Loans and borrowings	*16(a)*	-	302,147
Provisions	*18*	1,076,732	996,198
Trade and other payables	*19*	1,393,125	127,356
Current liabilities		2,469,857	1,425,701
Total liabilities		50,983,613	3,763,013
Total equity and liabilities		**50,790,078**	**2,555,408**

These financial statements were approved by the Board of Directors on ...29 August... 2016 and signed on its behalf by:

.... Managing Director
FRC/2014//IODN/00000007487

.... Director
FRC/2014/IODN/00000007525

Additionally certified by:

.... Chief Financial Officer
FRC/2014/IODN/00000007486

The notes on pages 16 to 53 are an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	2015	2014
		₦'000	₦'000
Administrative expenses	*5*	(253,790)	(325,906)
Operating loss		**(253,790)**	**(325,906)**
Finance income		-	536,105
Finance costs		(205,186)	(567,873)
Net finance costs	*6*	(205,186)	(31,768)
Loss before income tax	*7*	**(458,976)**	**(357,674)**
Income tax expense	*8*	-	-
Loss for the year		**(458,976)**	**(357,674)**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges- effective portion of changes in fair value	20	(1,176,149)	-
Other comprehensive income		**(1,176,149)**	**-**
Total comprehensive income for the year		**(1,635,125)**	**(357,674)**

The notes on pages 16 to 53 are an integral part of these financial statements.

Statement of changes in equity

	Notes	Share capital	Share premium	Retained earnings	Other reserves	Hedging reserve	Total equity
		₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Balance at 1 January 2015		5,096	866	(1,651,582)	438,015	-	(1,207,605)
Total comprehensive income:							
Loss for the year		-	-	(458,976)	-	-	(458,976)
Other comprehensive income		-	-	-	-	(1,176,149)	(1,176,149)
Total comprehensive income for the year		**-**	**-**	**(458,976)**	**-**	**(1,176,149)**	**(1,635,125)**
Transactions with owners of the Company							
Contributions and Distributions							
Issue of ordinary shares	*13,14*	3,681	33,132	-	-	-	36,813
Surrender of shares	*13(b)(ii)*	(5,000)	-	5,000	-	-	-
Other reserves transferred	*15(a)*	97	-	-	(438,015)	-	(437,918)
Gain on extinguishment of loan	*16(a)(i)*	-	-	2,741,079	-	-	2,741,079
Fair value gain on loan received	*16(b)*	-	-	309,221	-	-	309,221
Total transactions with owners of the Company		**(1,222)**	**33,132**	**3,055,300**	**(438,015)**	**-**	**2,649,195**
Balance at 31 December 2015		**3,874**	**33,998**	**944,742**	**-**	**(1,176,149)**	**(193,535)**

	Note	Share capital	Share premium	Retained earnings	Other reserves	Hedging reserve	Total equity
		₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Balance at 1 January 2014		5,000		(1,096,807)	438,015	-	(653,792)
Total comprehensive income:							
Loss for the year		-	-	(357,674)	-	-	(357,674)
Total comprehensive income for the year		-	-	(357,674)	-	-	**(357,674)**
Transactions with owners of the Company							
Contributions and Distributions							
Issue of ordinary shares	*13,14*	96	866	-	-	-	962
Gain on extinguishment of loan		-	-	209,245	-	-	209,245
Fair value loss on loan received	*16(b)*	-	-	(406,346)	-	-	(406,346)
Total transactions with owners of the Company		**96**	**866**	**(197,101)**	**-**	**-**	**(196,139)**
Balance at 31 December 2014		**5,096**	**866**	**(1,651,582)**	**438,015**	**-**	**(1,207,605)**

The notes on pages 16 to 53 are an integral part of these financial statements.

Statement of cash flows

For the year 31 December

	Notes	2015	2014
		₦'000	₦'000
Cash flows from operating activities			
Loss for the year		(458,976)	(357,674)
Adjustments for:			
- Net finance costs		95,040	31,588
- Loss on disposal of property, plant and equipment	*5*	352	-
- Provision for out of court settlement	*18*	10,000	-
- Depreciation	*9(a)*	13,856	6,833
		(339,728)	(319,253)
Changes in:			
- Other receivables		(10,090,066)	(32,604)
- Prepayments		(7,374,456)	(478,557)
- Trade and other payables		(2,463,728)	79,811
		(20,267,978)	(750,603)
Provisions for resettlement costs paid	*18*	(62,573)	(145,199)
Net cash used in operating activities		(20,330,551)	(895,802)
Cash flows from investing activities:			
Acquisition of property, plant and equipment	*9(d)*	(12,002,759)	(47,426)
Acquisition of intangible assets	*10*	-	(21,297)
Net cash used in investing activities		(12,002,759)	(68,723)
Cash flows from financing activities:			
Proceeds from issue of share capital		36,813	962
Proceeds from loans and borrowings	*16(b)*	47,693,182	1,433,198
Transaction costs related to loans and borrowings	*16(b)*	(1,615,232)	
Net cash generated from financing activities		46,114,763	1,434,160
Net increase in cash and cash equivalents		13,781,453	469,635
Cash and cash equivalents at 1 January		501,397	31,582
Effects of exchange rate changes on cash and cash equivalents		110,146	180
Cash and cash equivalents at 31 December		14,392,996	501,397

The notes on pages 16 to 53 are an integral part of these financial statements.

Notes to the financial statements

Notes to the financial statements

1. Reporting entity

Azura Power West Africa Limited ("the Company") was incorporated in Nigeria on 14 October 2010 as a limited liability company to generate power in Nigeria. The Company is a subsidiary of Azura-Edo Limited, a Company registered and domiciled in Mauritius.

The Company is domiciled in Nigeria. The Company's registered office is at St Nicholas House, 10th Floor, Catholic Mission Street, Lagos.

2. Basis for preparation

(a) **Basis of measurement and accounting**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA) of Nigeria and the Financial Reporting Council (FRC) of Nigeria Act, 2011.

They have been prepared on the historical cost basis except for certain items of financial instruments that are measured at fair value (See Note 20 to these financial statements). They were authorised for issue by the Company's Board of Directors on 29 August 2016.

Details of the Company's accounting policies are included in Note 3 and the methods used to determine fair values for initial recognition and disclosure purposes are discussed further in Note 2c(i).

(b) **Functional and presentation currency**

These financial statements are presented in Naira (₦), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

(c) **Use of estimates and judgments**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2016 is included in the following notes:

-Notes 18, 19 (a) and 23: Recognition and measurement of provisions and contingencies: Key assumptions about the likelihood and magnitude of an outflow of resources.

-Notes 16(a) (i) and (iii) : Loans and borrowings: Estimated commercial operations date used to estimate timing of repayment of the loans.

Notes to the financial statements

(i) **Measurement of fair values**

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

The Company has an established control framework with respect to the measurement of fair values. The Chief Financial Officer (CFO) has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors.

The Chief Financial Officer (CFO) regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the HF assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Board of Directors.

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 21 (f)- Fair values

3. Significant accounting policies

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

(a) Finance income and finance costs

The Company's finance income and finance costs include:

- foreign currency gain or loss on financial assets and financial liabilities;
- interest expense on borrowings;
- unwinding of the discount on provisions and contingent settlements.

Except finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the related assets, finance costs are recognised in profit or loss using the effective interest method.

Notes to the financial statements

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movement are in a net gain or net loss position.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into Nigerian Naira at the exchange rates at dates of the transactions.

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

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

• a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

• qualifying cash flow hedges to the extent that the hedges are effective.

(c) Financial instruments

The Company classifies non-derivative financial assets as loans and receivables and classifies non-derivative financial liabilities into the other financial liabilities category.

(i) **Non-derivative financial assets and financial liabilities - recognition and derecognition**

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets and liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such recognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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

(ii) **Non-derivative financial assets- measurement**

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Notes to the financial statements

(iii) **Non-derivative financial liabilities - measurement**

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The Company has the following non-derivative financial liabilities: loans and borrowings, trade and other payables.

Short term payables that do not attract interest are measured at original invoice amount where the effect of discounting is not material.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less, otherwise, they are presented as non current liabilities.

Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Loans and borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Otherwise, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Loans and borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability (other than those arising from shareholder transactions) that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Gains or losses on extinguishment or transfer of a financial liability arising from shareholder transaction are accounted for directly in equity.

Loans and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(iv) **Derivative financial instruments and hedge accounting**

The Company holds derivative financial instruments to hedge its interest rate risk exposures. Derivatives are initially measured at fair value, any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value at the end of each reporting period, and changes therein are generally recognised in profit or loss.

Notes to the financial statements

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

(d) Equity

Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price is recorded in the share premium reserve.

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Other reserves

Other reserves are monies or other consideration paid by subscribers for subscription to the share capital of the Company. Other reserves are only classified as equity if it is certain that the depositors have relinquished their rights to withdraw their application and the Company contractually is obligated to deliver a fixed number of its own equity instruments.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss (see Note 3(c(iv))).

(e) Impairment

(i) **Non-derivative financial assets**

Financial assets not classified as fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets are ‘impaired’ when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that could be estimated reliably.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or

Notes to the financial statements

- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospect of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) **Non-financial assets**

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGU).

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

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

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Taxation

Income tax expense comprises current tax- company income tax and tertiary education tax, and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Tertiary education tax is assessed at 2% of assessable profit.

Notes to the financial statements

(i) ***Current tax***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

(ii) ***Deferred tax***

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

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

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

(g) Property, plant and equipment

(i) ***Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) ***Subsequent expenditure***

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Company.

(iii) ***Depreciation***

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment are as follows:

Notes to the financial statements

Type of Asset		Basis
Motor vehicles	-	4 years
Furniture and fittings	-	4 years
Computer equipment	-	3 years
Office equipment	-	4 years
Plant and machinery	-	4 years

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

Capital work in progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

Capitalisation of finance costs

Borrowing costs as well as foreign exchange differences on foreign currency borrowings attributable to the construction of qualifying assets are capitalised as part of the cost of these assets over the period of construction, until the asset is substantially ready for its intended use, to the extent that the assets are financed by borrowings.

(h) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

The Company's intangible assets with finite useful lives comprise power generation licence cost and software under development.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific intangible asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation of intangible assets

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for acquired power generation licence and software under development are 15 years and 3 years respectively. Amortisation of the licence will commence on the power generation date till the date of expiry of the licence.

(j) Leases

(i) ***Determining whether an arrangement contains a lease***

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease.

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

Notes to the financial statements

(ii) ***Leased assets***

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

(iii) ***Leased payments***

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(j) Provisions and contingent liabilities

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 can be 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

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

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

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

Notes to the financial statements

(k) Employee benefits

(i) ***Defined contribution plan***

A defined contribution plan is a post-employment benefit plan (pension fund) under which the Company pays fixed contributions into a separate entity. 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. Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its employees. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recognised in profit or loss as employee benefit expense in the periods during which services are rendered by employees. Employees contribute 8% each of their Basic salary, Transport and Housing Allowances to the Fund on a monthly basis. The Company's contribution is 10 % of each employee's Basic salary, Transport and Housing Allowances.

(ii) ***Termination benefits***

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

(iii) ***Short-term employee benefits***

Short-term employee benefit obligations are expensed as the related service is provided.
A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(l) Government grants

The Bank of Industry (BOI) through First City Monument Bank Limited (FCMB) provided the Company with loan at an interest rate lower that the market rate. Gains on government loan (the difference between the fair value and face value of the loans) is recognised as government grants. Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant, they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset they relate to.

(m) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows have been eliminated for the purpose of preparing the statement. Finance cost paid is included in financing activities while finance income received is included in investing activities.

Notes to the financial statements

4. New standards and interpretations not yet adopted

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning on or after 1 January 2015. The Company has not applied the following new or amended standards in preparing these financial statements.

Those which may be relevant to the Company are set out below. The Company does not plan to early adopt these standards. These will be adopted in the period that they become mandatory unless otherwise indicated:

Pronouncement	Summary of requirements	Possible impacts on the financials
IFRS 9 Financial Instruments	IFRS 9 introduces new requirements for classifying and measuring financial assets, a single approach to determine whether a financial asset is measured at amortised cost or fair value and a single impairment method. The IASB intends to further expand IFRS 9 (including impairment and hedge accounting) to completely replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.
IFRS 15 Revenue from Contracts with Customers	This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.	The Company is assessing the potential impact that the amendment will have on its financial statements resulting from the application of IFRS 15 when the Company commences generation of revenue.
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The Company will adopt the amendments for the year ending 31 December 2017.	The Company is assessing the potential impact on its financial statements resulting from the application of this amendment to IAS 16 and IAS 38.

Notes to the financial statements

Amendments to IAS 1	The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to of the order of notes, subtotals presented in the statement of financial position, and statement of profit or loss and other comprehensive income. The standard becomes effective for periods beginning on or after 1 January 2016.	The Company is assessing the potential impact on its financial statements resulting from the application of amendment to IAS 1.
IFRS 16 Leases	IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss. For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business. The standard becomes effective for periods beginning on or after 1 January 2019.	The Company is assessing the potential impact on its financial statements resulting from the application of amendment to IFRS 16.

Notes to the financial statements

5 Expenses by nature

	2015	2014
	₦'000	₦'000
Bank charges	233	320
Transport and travel	15,986	26,190
Professional fees	33,045	160,312
Audit fees	25,000	6,000
Insurance	2,170	314
Employee benefit expense (Note 7(b)(i))	60,522	21,675
Depreciation (Note 9(a))	13,856	6,833
Community and public relations	39,771	64,266
Security expenses	11,796	1,986
Rent	11,141	15,628
Donation	100	-
Loss on disposal of property, plant and equipment	352	-
Repairs and maintenance	5,184	3,097
Telephone and internet	8,041	5,478
Office expenses	26,593	13,807
Total administrative expenses	253,790	325,906

6 Net finance costs

	2015	2014
Finance income	₦'000	₦'000
Gain on extinguishment of loan	-	536,105
Total finance income	-	536,105
Finance costs		
Interest expense	-	34,237
Interest expense on extinguished loans	-	303,869
Unwinding of discount on provisions (Note 18)	91,138	31,833
Unwinding of discount on recognised contingent settlements (Note 19(a))	9,365	4,923
Net foreign exchange loss	104,683	193,011
	205,186	567,873
Net finance costs	205,186	31,768

Notes to the financial statements

7 Loss before income tax

(a) (i) Loss before income tax is stated after charging:

	2015	2014
	₦'000	₦'000
Depreciation of property, plant and equipment	13,856	6,833
Auditors' remuneration (Note 7(a)(ii))	41,441	18,980
Employee benefit expense (Note 7(b)(i))	60,522	21,675
Foreign currency exchange loss, net.	104,683	201,093

(ii) ***Auditor's remuneration***

Audit fees	25,000	6,000
Non-audit fees	16,441	12,980
	41,441	18,980

(b) Directors and employees

(i) Personnel expenses during the year comprise:

	2015	2014
	₦'000	₦'000
Salaries and allowances	55,791	19,876
Employer's pension contribution	4,731	1,799
	60,522	21,675

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

	2015	2014
	Number	Number
Finance & Commercial	2	2
Legal & Compliance	1	-
Community Relations	1	-
Administration	6	6
	10	8

(iii) Number of employees of the Company, other than Directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:

	2015	2014
₦	Number	Number
0 - 1,000,000	1	5
1,000,001 - 6,000,000	7	2
Above 8,000,000	2	1
	10	8

(iv) The directors of the Company did not receive any remuneration as Directors during the year (2014: nil).

Notes to the financial statements

8 Income taxes

Income tax expense

(a) Amounts recognised in profit or loss

The Company earned no revenue and was in a tax loss position based on computations using applicable tax rules and after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes. In addition, the Company is not subject to minimum tax as more than 25% of its paid up capital is imported equity. Also, no deferred tax has been recognised. (See Note 8(c) below).

(b) Reconciliation of effective tax rates

	%	2015	%	2014
		₦'000		₦'000
Loss before income tax		(458,976)		(357,674)
Income tax using the statutory tax rate	30	(137,693)	30	(107,302)
Effect of:				
Non deductible expenses	40	(181,676)	(14)	50,898
Movement in unrecognised deferred tax assets	(70)	319,369	(16)	56,404
Total income tax expense in income statement		-	-	-

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom in the foreseeable future.

	2015	2014
	₦'000	₦'000
Property, plant and equipment	8,816	4,355
Foreign exchange difference	97,292	65,886
Unrelieved tax losses*	338,567	192,605
Provision for resettlement costs	(23,290)	-
Accrued interests	178,946	18,115
	600,330	280,961
Impact of cash flow hedge in other comprehensive income	352,845	-
Total	953,175	280,961

*Unrelieved tax losses can be carried forward indefinitely and have no expiry date.

Notes to the financial statements

9 Property, plant and equipment

(a) The movement on these accounts was as follows:

	Motor Vehicles ₦'000	Office Equipment ₦'000	Furniture & Fittings ₦'000	Computer Equipment ₦'000	Plant & Machinery ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost							
Balance at 1 January 2014	9,595	1,703	2,713	210	2,580	1,669,309	1,686,110
Additions	-	10,643	13,828	2,141	4,487	16,327	47,426
Effect of change in timing of cash flows (Note 18(a))	-	-	-	-	-	(228,899)	(228,899)
Balance at 31 December 2014	**9,595**	**12,346**	**16,541**	**2,351**	**7,067**	**1,456,737**	**1,504,637**
Depreciation							
Balance at 1 January 2014	3,935	470	779	77	698	-	5,959
Charge for the year	2,482	1,346	1,743	208	1,054	-	6,833
Balance at 31 December 2014	**6,417**	**1,816**	**2,522**	**285**	**1,752**	**-**	**12,792**
Cost:							
Balance at 1 January 2015	9,595	12,346	16,541	2,351	7,067	1,456,737	1,504,637
Additions	-	5,796	12,718	809	-	16,831,464	16,850,787
Effect of change in cash flows (Note 18(a))	-	-	-	-	-	41,969	41,969
Disposals during the year		(412)	(583)	-	-	-	(995)
Balance at 31 December 2015	**9,595**	**17,730**	**28,676**	**3,160**	**7,067**	**18,330,170**	**18,396,398**
Depreciation							
Balance at 1 January 2015	6,417	1,816	2,522	285	1,752	-	12,792
Charge for the year	1,794	3,566	5,832	897	1,767	-	13,856
Disposals during the year	-	(267)	(376)	-	-	-	(643)
Balance at 31 December 2015	**8,211**	**5,115**	**7,978**	**1,182**	**3,519**	**-**	**26,005**
Carrying amounts							
At 31 December 2014	**3,178**	**10,530**	**14,019**	**2,066**	**5,315**	**1,456,737**	**1,491,845**
At 31 December 2015	**1,384**	**12,615**	**20,698**	**1,978**	**3,548**	**18,330,170**	**18,370,393**

(b) The Company had total capital expenditure commitments of ₦75.95 billion relating to the engineering, procurement and construction work on its independent power plant project as at 31 December 2015.

Notes to the financial statements

(c) **Capital work in progress**

	2015	2014
	₦'000	₦'000
Land	1,498,706	1,456,737
Borrowing costs capitalised	1,232,579	-
Development costs*	8,065,489	-
Engineering, procurement and construction (EPC) costs	7,533,396	-
	18,330,170	1,456,737

Capital work in progress is accumulation of costs for the Company's power plant project.

*Development costs are costs incured on professional, consultancy, advisory and legal services in connection with the design, development and procurement of the Company's power plant.

(d) **Reconciliation of additions to property, plant and equipment to statement of cash flows**

	2015	2014
	₦'000	₦'000
Additions per movement in Note 9(a)	16,850,787	47,426
Development costs not paid	(3,615,449)	-
Capitalised borrowing costs (Note 9(c))	(1,232,579)	-
Cash paid for additions during the year	12,002,759	47,426

(e) **Collateral on loan security**

The Company has funding arrangements with fifteen (15) international and local lending institutions to a total facility amount of $566.5 million and ₦24 billion under the Common Terms and Agreement. The Company has granted charge over its assets and claims as security for its (Azura Power West Africa Limited) obligation under the agreement. This arrangement continues until all obligations to the these lenders have been fully discharged by the Company.

10 Intangible assets

	Licence costs	Software under development	Total
Cost	₦'000	₦'000	₦'000
Balance at 1 January	32,715	16,640	49,355
Carrying amount as at 31 December 2015	32,715	16,640	49,355
Cost	₦'000	₦'000	₦'000
Balance at 1 January	32,715	16,640	49,355
Carrying amount as at 31 December 2014	32,715	16,640	49,355

Notes to the financial statements

(a) Licence costs represents costs incurred in obtaining a power generation licence from the Nigerian Electricity Regulatory Commission (NERC) for on-grid electricity generation. The licence was originally valid for 10 years (until November 2021). In 2012, the Company obtained an extension of the licence for additional 5 years i.e. until November 2026. In accordance with the Company's policy, no amortization was charged on the licence as the Company is yet to commence power generation. Amortisation will commence on the power generation date till the date of expiry of the licence.

(b) Software under development represents cost incurred to date with respect to a new accounting software (Sage X3) which is not yet available for use as at year end.

11 Other receivables

	2015	2014
	₦’000	₦’000
Due from related party (Note 22(d))	-	32,604
Other receivables	10,122,670	-
	10,122,670	32,604
Less: non-current portion	(6,616,038)	-
	3,506,632	32,604

Other receivables represent balance of $51.1 million (₦10.1 billion) on an initial deposit of $55 million paid during the year to collateralise an irrevocable letter of credit (LC) issued in favour of Seplat Petroleum Development Company Plc (Seplat), the gas supplier under the Gas Sales and Purchase Agreement (GSPA). The deposit would be released to the Company over a period of 36 months, with the final release scheduled for November 2018. As such, amounts due after one year from the reporting date have been classified as non-current.

12 Prepayments

	2015	2014
	₦’000	₦’000
Rentals	5,633	16,774
Insurance	722	149
Transaction costs*	7,836,822	446,895
Registration charges	11,487	16,389
	7,854,664	480,207
Less: non-current portion	(7,840,850)	(462,029)
	13,814	18,178

* These are prepaid commitment fees, facility fees, monitoring fees and upfront fees that relate to the undisbursed loan facility amount of $564.9 million (₦112.7 billion) at 31 December 2015. In the directors' view, there is a reasonable assurance that the undisbursed loan facility amount will be drawndown by the Company.

13 Share capital

Share capital comprises:	2015	2014
	₦’000	₦’000 5
Authorised share capital:		
10,000,000 ordinary shares of ₦1 each	10,000	10,000
Allotted and called-up share capital paid:		
Ordinary shares at ₦1 each	3,874	5,096

Notes to the financial statements

(a) ***Movements in ordinary shares***

Details	*Notes*	Number of shares (thosands)	Par value (₦'000)
Opening balance 1 January 2014		5,000	5,000
Issue of ordinary shares	*13(b)(i)*	96	96
Surrender of shares		-	-
Balance 31 December 2014		5,096	5,096
Opening balance 1 January 2015		5,096	5,096
Issue of ordinary shares to Azura- Edo Limited	*13(b)(i)*	3,681	3,681
Issue of ordinary shares to Edo State Government	*13(b)(i)*	97	97
Surrender of shares	*13(b)(ii)*	(5,000)	(5,000)
Balance 31 December 2015		3,874	3,874

All ordinary shares rank equally with regards to the Company's residual assets.

(b) Ordinary shares

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

(i) *Issue of ordinary shares*

During the year, the Company issued new 3,681,364 ordinary shares of ₦1 each to Azura-Edo Limited (2014: 96,200 shares).

Additionally, 96,860 ordinary shares of ₦1 each were issued to Edo State Government upon financial close in accordance with the subscription agreement. See Note 15(a) to these financial statements.

(ii) *Surrender of shares*

On 18 December 2015, Azura-Edo Limited and ALSEC Nominees Limited surrendered 4,999,999 and 1 shares to the Company respectively. The shares surrendered were available to the Company for allotment.

As at 31 December 2015, Azura-Edo Limited held 3,777,564 shares while Edo State Government held 96,860 shares.

Azura-Edo Limited has charged all its shares in the Company in favor of the Company's external lenders until all obligations to the lenders have been fully discharged.

14 Share premium

The share premium arose from the issue of 3,681,364 shares (2014: 96,200 shares) of ₦1/share par value at ₦10 per share to Azura-Edo Limited.

Movements in share premium

Details	₦'000
Opening balance 1 January 2014	-
Premium on issue of ordinary shares to Azura- Edo Limited	866
Balance 31 December 2014	866
Opening balance 1 January 2015	866
Premium on issue of ordinary shares to Azura- Edo Limited	33,132
Balance 31 December 2015	33,998

Notes to the financial statements

The Company is restricted from paying didvidend until certain conditions agreed in the Common Terms Agreement (CTA) with the external lenders have been fully satisfied.

15 Nature and purpose of reserves

(a) Other reserves

	2015	2014
	₦'000	₦'000
Other reserves	-	438,015
	-	438,015

The movement on other reserves account during the year was as follows:

	2015	2014
	₦'000	₦'000
Balance as at 1 January	438,015	438,015
Transfer to share capital (Note 13(b)(i)))	(97)	
Transfer to promissory notes (Note 16(a)(iii))	(437,918)	-
Balance as at 31 December	-	438,015

Other reserves of ₦438,015,000 as at 1 January 2015 represent the value of land provided to the Company by Edo State Government (ESG) in exchange for 2.5% of equity and any other returns generated by the other shareholders. During the year, the amount was allocated between share capital (to give ESG 2.5% of equity) and debt in form of a promisory note (Note 16(a)(iii)).

(b) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

16 Loans and borrowings

(a) Loans and borrowings comprise loans as shown below:

	2015	2014
	₦'000	₦'000
Azura-Edo Limited (Formerly Amaya Capital Limited)	-	302,147
Azura-Edo Limited (Note 16(a)(i))	24,182,957	2,337,312
Foreign Loan (Senior) (Note 16(a)(ii))	5,815,617	-
Foreign Loan (Mezzanine) (Note 16(a)(ii))	12,056,719	-
Local Loan (PAIF) (Note 16(a)(ii))	2,541,063	-
Promissory Notes (Note 16(a)(iii))	440,291	-
	45,036,647	2,639,459

Loans and borrowings are analysed into current and non-current liabilities based on the time the repayment obligation falls due as follows:

	2015	2014
Non-current liabilities	45,036,647	2,337,312
Current liabilities	-	302,147
	45,036,647	2,639,459

Notes to the financial statements

The profile of the Company's loans and borrowings as at year-end is as follows:

Fixed contractual cash flows:	*Currency*	*Remaining Tenor as at 31 December 2015*	*Nominal Interest Rate %*	*Carrying amounts* 2015 ₦'000	2014 ₦'000
Project finance (Power and Airline Intervention Fund (PAIF))	₦	9.38 years	7.0%	2,541,063	-
Project finance (Azura- Edo Limited)	US$	8 years	20.2%	24,182,957	2,639,459
Project finance (Promissory notes)	US$	8 years	20.2%	440,291	-
Total fixed contractual cash flows				27,164,311	2,639,459
Variable contractual cash flows:					-
Project finance (International Bank for Reconstruction and Development (IBRD) Covered Loans)	US$	11.88 years	5.25%+ 6 months USD-LIBOR	757,004	-
Project finance (Multilateral Investment Guarantee Agency (MIGA) Covered Loans)	US$	11.88 years	5.25%+ 6 months USD-LIBOR	1,458,235	-
Project finance (Mezzanine loans (Proparco and the Emerging Africa Infrastructure Fund Ltd)	US$	15 years	12.25%+ 6 months USD-LIBOR	3,698,556	-
Project finance (Mezzanine loans (Overseas Private Investment Corporation (OPIC))	US$	15 years	12.25%+ OPIC cost of fund**	2,774,979	-
Project finance (Mezzanine loans and International Finance Corporation (IFC))	US$	15 years	12.25%+ 6 months USD-LIBOR	5,583,184	-
Project finance (Development Finance Institutions)	US$	15 years	5.95%+ 6 months USD-LIBOR	1,577,258	-

Notes to the financial statements

Variable contractual cash flows (cont'd)

Fixed contractual cash flows:	*Currency*	*Remaining Tenor as at 31 December 2015*	*Nominal Interest Rate %*	*Carrying amounts*	
Project finance (OPIC)	US$	15 years	5.95%+ OPIC cost of fund**	470,007	-
Project finance (Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V (FMO))	US$	15 years	5.95%+ Predetermined rate*	540,982	-
Project finance (ICF Debt Pool LLP (ICF))	US$	15 years	5.95%+ Predetermined rate*	335,641	-
Project finance (IFC)	US$	15 years	5.95%+ 6 months USD-LIBOR	676,490	-
Total variable contractual cash flows				17,872,335	-
Total Loans				**45,036,647**	**2,639,459**

* Predetermined rates are rates set by FMO and notified to the Company.

** OPIC Cost of funds are fixed rates of interest determined in accordance with the monthly average" U.S. Treasury Constant Maturity Yields" for relevant calendar month as published in statistical release of the Board of Governors of the Federal Reserve System.

Notes to the financial statements

(i) On 1 December 2014, the Company entered into a seven year shareholder loan agreement with Azura-Edo Limited (which extinguished the Development Cost Loan Agreement (DCLA) entered in 2013, as amended, with a facility amount of $118.71 million). The terms of the loan agreement provide for a moratorium period of 36 months on principal/loan disbursed and interest.

On 20 December 2015, the seven (7) year term loan of $118.71 million was extinguished and replaced by an eight (8) year term loan facility of $129.73 million. Based on the new loan agreement, interest shall accrue on the entire loan from date of the loan agreement up to the final repayment date. Interest is set at 20.02% from loan agreement date to Commercial Operation Date(COD) and 16% from COD to final repayment date. The directors have, based on information available estimated COD to be 31 December 2018 and have used this in calculating the cash flows of the loan. A significant change in the COD might materially affect the carrying amount of the loan. This loan is surbordinated in favour of loans from the external lenders (Note 16(a)(ii)) and is unsecured. Total interest and principal repayments would be made at the end of the eighth anniversary.

The initial loan was derecognised as a result of the significant modification of the terms of the loan and the new loan recognised at fair value resulting in a gain on extinguishment of $13.9 million (₦2.7 billion) at year end and fair value gain of $1.6 million (₦309 million)upon recognition of additional drawdowns of $106.1 million (₦21.1 billion)(2014: loss of ₦406 million). Interest accrued as at year end amounted to $4.1 million (₦807 million) (2014: ₦34 million). During the year, $106.1 million (₦21.1 billion) was drawndown on the loan (2014:₦1.4 billion). The gain on extinguishment and fair value gains have been recognised through equity as this is a shareholder transaction.

(ii) On 9 December 2015, the Company entered into an amended and restated Common Terms Agreement (CTA) between the Borrower (APWAL or the Company), the DFI Lenders, Original IBRD Covered Lenders, the Original MIGA Covered Lenders, the Original Local Lender (PAIF), the Mezzanine Lenders, the Global Mandated Lead Arranger and Structuring Bank, the Joint Mandated Lead Arranger, the Co-Lead DFI Arrangers, the Local Loan Arranger, the IBRD Facility Agent, the MIGA Facility Agent, the Local Facility Agent , the Intercreditor Agent and the Hedging Banks. Under the Senior Loan Agreements, Mezzanine Loan Agreements and the Local Loan Agreement, the amount committed by the various lenders are $501.5 million, $65 million and $150 million respectively. The Company has granted charge over its assets and claims as security for its obligation under the CTA and this arrangement continues until all obligations to these lenders have been fully discharged by the Company. Also, Azura-Edo Limited has charged all its shares in the Company in favor of these external lenders until all obligations to the lenders have been fully discharged.

As at year end, total interests accrued amounted to $0.11 million (₦22.5 million) (2014:Nil). During the year, $122.8 million (₦24.3 billion) was drawndown on the loan (2014:Nil) and total amount of $8.2 million (₦1.6 billion) was capitalised as transaction costs incurred on these loans. Also, the PAIF loan was initially recognised at fair value, being the present value of the expected future cash flows discounted at market-related interest rates. The difference between the fair value and face value of the loan amounting to ₦2.3 billion has been recorded as a government grant (deferred income). See Note 17 to these financial statements.

Azura-Edo Limited, one of the Company's shareholders, has charged all its shares in the Company in

Notes to the financial statements

(iii) On 23 December 2015, the Company issued a promissory note to Edo State Government with a nominal value of $3.33 million in accordance with the subscription agreement with the Company. See Note 15(a) to these financial statements.

The amounts owed pursuant to this promissory note are unsecured. Interest shall accrue on this promissory note at 20.02% from the date of the promissory note up to the Commercial Operation Date (COD) and 16% from COD to final repayment date. The directors have, based on information available estimated COD to be 31 December 2018 and have used this in calculating the cash flows of the loan. A significant change in the COD might materially affect the carrying amount of this promissory note. Total interest and principal repayments would have been made at the end of the eighth anniversary.

As at year end, the fair value of the promissory note was ₦440.3 million (2014:Nil) and the total interests accrued amounted to ₦2.4 million (2014:Nil).

(b) The movement in loans during the year was as follows:

	2015	2014
	₦'000	₦'000
Balance at 1 January	2,639,459	1,020,590
Proceeds from loan drawn down during the year	47,693,182	1,433,198
Transaction costs on loans and borrowings	(1,615,232)	-
Gain on extinguishment through profit or loss (Note 6)	-	(259,735)
Gain on extinguishment through equity	(2,741,079)	(165,807)
Accrued interest	832,628	34,237
Fair value gain recognised as deferred income	(2,300,960)	-
Fair value gain recognised as contribution from holding company	(309,221)	406,346
Issue of promissory note to Edo State Government	437,918	-
Net foreign exchange difference	399,952	170,630
Balance at 31 December	45,036,647	2,639,459

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 21.

17 Deferred income

During the year, the Company obtained a long term loan amounting to ₦4.9 billion from the Bank of Industry (BOI) through First City Monument Bank Limited (FCMB) and facilitated by the CBN PAIF concessional window. The loan is to be repaid over a period of 10 years. Interest will be payable on outstanding loan balances at the rate of 7% per annum. The loan is secured on the independent power plant project of the Company. The loan was obtained exclusively to finance the Company's independent power plant project

The loan was initially recognised at fair value, being the present value of the expected future cash flows discounted at market-related interest rate of 20%. The difference between the fair value and face value of the loans has been recorded as a government grant (deferred income) (see Note 16(b) to these financial statements). The grant would be amortized over the economic useful life of the plant when the Company commences depreciation of the plant.

Notes to the financial statements

18 Provisions

Provisions comprise:

	2015	2014
	₦'000	₦'000
Resettlement costs (Note 18(a))	1,066,732	996,198
Out of court settlement (Note 23)	10,000	-
	1,076,732	996,198

(a) Resettlement costs represent the Company's estimate of costs that would be incurred to resettle the current occupants of the land transferred from the Edo State Government in order to make it accessible to the Company for the construction of the power plant. The provision was initially computed in conformity with the requirements of the World Bank, pertaining to involuntary land acquisition and compensation processes. As the amounts represent costs relating to making the land available for use, the provisions have been included as part of PPE (Note 9).

During the year, the Company revised estimates relating to the provision as a result of a change in estimated amount of the outflow required to settle the obligation and the resulting increase included in assets under construction. Payments with respect to the resettlement were previously delayed till post financial close. The directors expect settlement to occur within the next one year and as such the provision has been classified as current in these financial statements.

The movement on resettlement costs during the year is as follows:

	2015	2014
	₦'000	₦'000
Balance at 1 January	996,198	1,338,463
Provisions/ (reversal) made during the year	41,969	(228,899)
Unwinding of discount (Note 6)	91,138	31,833
Payments made during the year	(62,573)	(145,199)
Balance at 31 December	1,066,732	996,198

19 Trade and other payables

	2015	2014
	₦'000	₦'000
Accrued expenses	1,075,154	33,196
Recognised contingent settlements (Note 19(a))	293,262	92,831
Statutory deductions	24,709	1,329
	1,393,125	127,356

(a) Recognised contingent settlements
The Company has entered into contracts with certain vendors that entitles the vendors to bonus payments (success fees) at financial close which occurred on 28 December 2015. The estimates have been revised to actual as at the year end based on agreements reached with the vendors and the changes included in development costs capitalised as part of property, plant and equipment except those relating to unwinding of the discount.

Notes to the financial statements

The movement in recognised contingent settlements during the year is as follows:

	2015	2014
	₦'000	₦'000
Balance at 1 January	92,831	7,563
Additions during the year	183,162	70,365
Unwinding of discount (Note 6)	9,365	4,923
Net foreign exchange difference	7,904	9,980
Balance at 31 December	293,262	92,831

20 Interest rate swaps

(a) Interest rate swaps

The Company held an interest rate swap derivative liability instrument for risk management purposes amounting to $5.9 million (₦1.17 billion) (2014: Nil). During the year, the Company entered into interest rate swap contracts with three counterparties, International Finance Corporation (IFC), Standard Chartered Bank (SCB) and Rand Merchant Bank (RMB) with an initial notional amount of $259.88 million with effect from 29 December 2015, whereby the Company pays a fixed rate of interest of 2.509% and receives a variable rate equal to 6 months USD-LIBOR-BBA. The derivative instrument was designated as an hedging instrument in qualifying hedging relationships.

(b) Cash flow hedges of foreign currency loans

The Company uses interest rate swaps to hedge the interest rate risks in respect of the benchmark interest rate (mainly LIBOR) from its floating-rate loans denominated in foreign currencies.

The Company's approach to managing market risk, including interest rate risk, is discussed in Note 21(c). The Company determines the amount of the exposure to which it applies hedge accounting by assessing the potential impact of changes in interest rates on the future cash flows from its floating-rate loans. This assessment is performed using analytical techniques, such as cash flow sensitivity analysis.

By using derivative financial instruments to hedge exposures to changes in interest rates, the Company exposes itself to credit risk of the derivative counterparties, which is not offset by the hedged items. The Company minimises counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties with good credit ratings and a history of strong financial performance.

Notes to the financial statements

The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in cash flows of the hedged item(prospectively and retrospectively) using the Dollar Offset Method (Sensitivity Analysis Approach).
The Dollar offset method involves comparing the ratio of the change in the fair value or present value of future expected cash flows of the hedging instrument with the change in the fair value or present value of future expected cash flows of the hedged item attributable to the hedged risk.

Under the Company's policy, in order to conclude that a hedge relationship is effective, all of the following criteria should be met.

Prospective effectiveness test
For the hedge relationship to be considered highly effective, the dollar offset ratio should be within the range of negative 80% to 125% (the negative indicating the offset). Being a prospective hedge effectiveness test, simulation analysis will be used to demonstrate that the dollar offset ratio is expected to be effective under a series of reasonably likely/possible changes in the hedged risk. When the cumulative dollar offset ratio is within negative 80% and 125% under all scenarios, the relationship is considered to be highly effective on a prospective basis.

Retrospective Effectiveness Test
The Company will perform a retrospective effectiveness test on an ongoing basis for the purpose of determination of the continuance of cash flow hedge accounting designation and application or potential de-designation due to test failure. The test will be performed using the dollar offset method detailed above in the Prospective Effectiveness Test.

Information relating to the amount and timing of future cash flows of the hedging instrument has been disclosed in Note 21(d) of these financial statements.

21 Financial risk management and financial instruments

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

Notes to the financial statements

Risk management framework

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

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

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

As part of the Company's corporate governance activities, subsequent to the reporting date, the Company set up the Board Audit and Risk Committee (BARC) on 13 May 2016. BARC is mainly responsible for the financial reporting issues of the Company which includes the review of the audited financial statements, review of the Company's budgets and recommendation of the financial statements to the Company's board of directors for approval, among others.

(a) **Credit risk**

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2015	2014
		₦’000	₦’000
Other receivables	*11*	10,122,670	32,604
Cash and cash equivalents		14,392,996	501,397
		24,515,666	534,001

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

Other receivables

Other receivables represent cash deposits used to collateralise an irrevocable standby letter of credit (L/C) issued in favour of Seplat Petroleum Development Company Plc, the gas supplier under the GSPA (2014: Nil). The L/C was issued by Standard Chartered Bank, London. The deposit would be released to the Company over a period of 36 months, with the final release scheduled for November 2018. In the directors’ view, all amounts are collectible. No impairment is recorded with respect to this amount in the current year as they are neither past due or impaired (2014: Nil).

Cash and cash equivalents

The Company held cash and cash equivalents of ₦14.393 billion as at year end (2014: ₦0.501 billion) which represents its maximum credit exposure on these assets. The Company mitigates the credit risk exposure of its bank balances by selecting reputable banks with good credit ratings and a history of strong financial performance.

Notes to the financial statements

(b) ***Liquidity risk***

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

The Company has a clear focus on ensuring sufficient access to capital to finance growth. As a part of the liquidity management process, the Company has various credit arrangement with various financial institutions and its shareholders which can be utilised to meet its cash settlement requirements (See Note 16 to these financial statements).

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

			Contractual cash flows					
	Note	Carrying		2 months	2-12	1-2	2-5	More than 5
31 December 2015		amount	Total	or less	months	Years	Years	Years
Non-derivative financial liabilities		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Trade and other payables*	*19*	1,368,416	1,368,416	-	1,368,416			
Loans and borrowings	*16*	45,036,647	123,682,655	104,243	582,909	2,763,397	56,325,612	63,906,495
		46,405,062	125,051,071	104,243	1,951,324	2,763,397	56,325,612	63,906,495
Derivative financial liabilities								
Interest rate swaps used for hedging	*20*	1,176,149	1,204,464	115,513	1,088,951	-	-	-
		1,176,149	1,204,464	115,513	1,088,951	-	-	-
31 December 2014								
Trade and other payables*	*19*	126,027	270,705	33,196	101,492	-	-	-
Loans and borrowings	*16*	2,639,459	6,052,280	-	302,147		3,206,081	2,544,052
		2,765,486	6,322,985	33,196	403,639	-	3,206,081	2,544,052
Derivative financial liabilities								
Interest rate swaps used for hedging	*20*	-	-	-				
		-	-	-	-	-	-	-

*Excluding statute based deductions.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

Notes to the financial statements

(c) **Market risk**

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

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

The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss.

Currency risk

The Company is exposed to currency risk on borrowings and certain contingent settlement obligations that are denominated in a currency other than the functional currency of the Company, which is the Nigerian Naira. The currency in which these transactions primarily are denominated is US Dollars (USD). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings.

Although the Company has various measures to mitigate exposure to foreign exchange rate movement, over the longer term, permanent changes in exchange rates would have an impact on profit. The Company monitors the movement in the currency rates on an ongoing basis.

Exposure to currency risk

The Company's transactional exposure to US Dollar (USD) was based on notional amounts as follows:

In thousands	2015	2014
	USD	USD
Financial assets		
Other receivables	51,060	-
Cash and cash equivalents	58,251	3
Other financial liabilities		
Loans and borrowings	(203,255)	(14,443)
Trade and other payables	(1,479)	(508)
Net exposure	(95,423)	(14,948)

Notes to the financial statements

Sensitivity analysis

A strengthening of the Naira, as indicated below against the Dollar at 31 December would have affected profit or loss and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period and has no impact on equity. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

	Increase in profit or loss and equity
	₦'000
31 December 2015	
NGN (20 percent strengthening)	3,807
31 December 2014	
NGN (20 percent strengthening)	546

A weakening of the Naira against the Dollar at 31 December would have had the equal but opposite effect on the above dollar to the amounts shown above, on the basis that all other variables remain constant.

The following significant exchange rates were applied during the year:

	Average rate		**Reporting date spot rate**	
	2015	2014	2015	2014
	₦	₦	₦	₦
USD	197.61	170.5	199.50	182.75

Interest rate risk profile

The Company adopts a policy of ensuring that over 97% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

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

	Carrying amount	
	2015	2014
	₦'000	₦'000
Fixed rate instruments		
Financial liabilities	(27,164,310)	(2,639,459)
	(27,164,310)	(2,639,459)
Effect of interest rate swaps	-	-
	(27,164,310)	(2,639,459)
Variable-rate instruments		
Financial liabilities	(17,872,335)	-
	(17,872,335)	-
Effect of interest rate swaps	(1,176,149)	-
	(19,048,484)	-

Notes to the financial statements

Fair value sensitivity analysis for fixed rate instruments.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or Loss	
	100 bp increase	**100 bp decrease**
	₦'000	₦'000
31 December 2015		
Variable-rate instruments	(178,723)	178,723
Interest rate swaps	(11,761)	-
Cash flow sensitivity	(178,723)	178,723
31 December 2014		
Variable-rate instruments	-	-
Interest rate swaps	-	-
Cash flow sensitivity	-	-

In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations in earnings. Dividend pay-out practices seek a balance between giving good returns to shareholders on one hand and maintaining a solid debt/equity ratio on the other hand.

(d) **Derivative liabilities designated as cash flow hedges**

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

	Expected cash flows			
31 December 2015	Carrying amount	Total	12 months or less	More than one year
	₦'000	₦'000	₦'000	₦'000
Interest rate swaps				
Liabilities	1,176,149	1,204,464	115,513	1,088,951
	1,176,149	1,204,464	115,513	1,088,951
31 December 2014				
Interest rate swaps				
Liabilities	-	-	-	-
	-	-	-	-

Notes to the financial statements

(e) **Capital risk management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, using a ratio of adjusted net debt to adjusted equity.

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

	2015	2014
	₦'000	₦'000
Total liabilities	50,983,613	3,763,013
Less: Cash and cash equivalents	(14,392,996)	(501,397)
Adjusted net debt	36,590,617	3,261,616
Total equity	(193,535)	(1,207,605)
Adjusted net debt to equity ratio	(189.07)	(2.70)

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

(f) **Fair values**

(i) *Accounting classification and fair value*

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

	Loans and receivables	**Fair value hedging instruments**	**Other financial liabilities**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**
31 December 2015				
Financial assets not measured at fair value				
Other receivables	10,122,670	-	-	10,122,670
Cash and cash equivalents	14,392,996	-	-	14,392,996
	24,515,666	-	-	24,515,666
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	-	1,176,149	-	1,176,149
	-	-	-	-
	-	1,176,149	-	1,176,149

Notes to the financial statements

	Loans and receivables	Fair value hedging instruments	Other financial liabilities	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**
Financial liabilities not measured at fair value				
Trade and other payables	-	-	1,368,416	1,368,416
Loans and borrowings	-	-	45,036,647	45,036,647
	-	-	46,405,062	46,405,062

31 December 2014	Loans and receivables ₦'000	Fair value hedging instruments	Other financial liabilities ₦'000	Total ₦'000
Financial assets not measured at fair value				
Other receivables	32,604	-	-	32,604
Cash and cash equivalents	501,397	-	-	501,397
	534,001	-	-	534,001
Financial liabilities not measured at fair value				
Trade and other payables	-	-	126,027	126,027
Loans and borrowings	-	-	2,639,459	2,639,459
	-	-	2,765,486	2,765,486

The interest rates used to determine the discounted estimated cash flows, where applicable are based on external sources and were as follows:

	2015	2014
Provisions (Naira rate)	13%	13%
Recognised contingent settlements	13%	13%

Financial instruments measured at fair value – Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards.

31 December 2015	Note	Level 1	Level 2	Level 3	Total
		₦'000	**₦'000**	**₦'000**	**₦'000**
Derivatives used for hedging					
Interest rate swap	*20*	-	1,176,149	-	1,176,149
		-	1,176,149	-	1,176,149

Notes to the financial statements

31 December 2014

Derivative assets held for risk management					
Interest rate	*20*	-	-	-	-
		-	-	-	-

Recognised fair value measurements

There were no transfers among levels 1,2 and 3 for recurring fair value measurements during the year.

Level 2 includes the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Valuation techniques used to determine fair values

The fair value of interest rate swaps is calculated as the present value of the estimated future cashflows based on observable interest rate points along the yield curve

22 Related party relationships and transactions

Parent and ultimate controlling party

The parent company of Azura Power West Africa Limited is Azura-Edo Limited incorporated in Mauritius. Azura-Edo Limited owns 97.5% of the issued share capital of Azura Power West Africa Limited, while 2.5% is held by Edo State Government. The ultimate holding Company, is Amaya Capital Limited.

The Company had the following transactions with the under-listed related parties during the year:

(a) **Amaya Capital Limited**

Amaya Capital Limited has an indirect interest in the Company through its equity interest in Azura Power Holdings Limited. In 2012, the Company had an unsecured loan facility of $3,000,000 from Amaya Capital Limited, the Company's ultimate parent. In 2013, the loan agreement (Development Cost Loan Agreement (DCLA) was amended and restated.
On 1 December 2014, the loan agreement was extinguished and total principal drawn-down of $1.653 million (₦256.69 million) was novated to Azura-Edo Limited.

(b) **ACP Advisors LLP**

ACP Advisors LLP is a limited liability partnership in United Kingdom founded by Phillip Ihenacho and Sundeep Bahanda, directors of the Company.

Notes to the financial statements

(c) **Azura-Edo Limited (AEL)**

AEL is a subsidiary of Azura Power Holding Limited (APHL) and the immediate parent of the Company. On 1 December 2014, the Company entered into a shareholder loan agreement with Azura-Edo Limited (which extinguished the Development Cost Loan Agreement (DCLA) entered in 2013, as amended, with a facility amount of $118.71 million. The terms of the loan agreement provide for a moratorium period of 36 months on principal/loan disbursed and interest.

On 20 December 2015, the seven (7) year term loan of $118.71 million was extinguished and replaced by an eight (8) year term loan facility of $129.73 million. Based on the new loan agreements, interest shall accrue on the entire loan from date of the loan agreement up to the final repayment date. Interest is set at 20.02% from loan agreement date to Commercial Operation Date(COD), estimated to be 31 December 2018 and 16% from COD to final repayment date. Total interest and principal repayments would have been made at the end of the eighth anniversary.

The initial loan was derecognised as a result of the significant modification of the terms of the loan and the new loan recognised at fair value resulting in a gain on extinguishment of $13.9 million (₦2.7 billion) at year end and fair value gain of $1.6 million (₦309 million)upon recognition of additional drawdowns of $106.1 million (₦21.1 billion)(2014: loss of ₦406 million). Interest accrued as at year end amounted to $4.1 million (₦807 million) (2014: ₦34 million). During the year, $106.1 million (₦21.1 billion) was drawndown on the loan (2014:₦1.4 billion). The gain on extinguishment and fair value gains have been recognised through equity as this is a shareholder transaction.

(d) Azura Power Holdings Limited

APHL is a global business company organised and existing under the laws of Mauritius. It is an indirect parent of the Company. Amount receivable at year end is Nil (2014: ₦32.60 million).

23 Contingencies

Pending litigation and claims

There was a pending law suit restraining the Company from paying land compensation to Orior - Osemwende community and certain land owners in Orior for which an out-of-court settlement was reached on 14 December 2015. Claimants agreed to accept ₦15 million payment as full and final settlement of their ₦101.08 million claim. During the year, the Company paid ₦5 million as part settlement of this amount and the remaining balance (₦10 million) has been fully provided for in the financial statements. See Note 19.

In addition, there are 18 court cases pending against the Company restraining the Company from paying a total compensation of ₦69.4 million to members of the community occupying the land granted by Edo State Government (ESG). Sixteen of these cases, which are identical, are seeking for the revocation of the Company's certificate of occupancy over the land provided to the Company by ESG or increase in the agreed compensation. The two other cases are claiming for an order compelling a valuation of the claimant’s land for compensation purposes and damages for trespass. In the opinion of the Directors, these cases would not result in any material adjustments to amounts recorded and disclosed in the financial statements.

Notes to the financial statements

24 Going Concern

The Company incurred a loss after taxation of ₦458.98 million for the year ended 31 December 2015 (2014: ₦357.67 million) and as at that date, the Company's total liabilities exceeded its total assets by ₦193.54 million (2014: ₦1.21 billion). The loss position is due to the fact that the Company is yet to commence operations, as construction of its power plant commenced subsequent to the reporting year end – on 4 January 2016; as such, only expenses have been incurred to date without any resultant revenue.

To bridge funding gaps, the Company has funding arrangements with its parent company, Azura-Edo Limited (AEL) with a total facility amount of $129,732,237 and with consortium of lenders to a total facility amount of $566.5 million and ₦24 billion. The directors of the parent company (AEL) have undertaken to subordinate the amount due to AEL as at 31 December 2015 in favor of the other creditors of the Company and will not call back the loan(s) until such a time that the Company is in a position to make repayment in the normal course of business, without prejudice to the rights of other creditors.

The ability of the Company to continue as a going concern is based on the ability to generate revenue upon the future profitability of the power plant project. To be able to generate revenue, the company needs to reach the commercial operations date. In 2014, the Company executed the requisite financing and project documents by executing the Common Term Agreement (CTA) and loan financing agreements with a consortium of lenders to source funds necessary for the construction of the power plant project. The CTA was amended and restated on 9 December 2015.

The Company has commenced construction of the power plant and has signed a Power Purchasing agreement (PPA) with a certain customer. In addition, the Company has access to adequate financing and facilities to be able to continue its operations for the foreseeable future, realise its assets and discharge its liabilities in the normal course of business. Consequently, the board of directors has a reasonable expectation that the Company will meet the commercial operations date, estimated to be 31 December 2018. Accordingly, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

25 Events after the reporting date

On 20 June 2016, the Central Bank of Nigeria released its revised guidelines for the operation of the Nigerian inter-bank foreign exchange market. This resulted in a significant weakening of the Naira against the major currency, USD by approximately 44%. The Company's major foreign exchange balances are held in loans and borrowings, cash and cash equivalents and other receivables (See Note 21(c)).

The Company has assessed the impact of the revised guidelines on its currency exposure (See sensitivity analysis in Note 21(c)). As at 31 December 2015, the Company's net exposure was $94.42 million (₦19.04 billion) (See Note 21(c)). If the rate of exchange as at the date of issue of the financial statements of ₦315:$1 were applied, the net exposure would have been valued at ₦30.06 billion, representing a 58% increase in the net liability with a foreign exchange loss of ₦11.02 billion which would be recognized in the statement of profit or loss and other comprehensive income or capitalised as borrowing costs in the Company's property, plant and equipment, depending on how the borrowings are applied.

Other National Disclosures

Other National Disclosures

Value added statement

For the year ended 31 December

	2015	%	2014	%
	₦'000		₦'000	
Revenue	-		-	
Brought in materials and services				
- Local	(384,598)		(816,932)	
- Foreign	-		(14,102)	
	(384,598)		(831,034)	
Finance income	-		536,105	
Value added	(384,598)	100	(294,929)	100
Distribution of Value Added:				
To Government as:				
Taxes and duties	-	-	-	-
To Employees:				
Salaries and wages	60,522	(16)	21,675	(7)
To Providers of Finance:				
Finance costs	-	-	34,237	(12)
Retained in the Business				
To maintain and replace:				
- Property, plant and equipment	13,856	(4)	6,833	(2)
To deplete retained earnings	(458,976)	120	(357,674)	121
	(384,598)	100	(294,929)	100

Other National Disclosures

Financial summary

Statement of profit or loss and other comprehensive income

	2015	2014	2013
	₦'000	₦'000	₦'000
Revenue	-	-	-
Results from operating activities	(253,790)	(325,906)	(120,242)
Loss before income tax	(458,976)	(357,674)	(512,450)
Loss for the year	(458,976)	(357,674)	(512,450)

Statement of financial position

	31 December 2015	31 December 2014	31 December 2013	1 January 2013
Employment of Funds	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	18,370,393	1,491,845	1,680,151	1,470,052
Intangible assets	49,355	49,355	28,058	28,058
Other receivables	6,616,038	-	-	-
Prepayments	7,840,850	462,029	-	-
Net current assets/ (liabilities)	15,443,585	(873,522)	(2,362,001)	(663,143)
Non-current liabilities	(48,513,756)	(2,337,312)	-	(924,855)
Net liabilities	**(193,535)**	**(1,207,605)**	**(653,792)**	**(89,888)**
Funds Employed				
Share capital	3,874	5,096	5,000	5,000
Share premium	33,998	866	-	-
Other reserves	-	438,015	438,015	338,015
Hedging reserves	(1,176,149)	-	-	-
Retained earnings	944,742	(1,651,582)	(1,096,807)	(432,903)
	(193,535)	**(1,207,605)**	**(653,792)**	**(89,888)**